
Toscana Aeroporti Group



2020 FINANCIAL STATEMENTS

This report is available in the Investor Relations section
of Toscana Aeroporti's website at www.toscana-aeroporti.com

Toscana Aeroporti S.p.A.

Via del Termine, 11 – 50127 Firenze - www.toscana-aeroporti.com

R.E.A. [Administrative Economic Index] FI-637708 - Fully paid-up Share Capital € 30,709,743.90=

VAT Number and Tax Code: 00403110505

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Dear Shareholders,

the Report on Operations for the Consolidated Financial Statements of Toscana Aeroporti S.p.A. (hereinafter also briefly referred to as “TA” or the “**Holding**”/“**Parent Company**” or simply the “**Company**”) and its subsidiaries (hereinafter the “TA Group”), also relating to the Draft Financial Statements at 31 December 2020, approved by the Board of Directors on 11 March 2021, have been prepared in compliance with the provisions of CONSOB Resolution no. 11971 of 14 May 1999 and includes the accounting records and the Directors' comments on the operations and most significant events that took place throughout the year 2020 and after the closing at 31 December 2020.

The tables provided and commented below have been prepared based in the Consolidated Financial Statements at 31 Dec. 2020, to which we refer the readers of this document, since, pursuant to the applicable legislation, we considered it more appropriate to prepare a single Report on Operations and provide an analysis of the most significant economic-financial trends, i.e. consolidated data.

The Consolidated Financial Statements and Year's Balance Sheet for the year ended 31 Dec. 2020 have been prepared in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”) and ratified by the European Union. The acronym “IFRS” also includes the International Accounting Standards (IAS) in force to date, as well as all the interpretation documents issued by the International Financial Reporting Interpretations Committee (“IFRIC”), previously called Standing Interpretations Committee (“SIC”), and in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning “Provisions on financial statements”, CONSOB Resolution no. 15520 of 27 July 2006 concerning “Amendments and additions to the Issuers’ Regulation adopted with Resolution no. 11971/99”, CONSOB Notice no. 6064293 of 28 July 2006 concerning “Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98”).

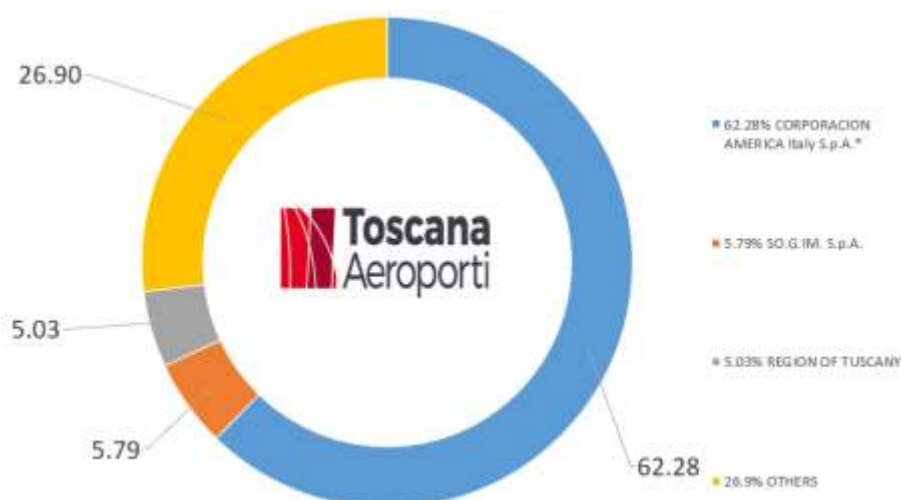
Toscana Aeroporti S.p.A. is a group incorporated to manage and develop the “Galileo Galilei” airport in Pisa and the “Amerigo Vespucci” airport in Florence in terms of air traffic, infrastructures and passenger services.

Accounting information at 31 December 2020 includes data regarding the Holding Toscana Aeroporti S.p.A. and its subsidiaries Toscana Aeroporti Engineering S.r.l. (hereinafter “TAE”), Parcheggi Peretola S.r.l., Toscana Aeroporti Handling S.r.l. (hereinafter “TAH”), Jet Fuel Co. S.r.l., and the newly-incorporated Vola S.r.l., consolidated by using the full consolidation method.

The consolidated financial statement of the Group and the financial statement of TA are audited by PricewaterhouseCoopers S.p.A. (“PwC”).

1. COMPOSITION OF THE SHARE CAPITAL OF THE PARENT COMPANY

We are providing below a list of the names of the shareholders who, at 10 March 2020, directly or indirectly held an interest greater than 5% in the subscribed share capital of Toscana Aeroporti S.p.A., consisting of shares with voting rights, according to the Shareholders' Register, as supplemented by the information disclosed pursuant to Art. 120 of Legislative Decree 58/1998 and by any other information regarding the Company.



* Declarant, i.e. person positioned at the top of the control chain: Southern Cone Foundation

The subscribed and fully paid-up share capital of Toscana Aeroporti S.p.a. is € 30,709.743,90 and consists of 18,611,966 ordinary shares without nominal value.

The whole of TA's shares owned by Corporación America Italia S.p.a. have been pledged until December 2024 as collateral to secure the debenture loan issued by the shareholder in question.

Shareholder Agreements

We remind readers that the Shareholder Agreement signed between Corporación America Italia S.p.A. and SO.G.IM. S.p.A. was concluded on 15 April 2020 upon its natural termination date. That Shareholder Agreement had been initially signed on 16 April 2014, then amended and supplemented on 13 May 2015 and renewed on 10 April 2017. It concerned an aggregate of 12,669,561 ordinary TA shares, corresponding to 68.072% of the share capital and voting rights (of which 11,592,159 ordinary shares corresponding to 62.283% of the share capital and voting rights, owned by CAI, and 1,077,402 ordinary shares corresponding to 5.789% of the share capital and voting rights, owned by SO.G.IM. S.p.A.).

Further details and contents are available on the official website of the company: www.toscana-aeroporti.com, "Investor Relations /Corporate Governance/ Documents section.

2. THE TOSCANA AEROPORTI STOCK

The Toscana Aeroporti stock (ISIN code: IT0000214293 – Bloomberg ticker: TYA.MI) has been listed in the MTA, the Italian equity market, since June 1st, 2015, the effective date of the merger by incorporation of AdF S.p.A. into SAT S.p.A.

The main market data referred to the Toscana Aeroporti stock and a comparison with the FTSE MIB index during 2020 are provided below:

Key market data	2020	2019
Share Capital	€30,709,743.90	€30,709,743.90
Number of shares	18611966	18611966
Opening price	€17.35	€14.15
Minimum price	€9.60	€13.70
Maximum price	€18.65	€18.20
Year-end price	€13.70	€17.40
Average price	€13.89	€15.99
Average volumes	1363	1480
Year-end market capitalization	€ 255.0 M	€ 323.8 M

Year 2020 TYA / FTSE MIB trend



The Toscana Aeroporti stock price has been characterized by a descending trendline in 2020, starting from the second half of February, when the first Presidential Decree (DPCM) was issued to enact restrictions and travel limitation measures in Italy due to the SARS-CoV-2 outbreak (hereinafter also called “Covid-19” or “Coronavirus”). When the TYA stock price reached its historical minimum from the date of the incorporation of the Company on 18 March 2020, i.e. € 9.6 per share, a gradual recovery began and the stock price closed with € 13.7 per share at year-end.

The value of the stock at 11 March 2021 was € 13.4 per share.

3. CORPORATE GOVERNANCE

The Company adopted a Corporate Governance policy to implement the principles of the Voluntary Code of Conduct for the companies listed by Borsa Italiana S.p.A., in line with the recommendations issued by CONSOB and international best practices. A Control and Risk Committee and an Appointments and Remuneration Committee have been created some time ago and are regularly operating.

For further information, see the Report on Corporate Governance and Ownership that is prepared every year in compliance with regulatory requirements, which contains a general description of the corporate governance system adopted by TA and information on the ownership layout and Voluntary Code of Conduct, including the main governance practices and the main features of the risk management and internal control systems implemented for the financial disclosure process.

This Report is available for consultation in the website www.toscana-aeroporti.com, “Investor Relations” section.

Being an “EIPR” (Ente di Interesse Pubblico Rilevante, meaning an “entity of significant public interest”), Toscana Aeroporti S.p.A. is required to prepare and submit a Non-Financial Consolidated Statement [*Dichiarazione consolidata di carattere non finanziario*] in the form of a “separate report”, as required by Art. 5 “*Collocazione della dichiarazione e regime di pubblicità*” (Disclosure requirements) of Legislative Decree 254/2016. This statement is published at the same dates and with the same procedures as the Annual Report and is available on the website of the Company.

4. MACROSTRUCTURE OF THE TOSCANA AEROPORTI GROUP

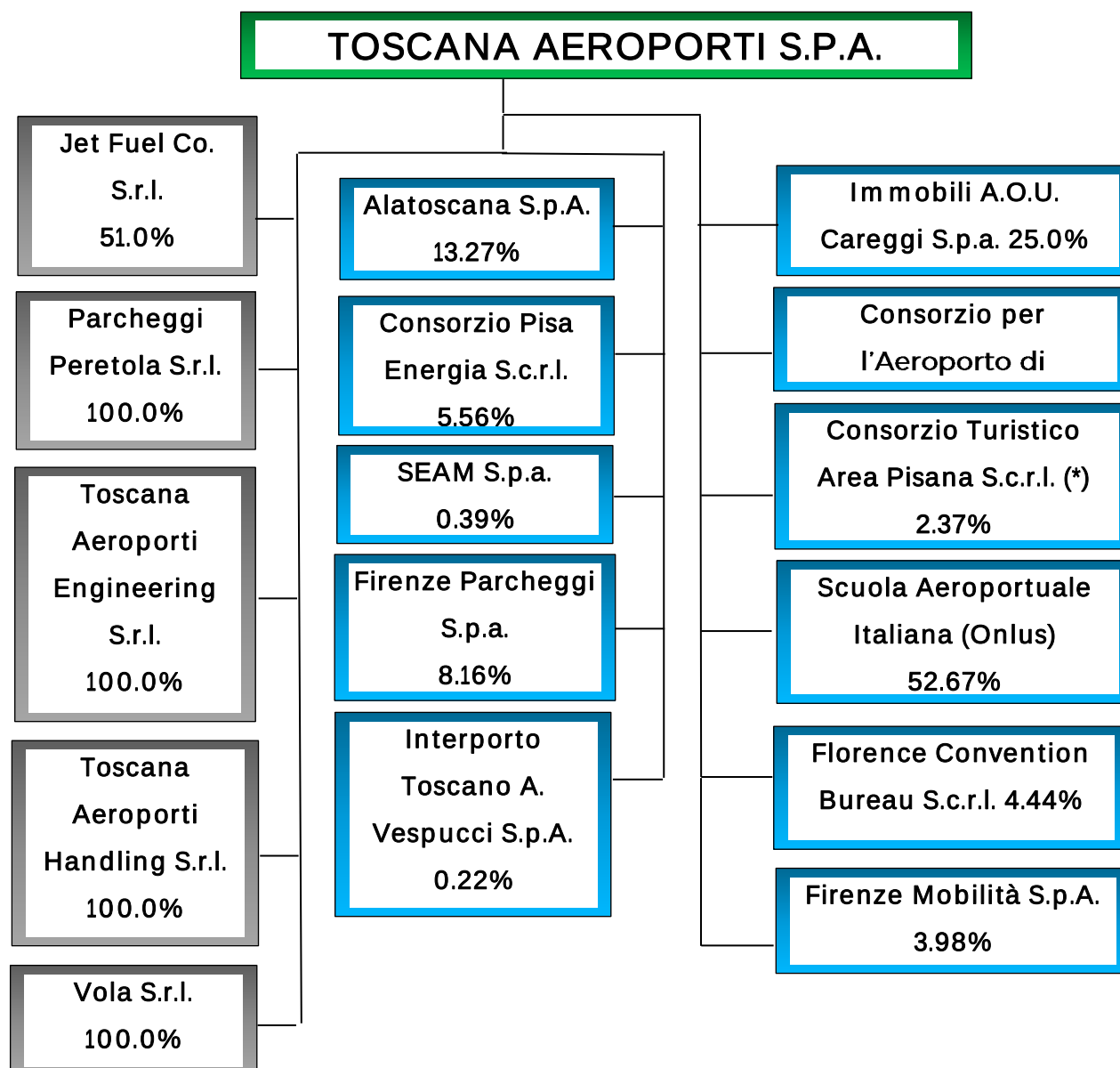
Legal details of the Holding

Company name: Toscana Aeroporti S.p.A., briefly “TA”.

Registered office of the company: Firenze, Via del Termine n. 11 - Tax Code: 00403110505.

Company Register of Florence and R.E.A. [Economic and Administrative Index] no. FI 637708.

Share Capital: € 30,709,743.90 (fully paid-up).



 **Holding** - Toscana Aeroporti (hereinafter TA).

 **Subsidiaries**- Jet Fuel Co. S.r.l. (hereinafter "Jet Fuel"), Parcheggi Peretola S.r.l., Toscana Aeroporti Engineering S.r.l., Toscana Aeroporti Handling S.r.l., Vola S.r.l. Within the framework of the consolidation, we inform readers that Toscana Aeroporti owns 33.33% of property and dividend rights and 51% of voting rights in the company Jet Fuel. For further details, see section on controlled companies.

 **Third-Party Companies** - (*) Winding-up Companies.

Line-by-line consolidation¹

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Toscana Aeroporti S.p.A.	Florence	30710	107576	Holding
Toscana Aeroporti Engineering S.r.l. Florence		80	510	100.00
Parcvegli Peretola S.r.l.	Florence	50	2253	100.00
Toscana Aeroporti Handling S.r.l.	Florence	1150	(1,924)	100.00
Vola S.r.l.	Florence	200	(51)	100.00
Jet Fuel Co. S.r.l.	Pisa	150	333	51.00

Full Consolidation²

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Im mobili A.O.U. Careggi S.p.a.	Florence	200	1186	25.00
Alatoscana S.p.A.	M. di Campo	2910	2822	13.27

¹ Data as of 31 December 2020

² Data as of 31 December 2019

5. COMPOSITION OF CORPORATE GOVERNING BODIES

Board of Directors

Marco CARRAI

Roberto NALDI¹

Vittorio FANTI

Stefano BOTTAI²

Pierfrancesco PACINI

Cecilia CARRIQUIRY³

Elisabetta FABRI

Giovanni Battista BONADIO

Anna GIRELLO

Niccolò MANETTI

Iacopo MAZZEI

Saverio PANERAI

Ana Cristina SCHIRINIAN

Silvia BOCCI

Giorgio DE LORENZI

Office held

President

CEO / Managing Director

Delegated Board Member

Vice President

Vice-President

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board of Auditors

Michele MOLINO⁴

Silvia BRESCIANI

Roberto GIACINTI

Antonio MARTINI

Raffaella FANTINI⁵

Office held

President

Statutory Auditor

Statutory Auditor

Statutory Auditor

Statutory Auditor

Secretary of the Board of Directors

Nico ILLIBERI⁶

Supervisory Board

Edoardo MARRONI

Michele GIORDANO

Nico ILLIBERI

Title

President

Member

Member

¹ As from 29 May 2020

² As from 29 May 2020

³ As from 29 May 2020

⁴ As at 11 September 2020

⁵ As at 11 September 2020

⁶ Corporate Manager qualified as Director of the Legal Affairs and Compliance area.

Financial Reporting Manager pursuant to Law 262/05

Marco GIALLETTI¹

Independent Auditor

PricewaterhouseCoopers S.p.A.

6. HIGHLIGHTS

Consolidated financial and income results at 31 December 2020	Revenues totalled € 60,987 K, down by € 69,254 K (-53.2%) compared to € 130,241 K for the TA Group at 31 December 2019. Operating Revenues totalled € 40,440 K, down by € 79,219 K (-66.2%) compared to € 119,659 K for the TA Group at 31 December 2019. The EBITDA is negative for € -801 K, down by € 38,897 K (-102.1%) compared to € 38,096 K for the TA Group in 2019. The EBIT is negative for € -14,649 K, down by € 37,904 K (-163%) compared to the TA Group's positive EBIT of € 23,254 K in 2019. Profit Before Tax (PBT) is negative for € -15,886 K compared to a PBT of € 21,721 K for the TA Group in 2019. The Group's net profit for the period shows a loss of € -12,470 K against Group period profits of € 14,149 K in 2019. Net borrowing totalled € 77,327 K at 31 December 2020 compared to € 33,077 K at 31 December 2019.
Group investments in 2020	Investments totalled € 11,951 K in 2020, including approximately € 2 M for the purchase of operating assets (cars, operating systems and machinery); € 9,174 K of intangible assets (mainly relating to concession rights), of which € 2.76 M for BHS and baggage carousel improvements in the two airports; € 2.06 M for the first flush rainwater harvesting and treatment system in the Florence airport; € 1.02 M for the expansion of the Pisa passenger terminal (Phase 1); € 915 K for surveys and projects regarding the development of the Florence airport Master Plan; € 725 K for fixed GPU systems in the Pisa airport, and € 518 K for the canopy for de-icing vehicles in the Florence airport.
Traffic	In the context of the outbreak of the Coronavirus pandemic in the entire planet since the end of February 2020 and due to the increasingly stringent restrictions imposed by the various governments in an attempt to reduce its spread, the Tuscan airport system transported about 1,985 million passengers, with a drop of - 76.0% in the Passenger component, -61.8% in the Flight movements component, and -64.9% in the Cargo component. On the other hand, goods and mail traffic grew by +2.2%. During 2020, a total number of approximately 47,700 flights have been cancelled in the two airports due to the pandemic.

¹ Corporate Manager qualified as Director of the Accounting, Finance and Control areas.

	Toscana Aeroporti estimated a loss of about 6.6 million passengers (ca. 4.1 MM on Pisa and 2.5 MM on Florence) caused by the Covid-19 outbreak.
Outlook	The year 2020 has been impacted by the consequences of the Covid-19 pandemic on the global economy, on global transport networks, and particularly on air transport, as well as on domestic and international tourism, especially for Italy. Considering the continuous evolution of the situation and the permanence of negative results in the first two months of 2021 (-93,9% in terms of passengers compared to the same period of 2020), also due to the closure of the Florence airport from 5 February 2021 for the execution of works on the flight track, we expect the impact on the financial results of 2021 to be still negative, in spite of the gradual resumption of operations expected in the second half of the year as a result of the mitigation actions undertaken to fight the spread of the virus, such as the ongoing vaccination campaign, the effects of which might even be challenged by new virus variants.

7. PROFILE OF THE FINANCIAL YEAR 2020

7.1 MACROECONOMIC SCENARIO AND THE AIR TRANSPORT INDUSTRY

The performance of the global economy remains strongly influenced by the Covid-19 pandemic. After a recovery that exceeded expectations in the summer months, a new slowdown was recorded in the fourth quarter of 2020 due to the new pandemic wave, especially in advanced countries. However, global economic perspectives are progressively improving after the start of vaccination campaigns in many countries, although they remain characterized by a high degree of uncertainty.

In Italy, the growth recorded in the summer months was higher than expected, confirming a significant resilience of the Italian economy. However, the Italian GDP fell again (-2%) in the fourth quarter of the year as the pandemic flared up. However, the estimated GDP is estimated to have fallen by 8.9% in 2020.

ACI Europe, the association representing over 500 airports in 45 European Countries, reported a European passenger traffic decrease of 70,4% in 2020 compared to 2019, back to 1995 levels.

According to Assaeroporti's data, air traffic in Italian airports, which had reached 52.9 million passengers, decreased by 72.6% in 2020 compared to 2019. Both craft movements (-57.3%) and cargo movements (-23.7%) decreased.

Operating initiatives of the TA Group in response to Covid-19

In the course of 2020, the TA Group adopted a number of additional measures to cope with the healthcare emergency, taking into account both ministerial indications and the guidelines issued by ENAC since the end of April 2020, when the gradual elimination of flight restrictions in the domestic territory made it possible to resume operations in the two airports.

More specifically, TA implemented a specific safety protocol ("Airport triage") to allow passengers departing from the airports to have a rapid serological test on a voluntary basis

before they entered the airport. In addition to that, passengers - after being offered gloves, face masks and hand sanitizer gel at the entrance - may access the airport terminal through a personal sanitizing gate which sprays them with a hydrogen peroxide mist. The measures adopted by TA to fight Covid-19 and have increasingly Covid-safe airports where passengers may travel safely and serenely have also been certified after review by the Certification Body "SGS Italia".

The main measures adopted by TA in the two Tuscan airports are detailed below:

- Passengers are now allowed to walk towards the aircraft, whenever possible, in order to avoid crowding on apron buses for boarding. For this purpose, TA installed a new boarding gate at the Florence airport to increase the space available for the management of boarding operations;
- A new boarding desk has been installed, connected to a vast pre-boarding area where passenger seats were previously located waiting to be boarded, for better social distancing;
- The Airport Triage area is one of the many measures provided by competent bodies to reduce the risk of Covid-19 infection, and includes a number of actions implemented to ensure maximum passenger health and safety. In particular, a pre-screening Airport Triage area has been created at the entrance of the terminal, where additional measures have been activated (i.e. temperature measurement for passengers at departure and arrival), in addition to the activities already prescribed by ENAC. The pre-screening Airport Triage area has been operating in the Florence airport since 5 September 2020 and in the Pisa airport since 23 September 2020;
- Only passengers with a valid boarding pass may access the terminal (except for reduced-mobility passengers and minors, who can be accompanied by a person, always subject to health checks).
- After all the pre-screening procedures (temperature check, passage under the sanitizing gate and questionnaire about symptoms), a control adhesive is given to the passenger by the staff and later checked by another staff member at the entrance of the terminal, as it is required for admission.
- All the people who access the terminal will pass under the sanitizing gate that spray a hypoallergenic disinfectant mist on them to ensure maximum safety for passengers and operators in the airport. The gates are equipped with a thermal scanner, which measures passengers' body temperature during their passage.
- Passengers may ask that a serological test be done in the airport triage areas, so as to check for the presence of IgG/IgM antibodies. Another Covid-19 dedicated area has been prepared in the Airport Triage area where suspect cases can be isolated, if necessary (in case of a positive result of the serological test), and a nasopharyngeal swab can be collected. The availability of serological testing has also been extended to the airport staff and to the employees of the Toscana Aeroporti Group, so that, with regular periodic testing, they can ensure top health safety in the airport.
- For passengers arriving from countries identified by the Ministerial Decrees as requiring voluntary confinement and quarantine, a transport service is available, with special equipped cars to take them to their destination addresses. This service has helped avoiding the use of public transport, thus limiting contacts with other people and reducing potential infections.
- An anonymous questionnaire about symptoms, consisting of 6 short questions, is proposed to all departing passengers, so that information is collected about their journey (airline, destination, residence location - whether in Italy or abroad) and their

health status and history. In addition, the healthcare professionals (HCPs) who take care of this important screening will recommend that those at risk should have a serological test.

- A robot has been provided in both the Florence and Pisa passenger terminals to perform certain sanitation actions in full autonomy. This robot sprays a sanitizing fluid in the air and, when the airport is closed, may disinfect specific critical areas with its special UV light.

7.2 TUSCAN AIRPORT SYSTEM TRAFFIC TRENDS

Toscana Aeroporti reported a total of ca. 1.98 million passengers for 2020, which reflects a drop of -76% with a -61.8% reduction in passenger commercial flights.

Data regarding 2020 are affected by the consequences of the spreading of the global Covid-19 pandemic, which led to:

- Closing the Florence airport from March 14 to May 3, 2020 (as required by Ministerial Decree no. 112 of 12 March 2020). During that period, the airport was used only for State and emergency flights, also for healthcare purposes;
- almost totally cancelling operations in the Pisa airport from 14 March 2020 to the end of May 2020. In fact, the only flights operated during that period were: 1 Alitalia flight to Rome Fiumicino and DHL courier's cargo flights;
- Gradually resuming commercial operations in both airports since the end of May 2020 (with the first flights to the Elba Island operated by Silver Air). In Florence, commercial flights restarted at the beginning of June 2020 with the main carriers of the airport, while the same recovery took place in Pisa starting from the second half of June 2020.
- remodulating operations by the airlines in both airports with considerable reductions on plans, with a new strong reduction starting from October. Since mid-September 2020, in fact, there has been a new increase in Covid-19 positive cases both in Italy and in the world. The new lockdowns and curfew in countries such as Spain, the United Kingdom and France, have led airlines to review their winter schedule by reducing flights and especially international destinations operating both in Pisa and Florence.
- Sharply reducing the loading factor (LF) of the flights operated, which fell by over 22 percentage points in 2020. In the third quarter (July-September) alone, the reduction in the LF for operated flights is 28.5 percentage points (against a final LF of 86.9% in 2019 and of 58.4% in the same period of 2020). During the last quarter (October-December), the reduction in the LF for operated flights is 37 percentage points (against a final LF of 81.4% in 2019 and of 44.4% during the same period of 2020).

The following table shows 2020 traffic trends, subdivided by quarter, with a positive two-month period, closed with a positive result, and a March-December period affected by the Covid19 pandemic.

Toscana Aeroporti - January-December 2020 Monthly Traffic					
Airport	Month	2020	2019	2020/19 DIFF.	2020/19 % DIFF.
TA	Jan	480,816	460,725	20,091	4.4%
TA	Feb	434,023	430,132	3,891	0.9%
TOT January-February		914,839	890,857	23,982	2.7%
TA	Mar	90,813	532,312	-441,499	-82.9%
TOT January-March		1,005,652	1,423,169	-417,517	-29.3%
TA	Apr	592	737,981	-737,389	-99.9%
TA	May	1,441	785,782	-784,341	-99.8%
TA	Jun	21,549	841,983	-820,434	-97.4%
TOT April-June		23,582	2,365,746	-2,342,164	-99.0%
TA	Jul	185,447	891,732	-706,285	-79.2%
TA	Aug	293,930	905,069	-611,139	-67.5%
TA	Sep	243,060	865,173	-622,113	-71.9%
TOT July-September		722,437	2,661,974	-1,939,537	-72.9%
TA	Oct	147,707	774,476	-626,769	-80.9%
TA	Nov	40,170	519,076	-478,906	-92.3%
TA	Dec	45,005	517,350	-472,345	-91.3%
TOT October-December		232,882	1,810,902	-1,578,020	-87.1%
TOT January-December		1,984,553	8,261,791	-6,277,238	-76.0%

Tuscan airports had grown in the January-February period compared to 2019, reaching a 2.7% increase compared to the same period of 2019, a positive trend that was later absorbed by the suspension and cancellation of operations that led to closing the first quarter lockdown, with a 29.3% decrease.

The second quarter, during the first full pandemic wave, was concluded with a negative -99% result, while the third quarter, when operations were partially resumed in the Florence and Pisa airports, ended with an overall 72.9% reduction. The last quarter, with the new wave of COVID-19 and new restrictions on domestic and international travel, worsened by 87.1%.

The Toscana Aeroporti traffic at 31 December 2020, distinguished in its various components, and the related comparison with the same period of 2019 is detailed below.

TOSCANA AEROPORTI TRAFFIC				
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Passengers	1,973,817	8,239,232	-6,265,415	-76.0%
Domestic (Scheduled + Charter)	663,818	1,796,886	-1,133,068	-63.1%
International (Scheduled + Charter)	1,309,999	6,442,346	-5,132,347	-79.7%
General Flight Passengers	1,0736	22,559	-11,823	-52.4%
TOTAL PASSENGERS	1,984,553	8,261,791	-6,277,238	-76.0%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Flights	23,464	67,164	-43,700	-65.1%
Domestic (Scheduled + Charter)	7,030	14,031	-7,001	-49.9%
International (Scheduled + Charter)	14,642	51,452	-36,810	-71.5%
Cargo	1,792	1,681	111	6.6%
General Flights	6,694	11,787	-5,093	-43.2%
TOTAL FLIGHTS	30,158	78,951	-48,793	-61.8%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Tonnage	1,453,527	4,185,519	-2,731,992	-65.3%
Domestic (Scheduled + Charter)	409,940	839,208	-429,268	-51.2%
International (Scheduled + Charter)	902,055	3,217,150	-2,315,095	-72.0%
Cargo	141,532	129,161	12,371	9.6%
General Aviation Tonnage	77,997	176,894	-98,897	-55.9%
TOTAL TONNAGE	1,531,524	4,362,413	-2,830,889	-64.89%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Air cargo (kg)	12,819,236	12,743,904	75,332	0.6%
Ground cargo (kg)	61,6605	379,495	237,110	62.5%
Mail (kg)	31,557	60,458	-28,901	-47.8%
TOTAL CARGO AND MAIL	13,467,398	13,183,856	283,541	2.2%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
TOTAL TRAFFIC UNITS	2,119,227	8,393,630	-6,274,403	-74.8%

Toscana Aeroporti estimated that about 47.700 flights have been cancelled in the period, with a loss of almost 6.6 million passengers.

Freight and mail traffic recorded an overall increase of +2.2% in 2020 compared to 2019 (in contrast to national traffic, which dropped by -23.7% - Source: Assaireti) due to:

- a substantial stability of air traffic (+0.6%, equal to +75,332 kg);
- an increase in road traffic (+62.5%, equal to +237,110 kg);
- a reduction in mail carried on passenger flights (-24.8%, equal to -28,901 kg).

Freight and mail traffic was only partially affected by the pandemic.

In Pisa, both FedEx and DHL have maintained their operations and reduced the suspension of operations to a minimum (FedEx suspended its operations in the airport since March 31, 2020 and resumed them regularly since June 22, 2020, while DHL reduced operations only in May and increased its operations in the pre-Christmas period (November 9 - December 23). A total of 16 all-cargo charter flights were operated to carry medical supplies useful for the Covid-19 emergency, for a total of about 425 tons of goods. With regard to road cargo traffic, the growth linked to the transport of medical devices for Covid-19 emergency needs in Florence is to be highlighted.

The health emergency impacted the entire Italian airport system.

A list of the average decrease (69.9%) suffered by Italian airports during the first six months of 2020 is provided below.

January-December 2020			
No.	Airport	Passengers	%
	Milan (System)	13,349,031	-73.0
	Rome (System)	11,452,116	-76.8
	Venice (system)	3,263,367	-78.0
1	Catania	3,654,457	-64.3
2	Napoli	2,779,946	-74.4
3	Palermo	2,701,519	-61.5
4	Bologna	2,506,258	-73.4
5	Cagliari	1,767,890	-62.8
6	Bari	1,703,130	-69.3
7	Turin	1,407,375	-64.4
8	Pisa	1,315,066	-75.6
9	Verona	1,040,555	-71.4
10	Olbia	1,023,964	-65.6
11	Brindisi	1,016,571	-62.3
12	Lamezia Terme	961,718	-67.7
13	Florence	669,487	-76.7
14	Alghero	536,716	-61.4
15	Genoa	401,149	-73.9
	TOTALS	52,904,726	-72.6

7.1 Traffic trends in the Pisa "Galileo Galilei" airport

The table below compares January-December 2020 traffic trends against 2019, broken down into the various components:

PISA AIRPORT TRAFFIC				
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Passengers	1,309,154	5,377,531	-4,068,377	-75.7%
Domestic (Scheduled + Charter)	548,834	1,417,247	-868,413	-61.3%
International (Scheduled + Charter)	760,320	3,960,284	-3,199,964	-80.8%
General Flight Passengers	5,912	10,027	-4,115	-41.0%
TOTAL PASSENGERS	1,315,066	5,387,558	-4,072,492	-75.6%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Flights	13,530	37,969	-24,439	-64.4%
Domestic (Scheduled + Charter)	4,938	10,205	-5,267	-51.6%
International (Scheduled + Charter)	6,800	26,083	-19,283	-73.9%
Cargo	1,792	1,681	111	6.6%
Postal flight			0	#DIV/0!
General Flights	3,220	4,846	-1,626	-33.6%
TOTAL FLIGHTS	16,750	42,815	-26,065	-60.9%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Tonnage	915,828	2,547,760	-1,631,932	-64.1%
Domestic (Scheduled + Charter)	303,360	614,456	-311,096	-50.6%
International (Scheduled + Charter)	470,936	1,804,143	-1,333,207	-73.9%
Cargo	141,532	129,161	12,371	9.6%
Postal flight			0	#DIV/0!
General Aviation Tonnage	44,825	85,862	-41,037	-47.8%
TOTAL TONNAGE	960,653	2,633,622	-1,672,969	-63.52%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Air cargo (kg)	12,810,913	12,688,808	122,105	1.0%
Ground cargo (kg)	153,413	255,907	-102,495	-40.1%
Mail (kg)	31,552	60,441	-28,889	-47.8%
TOTAL CARGO AND MAIL	12,995,878	13,005,156	-9,279	-0.1%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
TOTAL TRAFFIC UNITS	1,445,025	5,517,610	-4,072,585	-73.8%

In 2020, 1,315,066 passengers transited through the Pisa airport, 75.6% less than in 2019 (with a reduction of over 4 million passengers), with a 67.7% reduction in passenger commercial movements.

Monthly traffic in the Pisa airport is detailed below, distinguished by quarter:

Pisa airport - January-December 2020 Monthly Traffic					
Airport	Month	2020	2019	2020/19 DIFF.	2020/19 % DIFF.
PSA	Jan	295,676	288,569	7,107	2.5%
PSA	Feb	265,782	275,797	-10,015	-3.6%
TOT January-February		561,458	564,366	-2,908	-0.5%
PSA	Mar	58,023	329,614	-271,591	-82.4%
TOT January-March		619,481	893,980	-274,499	-30.7%
PSA	Apr	592	485,081	-484,489	-99.9%
PSA	May	1,382	515,094	-513,712	-99.7%
PSA	Jun	10,003	555,404	-545,401	-98.2%
TOT April-June		11,977	1,555,579	-1,543,602	-99.2%
PSA	Jul	131,997	607,609	-475,612	-78.3%
PSA	Aug	219,500	627,066	-407,566	-65.0%
PSA	Sep	170,305	571,407	-401,102	-70.2%
TOT July-September		521,802	1,806,082	-1,284,280	-71.1%
PSA	Oct	103,006	489,048	-386,042	-78.9%
PSA	Nov	28,271	313,456	-285,185	-91.0%
PSA	Dec	30,529	329,413	-298,884	-90.7%
TOT October-December		161,806	1,131,917	-970,111	-85.7%
TOT January-December		1,315,066	5,387,558	-4,072,492	-75.6%

As pointed out earlier, Silver Air's flights connecting the continental Italian territory with the Elba Island restarted at the end of May to and from the Pisa airport. The main carriers restarted using this airport in the second half of June.

The carriers and destinations operated in the Galilei airport are listed below:

- The national airline **Alitalia**, which continued operating the only commercial passenger flight from the Pisa airport to Rome Fiumicino during the entire lockdown period, suspended its operations on Pisa starting from July 2020.
- The Czech airline **SilverAir**, which connects the Elba island to mainland Italy, resumed operations on May 29, 2020 with 4 weekly flights, which were reduced to two from November on.
- The Dutch low-cost airline **Transavia** resumed its operation on June 18, 2020 with 4 weekly flights to Amsterdam, which passed to 8 in the summer. In November and December, this carrier operated 1 weekly flight to the Dutch capital.
- **Ryanair**: the Irish company resumed its operations from June 21, 2020 with domestic flights to and from Bari, Catania and Palermo. In July 2020, all national flights (Alghero, Brindisi, Cagliari, Comiso, Lamezia Terme and Trapani) were progressively resumed, with a greater frequency compared to the flights operated since June. International flights to and from 31 destinations were also resumed, thus reaching a network coverage of 40 destinations in total, although with strong reductions in the frequency of flights compared to the summer 2019. In November and December, Ryanair operated a total of 14 destinations (compared to 29 in winter 2019), of which 7 domestic destinations.
- **Wizzair** restarted operations on June 23, 2020 with 2 weekly flights to Bucharest Otopeni and opened a new destination, Tirana (with 2 weekly flights). Since October, Wizzair continued operating only on the Albanian route with 1 weekly flight.
- **Albawings** restarted operations to/from Tirana (with 3/4 weekly flights) from June 23, 2020. Since October, the Albanian company continued with only 2 weekly flights.
- **AirArabia** resumed its operations on Casablanca (with 2 weekly flights) from July 16, 2020. During the winter, the carrier maintained the connection with 1 weekly flight.

- **British Airways** resumed its operations on London Heathrow since July 2020, with a progressive increase in flights up to 11 weekly flights. The flight was suspended at the beginning of the winter.
- **Jet2.com** operated 1 weekly flight to/from East Midlands, Manchester and Newcastle since mid-July 2020.
- Between July and August 2020, **SAS** operated 1 weekly flight to Copenhagen.
- **EasyJet** resumed operations progressively starting from July 2020 on all the destinations operated in the airport (Berlin Schoenfeld, Manchester, London Luton, Paris Orly, London Gatwick and Bristol), but with reduced flights compared to the summer 2019. Winter flights were suspended, except for a few flights to London Gatwick during the Christmas period.
- **Volotea** operated 2 weekly flights to a new destination, Olbia, during the July-September 2020 period. International flights to Nantes and Bordeaux were not resumed.
- **Vueling** resumed its operations to Barcelona (with 2 weekly flights) in June 2020 and continued in November and December 2020.
- **AirAlbania** started a new connection to Tirana with 2 weekly flights from July 13, 2020. After a brief suspension from the end of October, the carrier returned to operate these 2 weekly flights from November 26.

The Loading Factor for flights operated in the June-September period was 62.1%, down by 27.4% compared to the same period in 2019 (when the LF was 89.5%), while in the October-December 2020 period, with the new Covid-19 wave and travel restrictions, there was a further reduction in the LF, which totalled 48% against 85.6% in the same period of 2019 (-37.6%).

Overall, during the period from June (when operations restarted) to December 2020, there was a 70% reduction in scheduled seats, which corresponded to an 80% reduction in passengers in the period and a 34.3% reduced LF.

Scheduled passenger traffic by Country

A total of 21 markets have been regularly connected with the Pisa airport with scheduled flights during 2020.

The international market accounts for 57.9% of the total scheduled passenger traffic of the Galilei airport, while domestic traffic accounts for 42.1%.

The table below shows the percentage incidence of each European country over the total number of scheduled passenger traffic recorded by the Galilei airport during 2020 and the difference, both in absolute and percentage terms, compared to 2019:

Data are obviously affected by the restrictions imposed by the pandemic.

Passenger line traffic	2020	2019	Diff.	% Diff.	% over TOT
Italy	546,109	1,408,108	-861,999	-61.2%	42.1%
United Kingdom	229,802	1,098,566	-868,764	-79.1%	17.7%
Spain	116,297	534,919	-418,622	-78.3%	9.0%
The Netherlands	64,896	280,824	-215,928	-76.9%	5.0%
Belgium	54,804	203,938	-149,134	-73.1%	4.2%
Albania	49,798	161,513	-111,715	-69.2%	3.8%
France	44,619	288,911	-244,292	-84.6%	3.4%
Germany	32,226	359,356	-327,130	-91.0%	2.5%
Morocco	22,778	80,725	-57,947	-71.8%	1.8%
Russian Federation	19,857	134,259	-114,402	-85.2%	1.53%
Romania	19,696	50,735	-31,039	-61.2%	1.52%
Poland	14,408	85,101	-70,693	-83.1%	1.11%
Ireland	12,982	82,641	-69,659	-84.3%	1.00%
Qatar	11,941	65,851	-53,910	-81.9%	0.92%
Malta	11,797	46,399	-34,602	-74.6%	0.91%
Czech Republic	10,698	54,254	-43,556	-80.3%	0.82%
Portugal	10,691	54,883	-44,192	-80.5%	0.8%
Hungary	9,466	48,259	-38,793	-80.4%	0.73%
Denmark	5,983	55,985	-50,002	-89.3%	0.46%
Greece	4,546	46,365	-41,819	-90.2%	0.35%
Sweden	3,981	72,816	-68,835	-94.5%	0.31%
Austria	0	38,394	-38,394	-100.0%	0.00%
Finland	0	10,431	-10,431	-100.0%	0.00%
Norway	0	45,017	-45,017	-100.0%	0.00%
Turkey	0	22,906	-22,906	-100.0%	0.00%
TOTAL	1,297,375	5,331,156	-4,033,781	-75.7%	100.0%

Cargo & Mail Traffic

Cargo traffic has only partially been affected by the virus. In fact, while FedEx temporarily suspended its operations in the airport from March 31, 2020 and resumed them on a regular basis from June 22, 2020, DHL has maintained its operations throughout the period, minimizing cancellations only in May and increasing its activity to 4 daily flights in the pre-Christmas period (November 9 - December 23). A total of 16 all-cargo charter flights were operated to carry medical supplies useful for the Covid-19 emergency, for a total of about 425 tons of goods. Total cargo and mail traffic in 2020 was substantially stable (-0.1%). The +1% growth in overall cargo traffic was counterbalanced by an over -40% drop in road and mixed freight traffic.

7.2 Traffic trends in the Florence "Amerigo Vespucci" airport

FLORENCE AIRPORT TRAFFIC				
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Passengers	664,663	2,861,701	-2,197,038	-76.8%
Domestic (Scheduled + Charter)	114,984	379,639	-264,655	-69.7%
International (Scheduled + Charter)	549,679	2,482,062	-1,932,383	-77.9%
General Flight Passengers	4,824	12,532	-7,708	-61.5%
TOTAL PASSENGERS	669,487	2,874,233	-2,204,746	-76.7%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Flights	9,934	29,195	-19,261	-66.0%
Domestic (Scheduled + Charter)	2,092	3,826	-1,734	-45.3%
International (Scheduled + Charter)	7,842	25,369	-17,527	-69.1%
General Flights	3,474	6,941	-3,467	-49.9%
TOTAL FLIGHTS	13,408	36,136	-22,728	-62.9%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Commercial Tonnage	537,699	1,637,759	-1,100,060	-67.2%
Domestic (Scheduled + Charter)	106,580	224,752	-118,172	-52.6%
International (Scheduled + Charter)	431,119	1,413,007	-981,888	-69.5%
General Aviation Tonnage	33,172	91,032	-57,860	-63.6%
TOTAL TONNAGE	570,871	1,728,791	-1,157,920	-66.98%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
Air cargo (kg)	8,323	55,096	-46,773	-84.9%
Ground cargo (kg)	463,192	123,587	339,605	274.8%
TOTAL CARGO AND MAIL	471,520	178,700	292,820	163.9%
	YOY 31.12.20	YOY 31.12.19	2020/19 DIFF.	2020/19 % DIFF.
TOTAL TRAFFIC UNITS	674,202	2,876,020	-2,201,818	-76.6%

The table above compares 2020 traffic trends, broken down into its various components, against 2019.

A total of 669,487 passengers transited through the Florence airport in 2020, down by 76.7% compared to the same period in 2019 (corresponding to a reduction of about 2.2 million passengers), for a -66% reduction in commercial movements.

The table below shows monthly traffic in the Florence airport.

Florence airport - January-December 2020 Monthly Traffic					
Airport	Month	2020	2019	2020/19 DIFF.	2020/19 % DIFF.
FLR	Jan	185,140	172,156	12,984	7.5%
FLR	Feb	168,241	154,335	13,906	9.0%
TOT January-February		353,381	326,491	26,890	8.2%
FLR	Mar	32,790	202,698	-169,908	-83.8%
TOT January-March		386,171	529,189	-143,018	-27.0%
FLR	Apr	0	252,900	-252,900	-100.0%
FLR	May	59	270,688	-270,629	-100.0%
FLR	Jun	11,546	286,579	-275,033	-96.0%
TOT April-June		11,605	810,167	-798,562	-98.6%
FLR	Jul	53,450	284,123	-230,673	-81.2%
FLR	Aug	74,430	278,003	-203,573	-73.2%
FLR	Sep	72,755	293,766	-221,011	-75.2%
TOT July-September		200,635	855,892	-655,257	-76.6%
FLR	Oct	44,701	285,428	-240,727	-84.3%
FLR	Nov	11,899	205,620	-193,721	-94.2%
FLR	Dec	14,476	187,937	-173,461	-92.3%
TOT October-December		71,076	678,985	-607,909	-89.5%
TOT January-December		669,487	2,874,233	-2,204,746	-76.7%

As already highlighted earlier, the Florence airport restarted its operations at the end of May.

The destinations served from the Vespucci airport are listed below:

- The Czech airline **SilverAir**, which connects the Elba island to mainland Italy, resumed operations on May 26, 2020 with up to 4 weekly flights in the summer and 1 in the winter.
- Since 1 June 2020, the Dutch carrier **KLM** resumed operation with 1 daily flight to Amsterdam and increased its operations in the following months (11 flights in July 2020 and up to 19 in August and September). Operations continued during the winter with 11 weekly flights.
- **Air France** restarted the connection with Paris Charles de Gaulle on June 4, 2020 and increased its frequency up to 3 daily flights from August and September; then it continued with 3-4 weekly flights in the winter.
- **AirDolomiti** started operating its new national destinations - Bari and Cagliari - in June 2020 with 4 weekly flights only in the summer; Catania and Palermo with 4 weekly flights only in the summer and then with max 3 weekly flights in the winter. **AirDolomiti/Lufthansa** resumed its flights to and from Munich with 3 weekly flights from mid-June 2020 up to 10 weekly flights in the middle of the summer season. Since July 2020 it also operated a flight to Frankfurt 3 times a week, increased up to 9 weekly flights in September and October. Both international flights were reduced in frequency in November and December.
- The new carrier **LuxAir** operated a new seasonal connection with Luxembourg (2 weekly flights) up to the start of November 2020.
- Since June 18, 2020, **Swiss** restarted operating 2 weekly flights to Zurich, which increased up to 6 in the following months and decreased to 2 during the winter.
- **Albawings** restarted operating 2 weekly flights to Tirana since June 22 and the flight was then suspended from November 9, 2020 for the whole winter season.
- **Alitalia**: our national airline restarted operating 1 daily flight to Rome Fiumicino from July 2020, which was suspended during the winter.
- **BlueAir** restarted operating its flight to Bucharest Otopeni since July with a maximum of 3 weekly flights, which were suspended in the winter.
- **British Airways** restarted flying to London City from July 2020 and increased its frequency up to 13 weekly flights, which were suspended in the winter.
- **Austrian Airlines** operated its seasonal flight to Vienna from July (up to 4 weekly flights during high season).
- **Brussels Airlines** operated a maximum of 3 weekly flights to Brussels only in the July-September 2020 period.
- **TAP** restarted operations only in September and October 2020 with a maximum of 3 weekly flights.
- The Spanish **Vueling Airlines** resumed operating an A319 aircraft from July 13, with up to 28 weekly flights in August both in the domestic and international markets (with a total of 9 destinations), and covered 6 destinations (of which 2 national, Catania and Palermo) In November and December 2020.

The LF of the flights operated in the June-September period was 49.8%, down by 32.5% compared to the same period in 2019 (when the LF was 82.3%), while in the October-December 2020 period, with the new Covid-19 wave and travel restrictions, there was a further reduction in the LF, which totalled 38% against 75.4% in the same period of 2019 (-37.4%).

Overall, during the period between June (when operations were resumed) and December 2020, there was a 73.6% reduction in scheduled seats offered, which corresponded to an 84.6% reduction in passengers in the period and a 33.4% reduced LF.

Scheduled passenger traffic by Country

A total of 14 markets have been regularly connected with scheduled flights with the Florence airport in 2020. It is important to note that a new market was opened, that of Luxembourg, with the reopening of the new twice-weekly flight operated by Luxair starting from June 15 and until the beginning of November.

The international market accounts for 82.8% of the total scheduled passenger traffic of the Vespucci airport, while domestic traffic accounts for 17.2%.

The table below shows the percentage incidence of each European country over the total number of scheduled passenger traffic recorded by the Vespucci airport in 2020 and the difference, both in absolute and percentage terms, compared to 2019:

Data are obviously affected by the restrictions imposed by the pandemic.

Passenger Scheduled Traffic	2020	2019	Diff.	Diff. %	% over TOT
France	146,752	583,073	-436,321	-74.8%	22.1%
Italy	114,357	378,792	-264,435	-69.8%	17.2%
Germany	98,856	512,895	-414,039	-80.7%	14.9%
The Netherlands	75815	268556	-192,741	-71.8%	11.4%
Spain	66,493	352,658	-286,165	-81.1%	10.0%
United Kingdom	59,213	223,221	-164,008	-73.5%	8.9%
Switzerland	37,599	183,321	-145,722	-79.5%	5.7%
Albania	14,681	43,431	-28,750	-66.2%	2.2%
Austria	13,731	52,979	-39,248	-74.1%	2.1%
Portugal	12,238	77,189	-64,951	-84.1%	1.8%
Romania	8,717	47,288	-38,571	-81.6%	1.3%
Belgium	6,986	73,072	-66,086	-90.4%	1.1%
Czech Republic	4,853	11,713	-6,860	-58.6%	0.7%
Luxembourg	2,827	0	2,827	100.00%	0.4%
Denmark	0	32,398	-32,398	-100.00%	0.0%
Greece	0	9,847	-9,847	-100.00%	0.0%
Israel	0	6,032	-6,032	-100.00%	0.0%
Moldavia	0	3,522	-3,522	-100.00%	0.0%
TOTAL	663,118	2,859,987	-2,196,869	-76.8%	100.0%

Cargo & Mail Traffic

It is important to point out that road freight traffic increased by 274.8% in 2020 compared to 2019 (for 339,605 kg) due to the transport of medical devices within the framework of the Covid-19 health emergency.

8. SIGNIFICANT EVENTS OCCURRED IN 2020

On 13 February 2020, the Council of State rejected the appeal filed by Toscana Aeroporti against the final decision of the Regional Administrative Court for Tuscany no. 723 of 2019 concerning the Florence Airport Masterplan proceedings.

On 20 February 2020, the Board of Directors of Toscana Aeroporti S.p.A. passed the resolution to go ahead with the procedure for the implementation of the Florence Airport Masterplan.

On 28 February 2020, an agreement was signed between *46° Brigata Aerea dell'Aeronautica Militare* [46th Air Brigade of the Italian Air Force] (hereinafter briefly “AM”) and Toscana Aeroporti, under Legislative Decree no. 66/2010 of the Military Code, to define the general terms regulating relationships between TA and AM in the Pisa airport area. The scope of the agreement is the regulation of assistance and support activities, to be carried out in mutual cooperation and provided to each other against payment, as well as the use of TA and AM personnel and means for the provision of airport services, as specified in the letters of agreement that define all the responsibilities for the provision of each individual service, with all the related terms and operating conditions.

On 12 March 2020, the Ministry of Infrastructures and Transports, in order to manage the Covid-19 crisis and protect workers' health, issued Decree no. 112 (extended with Decree n. 153 of 12 April 2020) to order the restriction of airport services to a specific list of airports, including the Pisa airport (where operations were strongly reduced). As a consequence, starting from 14 March 2020 and until 3 May 2020, the Florence airport limited its operations to cargo, mail, State flights and emergency services, including health emergency.

On 20 April 2020, Corporación America Italia S.p.A. and SO.G.IM. S.p.A. notified the termination, on 15 April 2020, due to natural expiry, of the Shareholder Agreement they had signed on 16 April 2014 concerning the ordinary shares of Toscana Aeroporti S.p.A.

On 23 April 2020, ENAC (*Ente Nazionale per l'Aviazione Civile*), the National Civil Aviation Authority, in an effort to favour the recovery of air transport, which was strongly impacted by the crisis due to the Covid-19 epidemiological emergency, in agreement with the Ministry of Infrastructures and Transports, ordered the suspension of the payment of airport concession fees due in July. For 2020, the payment was proportional to the actual traffic recorded during the year and will be made in a single instalment before 31 January 2021. This provision is one of the various initiatives promoted by ENAC in support of the economy of the national civile aviation industry and of its businesses and workers.

On 15 May 2020, the Shareholders' Meeting approved the proposal put forward by the Board of Directors last 31 March 2020 not to distribute dividends for the year and to allocate 2019 profits, a total of € 13,554,635, to the legal reserve for € 677,732 and to the extraordinary reserve for € 12,876,903. This proposal, adopted by the Board of Directors on a precautionary basis to protect the financial stability of the Company and of the Toscana Aeroporti Group in the light of the Covid-19 pandemics, which marked a change from the practice adopted since the birth of Toscana Aeroporti (a constant payout of 95% since 2015), has been accepted by Shareholders with a responsible attitude.

On 29 May 2020, TA's Board of Directors informed that the CEO, Ms. Gina Giani, resigned, for strictly personal reasons, from all her offices within the company and its affiliates effective from Friday May 29th, 2020.

On 29 May 2020, TA's Board of Directors informed that Mr. Roberto Naldi was appointed as the new CEO of the company and took up the related powers.

On 16 July 2020, the Transport Regulation Authority (ART) issued Resolution no. 136/2020 to approve the new regulated airport fee models.

On 17 July 2020, in consideration of the decrease in air traffic in Italy due to the Covid-19 epidemiological emergency and the restrictions adopted by the State and Regions to minimize the economic consequences of the healthcare crisis, the term of the concessions granted for the management and development of airport activities existing at the effective date of Law no. 77 of 17 July 2020, which converted Art. 202, par. 1-Bis, of Law Decree no. 34 of 19 May 2020 with amendment, was extended for two more years.

On 26 October 2020, in order to contribute to the upgrading of the Tuscan airport system, support the regional economy and tackle the market challenges caused by the Covid-19 emergency, the Regional Council approved Regional Law no. 75 of 4 August 2020, where Article 7 provided for a subsidy for the airport system, which was then outlined in further detail by Regional Law no. 95 of 3 December 2020 "Direct subsidy for the company Toscana Aeroporti S.p.a". This regional subsidy was submitted to the approval of the European Union and the EU, on 2 March 2021, confirmed the compatibility of the subsidy with the provisions of the Treaty on the Functioning of the European Union.

On 30 October 2020, the Parent Company TA signed a loan agreement with a pool of primary financial institutions, including Intesa Sanpaolo and BNL-BNP Paribas Group, for a total of € 85 M secured by a SACE collateral, as provided for in Law Decree no. 23/2020 (*"Decreto Liquidità"*) under the "Garanzia Italia" programme. The 6-year loan will allow the Company and its subsidiaries to reinforce their cash levels as required for the company's business activities and support the planned investments in the Florence and Pisa airport sites. These sums were disbursed in November 2020.

On 30 December 2020, law no. 178 of 30 December 2020 was published in the Official Journal (*"Gazzetta Ufficiale"*) establishing the "State budget for the financial year 2021 and the multiannual budget for the three-year period 2021-2023" (*"Legge di bilancio 2021"*), which entered into force on 1 January 2021. This law contains two new specific measures in support of the airport sector:

- i. The creation by the MIT (Ministry of the Infrastructure and Transport) of a fund of EUR 500 million (of which EUR 450 million earmarked for airport management companies and the remaining EUR 50 million for handlers) as compensation for the damages suffered as a result of Covid-19;
- ii. A measure to ensure the supplementary benefits of the "Solidarity Fund for the Air Transport Sector and Airport System" also to the "wage guarantee fund in derogation" required by air transport and airport management companies for 12 weeks in the period included between 1 January and 30 June 2021.

9. OPERATING RESULTS OF THE TOSCANA AEROPORTI GROUP

9.1 Consolidated Income Statement

Due to the rapid spread of the Coronavirus worldwide since the beginning of 2020 and the increasingly stringent restrictions imposed by governments, the Tuscan airport system carried around 2 million passengers in 2020, for a total -76% difference in the passenger component. -62% in the movements component, -65% in the tonnage component and +2,2% in the cargo and mail component compared to the aggregate data regarding passengers, movements, tonnage and the Pisa and Florence airports in 2019.

The consolidated economic data of first half of 2020 are summarised below and compared with those of the same period of 2019.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	2020	2019	2020/2019 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	30,371	97,445	-67,074	-68.8%
Non-Aviation revenues	14,666	34,939	-20,273	-58.0%
Network development expenses	-4,597	-1,275	8,128	-63.9%
Total operating revenues	40,440	119,659	-79,219	-66.2%
Other revenues	11,559	2,185	9,373	428.9%
Revenues from construction services	8,988	8,396	592	7.0%
TOTAL REVENUES (A)	60,987	130,241	-69,254	-53.2%
COSTS				
Operating Costs				
Consumables	896	1,411	-515	-36.5%
Cost of personnel	26,239	42,567	-16,328	-38.4%
Costs for services	21,726	34,237	-12,511	-36.5%
Sundry operating expenses	2,800	2,584	216	8.4%
Airport leases	2,192	4,470	-2,278	-51.0%
Total operating costs	53,853	85,269	-31,416	-36.8%
Costs for construction services	7,935	6,876	1,059	15.4%
TOTAL COSTS (B)	61,788	92,145	-30,357	-32.9%
GROSS OPERATING MARGIN (A-B)	-801	38,096	-38,897	N.S.
% incid. over total revenue	-1.3%	29.3%		
% incid. over operating revenue	-2.0%	31.8%		
Amortization and impairment	10,444	11,195	-751	-6.7%
Provision for risks and repairs	1,736	3,062	-1,326	-43.3%
Value write-ups (write-downs) net of trade	1,668	585	1,083	185.2%
OPERATING EARNINGS	-14,649	23,254	-37,904	N.S.
% incid. over total revenue	-24.0%	17.9%		
% incid. over operating revenue	-36.2%	19.4%		
ASSET MANAGEMENT				
Financial income	8	26	-18	-68.0%
Financial expenses	-1,347	-1,591	244	-15.3%
Profit (loss) from equity investments	101	32	70	220.5%
TOTAL ASSET MANAGEMENT	-1,237	-1,533	296	-19.3%
PROFIT (LOSS) BEFORE TAX	-15,886	21,721	-37,608	N.S.
Taxes for the period	3,289	-7,330	10,619	N.S.
PROFIT/(LOSS) FOR THE PERIOD	-12,598	14,391	-26,989	N.S.
Minority Interest's loss (profit) for the period	128	-242	370	N.S.
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	-12,470	14,149	-26,618	N.S.
Profit (loss) per share (€)	-0.670	0.760	-1.4302	N.S.

In compliance with the content of CONSOB Notice no. DEM/6064293 of 28 July 2006 and subsequent amendments and supplements (CONSOB Notice no. 0092543 of 3 December 2015 implementing ESMA/2015/1415 guidelines), we specify that the summarised income statement details reported can be easily reconciled with those indicated in financial statements. As to alternative performance indicators, in this Condensed Consolidated Interim Financial Report, TA will provide, in addition to the financial measures prescribed by IFRS, some ratios derived from the latter, although not required by IFRS (Non-GAAP Measures).

These indicators are presented with the purpose of allowing for a better assessment of the Group's management trends and should not be considered as alternative to those required by IFRS. Specifically:

- the interim EBIT (Earnings Before Interests and Taxes) coincides with the Operating profit shown in the Income Statement;
- the interim PBT (Profit Before Taxes) coincides with the Profit before taxes shown in the Income Statement.

As regards the EBITDA (Earnings Before Interests, Taxes, Depreciation, Amortization) or Gross Operating Margins, we point out that it reflects the EBIT before amortization and provisions.

In general terms, we point out that the interim profits indicated in this document are not defined as an accounting measure under IFRS and that, consequently, the criteria for the definition of said interim profits might not be consistent with those adopted by other companies.

The table below shows the main income statement results for the period examined.

REVENUES

Total consolidated revenues decreased by -53.2%, from € 130.2 M in 2019 to € 61 M at 31 December 2020. This change is the result of a € 79.2 M decrease in operating revenues (down by -66.2%) due to the pandemic and the simultaneous increase of € 9.4 M in other revenues (mainly derived from a regional subsidy of € 10 M¹), and € 592 K of revenues from construction services.

We point out that, in compliance with IFRS 15, operating revenues have been booked net of network development expenses deriving from marketing support agreements and show a reduction of approximately € 8.1 M compared to 2019.

OPERATING INCOME

Consolidated operating revenues totalled € 40.4 M in 2020, down by 66.2% compared to 2019.

Aviation revenues

Aviation revenues totalled € 30.4 M in 2020, down by 68.8% compared to 2019, when they totalled € 97.4 M.

In particular, revenues from duties, tariffs and airport fees decreased by 69.7%, as a consequence of the decrease in traffic managed during the year (-74.8% in terms of traffic units) compared to 2019.

Handling revenues totalled € 30.2 M, down by -66.4% due to the same reason, i.e. less traffic managed in 2020 compared to 2019.

Non-Aviation revenues

The Non-Aviation business consisting in commercial and real estate operations in the two Florence and Pisa airports are carried out:

- i. through subcontracting to third parties (Retail, Food, Car Rental, specific areas and other subconcessions);
- ii. through direct control (Advertising, Parking Lots, Business Centre, Welcome Desk and VIP Lounge, Air Ticket Office and Cargo Agency).

In 2020, revenues deriving from subconcession activities accounted for 69.2% of Non-Aviation operating revenues, while those deriving from directly managed activities accounted for the remaining 30.8%. In 2019, these percentages were 59.8% and 40.2%, respectively.

¹ In order to contribute to the upgrading of the Tuscan airport system, support the regional economy and tackle the market challenges caused by the Covid-19 emergency, in 2020 the Regional Council approved Law no. 77/2020, which provided for a direct subsidy to Toscana Aeroporti S.p.A. as compensation for the damages suffered in 2020 as a result of Covid-19.

Year-on-year data at 31 December 2020 for Non-Aviation revenues is € 14.7 M, down by 58% compared to 2019, when they totalled € 34.9 M.

As a consequence of the pandemic, all non-aviation activities had negative results in 2020, including, particularly Car Rental (€ -3,681 K, -56%), Retail (€ -3,225 K, -54%), VIP lounge (€ -2,987 K, -88%), Food (€ -2,890 K, -72%).

Network development expenses

Network development expenses totalled € 4.6 M at 31 December 2020, down by € 8,128 K compared to 31 December 2019, when they totalled € 12.7 M.

OTHER REVENUES

Year-on-year data at 31 December 2020 for “Other revenues” show € 11,559 K, a greater amount compared to 2019, when the total was € 2,185 K. The difference of approximately € 9.4 M substantially reflects the recognition of the € 10 M subsidy received from the Region of Tuscany by the parent company for the upgrading of the Tuscan airport system, as well as to support the regional economy and to tackle the market challenges caused by the Covid-19 emergency.

REVENUES FROM CONSTRUCTION SERVICES

In 2020, revenues from construction services totalled € 9 M, up by € 592 K (+7%) compared 2019 (€ 592 K) due to Group investments.

COSTS

In 2020, costs totalled € 61.8 M, down by 32.9% compared to 2019, when they totalled € 92.1 M. This result is mainly due to a -36.8% decrease in operating costs (which passed from € 85.3 M in 2019 to € 53.9 M in 2020) and to the simultaneous increase in costs for construction services for about € 1.1 M.

OPERATING COSTS

Operating costs totalled € 53.9 M in 2020, down by 36.8% compared to € 85.3 M reported at the end of 2019.

Consumables totalled € 896 K in 2020, down by € 515 K compared to 2019. The decrease is mainly due to fuels (€ -433 K) and clothing (€ -180 K), and is partly mitigated by the purchase of personal protective equipment (PPE) and sanitation expenses required by the health emergency (€ +201 K).

The Group's cost of personnel totalled € 26.2 M in 2020, down by € 16.3 M compared to 2019 (-38.4%). The reduction of the Group's personnel (-10.1%) associated with the reduced air traffic operated after the Covid-19 outbreak and the resignation of some corporate executives, as well as the use of temporary unemployment benefits starting from the end of March 2020, contributed to the reduction of variable costs and to the lower aggregate cost of labour in 2020 compared to 2019.

In 2020, costs for services totalled € 21.7 M, down by 36.5% compared to 2019, when they totalled € 34.2 M (€ -12,511 K). The decrease in costs for the period examined is mainly linked to decreases in costs for operating services (€ -6.1 M, mainly for porters, cleaning, surveillance, management of parking lots and shuttle bus services), communication (€ -1,508 K), professional services (€ -309 K), maintenance services (€ 1,550 K), utilities (€ -1,125 K) and personnel services (€ -778 K, including canteen and training), substantially associated with the lower traffic managed in the period.

In 2020, sundry operating expenses totalled € 2.8 M, up by € 216 K (+8.4%) compared to 2019. The increase is the result of a significant indemnification of € 1.3 M received during the year by a subsidiary following the early termination of a multi-annual supply contract, partly mitigated by lower administrative costs (€ -484 K), taxes and levies (€ -290 K) and membership fees paid to sundry entities and institutions (€ -167 K).

Airport leases totalled € 2.19 M in 2020, down by 51% compared to € 4.47 M in 2019. The decrease is due to the lower traffic reported in 2020 compared to 2019 (-76% in terms of passengers, equal to approximately € -4.3 M fees), and is partly mitigated by the release of the provision for risks associated to the Fire Brigade airport service dispute for € 2 M reported in 2019. Net of this effect, the lease decreased by 66.1%.

COSTS FOR CONSTRUCTION SERVICES

Costs for construction services totalled approximately € 7.94 M in 2020, down by € 1,059 K compared to 2019, for the same reasons indicated in the comment to the corresponding revenue item.

YEAR'S RESULT

The **EBITDA** (gross operating margin) is **negative for € 801 K** in 2020, down by approximately **€ 38.9 M** compared to 2019, when it totalled € 38.1 M.

Amortization and write-downs totalled € 10.4 M in 2020, down by € 994 K compared to 2019. This is mainly due to the lower amounts set aside in the provision for repair for € 360 K and in the provision for risks for € 966 K, partly mitigated by the higher amount set aside in the provision for bad debt for € 1,083 K.

The **EBIT** (operating profit) of 2020 is **negative for € 14.6 M**, down by € 37.9 M compared to 2019, when it was € 23,254 K.

Financial operations passed from a positive amount of € 1,533 K in 2019 to a negative amount of € 1,237 K in 2020. The € 296 K difference is mainly the consequence of higher bank interests (€ +205 K) and lower interest expenses generated by the discounting of the provision for repair (€ -386 K).

Profit Before Tax (PBT) shows a **loss of approx. € 15.9 M** at year-end 2020, down by € 37.6 M compared to 2019, when it showed a profit of € 21.7 M.

The year's taxes item mainly includes the recognition of prepaid taxes relating to the tax losses reported at year-end, determined after assessing the recoverable portion of the related tax assets in the light of future taxable bases resulting from the economic and financial plans of the Group companies.

Therefore, based on the data disclosed above, the year 2020 was closed with a **net loss of € 12.5 M for the Group**, which corresponds to a € 26.6 M decrease compared to 2019, when the Group reported a positive result of € 14.1 M.

9.2 Consolidated Statement of Financial Position

The table below provides a comparison between the **Consolidated Statement of Financial Position** of the TA Group at 31 December 2020 and the same value at 31 December 2019.

ASSETS	31.12.2020	31.12.2019	DIFFERENCE
NON-CURRENT ASSETS			
Intangible assets	177,760	174,880	2,880
Property, Plant and Equipment	29,476	30,310	-835
Rights of use	4,542	4,619	-78
Equity investments in other entities	2,945	2,945	0
Investments in associated companies	613	570	44
Other financial assets	3,202	3,220	-18
Receivables from others due beyond the year	272	308	-36
Deferred tax assets	4,986	1,717	3,269
TOTAL NON-CURRENT ASSETS	223,796	218,569	5,227
CURRENT ASSETS			
Trade receivables	13,180	17,525	-4,345
Current tax assets	1,026	280	746
Other taxes receivable	3,194	1,497	1,697
Receivables from others, due within the year	14,402	10,014	4,388
Cash and cash equivalents	76,344	19,863	56,481
TOTAL CURRENT ASSETS	108,146	49,179	58,967
TOTAL ASSETS	331,942	267,749	64,193

The difference in total assets, up by € 64.2 M compared to total assets at 31 December 2019, mainly reflects the increase in current assets (€ +59 M) and, to a lesser extent, in non-current assets (€ +5.2 M).

In particular, non-current assets increased due to the positive change in intangible and tangible assets as a result of the year's investments made, after deducting amortization and depreciation (€ 2 M) and to the increase in deferred tax assets (€ 3.3 M), with the latter amount being mainly due to the recognition of the effect on tax losses incurred during the period.

Current assets were mainly affected the increase in cash (€ +56.5 M) resulting from the € 85 M bank loan received in the last quarter of 2020.

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019	DIFFERENCE
TOTAL SHAREHOLDERS' EQUITY	1 06,769	119,518	-12,749
NON-CURRENT LIABILITIES			
Provisions for risks and charges	2,016	2,458	-442
Provisions for repair and replacement	13,920	17,834	-3,914
Provisions for employee retirement and benefits	5,736	5,767	-32
Financial liabilities due beyond one year	1 03,014	23,352	79,662
Financial liabilities for rights of use beyond one year	4,132	4,239	-1 06
Other payables due beyond the year	368	338	29
TOTAL NON-CURRENT LIABILITIES	129,185	53,988	75,197
CURRENT LIABILITIES			
Financial liabilities due within one year	46,026	24,940	21,087
Financial liabilities for rights of use within one year	499	410	89
Current tax liabilities	5	2,174	-2,168
Other taxes due	9,706	11,987	-2,281
Trade payables	23,968	31,643	-7,674
Payables to social security institutions	1,322	2,611	-1,290
Other payables due within the year	6,219	12,568	-6,349
Provisions for repair and replacement (current portion)	8,242	7,911	331
TOTAL CURRENT LIABILITIES	95,988	94,243	1,745
TOTAL LIABILITIES	225,173	148,231	76,942
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	331,942	267,749	64,193

The net worth (Shareholders' equity) decreased by approximately € 12.7 M essentially due to the recognition of a € 12.5 M operating loss.

Non-current liabilities include a significant increase in financial liabilities (€ +79.7 M) due to the subscription of a loan agreement with a pool of primary banks (Intesa Sanpaolo and BNL-BNP Paribas Group) for a total amount of € 85 M, secured by a SACE collateral, as provided for by the so-called "Liquidity Decree" (*Decreto liquidità*) under the "Garanzia Italia" programme.

Current liabilities (€ +1.7 M) include short-term bank loans obtained (€ +21 M) and a reduction in trade payables (€ 7.7 M) and in other payables due within the year (€ -6.3 M).

INVESTED CAPITAL

The table below compares the summarized data regarding the capital invested at 31 Dec. 2020 with those at 31 Dec. 2019, followed by the main comments on the reported differences.

Amounts shown in € K	CONSOLIDATED F.S.	CONSOLIDATED F.S.	2020/2019 Abs. Diff.
	31.12.2020	31.12.2019	
NON-CURRENT ASSETS	223,796	218,569	5,227
NET WORKING CAPITAL	-17,660	-39,577	21,917
MEDIUM/LONG-TERM LIABILITIES	-22,039	-26,398	4,358
INVESTED CAPITAL	184,097	152,595	31,502
SHAREHOLDERS' EQUITY	106,769	119,518	-12,749
NET FINANCIAL INDEBTEDNESS	77,327	33,077	44,251

Fixed assets increased by € 5.2 M, mainly due to increased intangible assets (€ +2.9 M) obtained with the year's investments, after deducting the related amortization, and to increased deferred tax assets recognized on the year's tax losses.

The net working capital, negative by € 17.7 M at 31 December 2019, was reduced by € 21.9 M at 31 December 2020 as a consequence of the decrease in tax liabilities (€ -4.4 M), other trade payables (€ -7.7 M) and other payables due within the year (€ -6.3 M).

Medium/long-term non-financial liabilities decreased due to the short-term reclassification of the Provision for repair and replacement upon maturity within the following year (€ -3.9 M).

As a result of the movements described above, the invested capital of the TA Group at 31 December 2020 increased by € 31.5 M compared to 31 December 2019, with a balance of approx. € 184.1 M.

9.3 Cash flow analysis

The Consolidated Statement of Cash Flows provided below has been prepared by using the indirect method, as defined by IAS 7 which shows the main determinants of movements in cash and cash equivalents occurred during the reporting period.

CONSOLIDATED STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	FY 2020	FY 2019
OPERATING ACTIVITY		
Net result for the period	(12,598)	14,391
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	10,444	11,195
- Difference in provision for risks and charges	(442)	(1,705)
- Net difference in employee benefits	(317)	(418)
- Net difference in provisions for repair	(4,021)	(526)
- Financial expenses for rights of use	137	107
- Other net financial expenses (income)	1,201	1,457
- Net changes in (prepaid)/deferred taxes	(3,222)	571
- Year's taxes	(67)	6,759
- (Increase)/decrease in trade receivables	4,381	1,510
- (Increase)/decrease in other accounts current receivables	(6,060)	(297)
- Increase/(decrease) in payables to suppliers	(7,674)	3,034
- Increase/(decrease) in other current payables	(9,890)	(173)
Cash flow generated by operating activities	(28,127)	35,905
- Paid financial expenses	(819)	(462)
- Paid income taxes	(2,847)	(5,865)
Cash flow generated by operating activities	(31,793)	29,578
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(2,777)	(6,951)
- Disinvestments in tangible assets	6	0
- Investments in intangible assets	(9,174)	(9,055)
- Disinvestments in equity and other financial assets	(44)	14
Cash flow generated (absorbed) by investments activities	(11,988)	(15,992)
FINANCIAL ASSETS		
- Dividends paid	0	(13,188)
- Short-/long-term loans taken out	105,543	18,500
- (Repayment of) short-/long-term loans	(4,660)	(12,666)
- (Repayment of) financial liabilities for rights of use	(621)	(639)
Cash flow generated (absorbed) by loans	100,263	(7,993)
Net increase/(decrease) in available cash and cash equivalents	56,481	5,593
Cash and cash equivalents at beginning of period	19,863	14,270
Cash and cash equivalents at end of period	76,344	19,863

At 31 December 2020, cash and cash equivalents were positive for approx. € 76.3 M, with an increase of € 56.5 M compared to cash and cash equivalents at 31 December 2019, when they were approx. € 19.9 M.

The items of the Consolidated Statement of Cash Flows at 31 December 2020 specifically include:

- A greater outflow for about € 32 M due to the consequences of the Covid-19 outbreak;
- Investments for approx. € 12 M in airport infrastructures;
- The repayment of principal for approx. € 4.7 M for the medium/long-term loans obtained by the Group;

- Short and long-term loans obtained by TA for € 106 M in the perspective of having to face a period of outflows due to the requirements imposed on the working capital by the ongoing pandemic.

We remind readers that, in order to protect the equity and financial soundness of the Company, the Board of Directors of the holding passed a resolution on 31 March 2020 to review the allocation of 2019 year results by cancelling the distribution of dividends, thus changing the decision made during the meeting of 12 March 2020, when the distribution of € 9.4 M of dividends had been approved.

9.4 Consolidated Net Financial Position

To complete the disclosure, we are providing the Consolidated Net Financial Position at 31 December 2020 and at 31 December 2019, in compliance with the provisions set forth in CONSOB's Notice prot. no. 6064293 of 28 July 2006.

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
<i>Euro K</i>	31.12.2020	31.12.2019	Abs. Diff.
A. Cash on hand and at banks	76,344	19,863	56,481
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	76,344	19,863	56,481
E. Current financial receivables	-	-	-
F. Current bank payables	41,042	20,010	21,032
G. Current portion of non-current indebtedness	4,985	4,930	54
H. Other current financial payables due to leasing companies	499	410	89
T. Current financial indebtedness (F) + (G) + (H)	46,525	25,349	21,176
J. Net current financial indebtedness (I) - (E) - (D)	(29,818)	5,486	(35,305)
K. Non-current bank payables	103,014	23,352	79,662
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,132	4,239	106
N. Non-current financial indebtedness (K) + (L) + (M)	107,146	27,590	79,555
O. Net Financial Position (J) + (N)(NFP)	77,327	33,077	44,251

At 31 December 2020, current bank payables (linked to the use of short-term credit lines) total € 41 M; the current portion of TA Group's medium-long term indebtedness is € 5 M, and other current lease payables is € 499 K.

In addition, non-current bank payables totalled approximately € 103 M, mainly as non-current share of the three outstanding loans obtained to make the investments foreseen in the Group's Business Plan and in anticipation of the need to meet cash requirements in the period due to the pandemic, with repercussions on the working capital. Finally, we reported other non-current lease payables for € 4.1 M.

The Group's cash at 31 December 2020 is € 76.3 M. We point out that the "Cash and Banks" item includes a minimum amount of € 1 M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated by the Florence airport with the Intesa-San Paolo-MPS bank pool.

At 31 December 2020, the Parent Company obtained specific exemptions from the measurement of the financial ratios specified in the respective agreements in force at 31 December 2020.

The **consolidated net financial indebtedness** at the closing date of 31 December 2020 is **€ 77.3 M**, up by € 44.3 M compared to 31 December 2019.

At 31 December 2020, the **debt-to-equity ratio** is **0.72** (against 0.28 at 31 Dec. 2019).

9.5 Consolidated key financial ratios

In compliance with CONSOB's Notice no. DEM/6064293 of 28 July 2006, and subsequent amendments and supplements (CONSOB Notice no. 0092543 of 3 December 2015 implementing ESMA/2015/1415 guidelines) concerning alternative performance indicators, the TA Group is submitting, in its Report on Operations, not only the financial ratios required by the IFRS, but also alternative indicators derived, although not required, from IFRS (Non-GAAP Measures).

These indicators are presented with the purpose of allowing for a better assessment of the Group's management trends and should not be considered as alternative to those required by IFRS. More specifically, the alternative performance indicators used are described below (with the calculation method explained in a note for each indicator):

We point out that 2020 profitability ratios are affected by the negative results for the year, so the comparison with 2019 is scarcely significant.

Profitability Ratios	Consolidated F.S. 31.12.2020	Consolidated F.S. 31.12.2019
ROE		
Net Income / Shareholders Equity	-11.68%	11.84%
Gross ROE		
Profit Before Tax / Shareholders Equity	-14.88%	18.17%
ROI		
Operating Income / Net Invested Capital (1)	-7.96%	15.24%
ROS		
Operating Income / Revenues (2)	-24.02%	17.85%
FINANCIAL EXPENSES / REVENUES RATIO		
Financial expenses/Revenues (2)	2.21 %	1.22%
EBITDA / FINANCIAL EXPENSES RATIO		
EBITDA/Financial expenses	-0.6	23.9

Equity Ratios	Consolidated F.S. 31.12.2020	Consolidated F.S. 31.12.2019
STOCK TO LIABILITIES RATIO		
Current assets / Current liabilities	1.13	0.52
DEBT TO EQUITY RATIO		
Debt (NFP) / Shareholders Equity	0.72	0.28
NET DEBT TO EBITDA RATIO		
Debt (PFN) / EBITDA	-96.51	0.87
EQUITY TO NON-CURRENT ASSET RATIO		
Shareholders Equity / Non-current Assets	0.48	0.55

Notes:

(1) Net Invested Capital = Non-Current Assets + NWC (Net Working Capital) - Medium/long-term (non-financial) Liabilities

NWC = Current Assets - Cash and cash equivalents - Current Liabilities + Bank overdraft and short-term loans

(2) Revenues after deducting revenue from constructions.

10. THE GROUP'S INVESTMENTS

The Group's investments at the end of 2020 totalled **approx. € 12 M**, of which € 9.2 M in intangible assets and € 2.8 M in tangible assets, as detailed in the table below.

Amounts shown in € K		Airport	Sub-tot	Sub-tot	Sub-tot	TOTAL
Toscana Aeroporti investments 31.12.2020						11,951
A) Amortization of intangible assets						9,174
- Software					99	
- Other intangible assets					4	
- Concession rights					400	
UPS main unit 1	FLR		115			
DHL bonded warehouse expansion program	PSA		72			
Restrooms of non-Schengen arrivals area	FLR		68			
Upgrade & improv. of wastewater treatment system	FLR		62			
- Assets under construction					8,582	
BHS and baggage carousel improvement	PSA/FLR		2,763			
First flush rainwater harvesting and treatment system	FLR		2,055			
Passenger terminal expansion (Phase 1)	PSA		1,021			
Development of 2014-2029 Master Plan	FLR		915			
Installation of fixed GPU 400 Hz systems	PSA		725			
De-icing canopy re-protection	FLR		518			
New canopy for ramp vehicles	FLR		208			
- Current software:					89	
B) Tangible assets						2,777
- Land and Buildings					160	
Palagio degli Spini renovation	FLR		123			
- motor vehicles					76	
- Plant and machinery					901	
New apron sweeper	PSA		285			
Aviogetti Thunderlift 4000 Ambulift	FLR		251			
Explosive trace detectors (ETD)	PSA/FLR		116			
- Assets under construction					1,199	
Standard 3 EDS X-Ray	PSA/FLR		1,032			
- Other assets					440	
Triage screening equipment	PSA/FLR		156			
Electronic machines (HW)	PSA/FLR		119			
Furniture and fittings	PSA/FLR		91			

Investments in **intangible assets** mainly include € 2.76 M for BHS and baggage carousel improvements in the two airports; € 2.06 M for the first flush rainwater harvesting and treatment system in the Florence airport; € 1.02 M for the expansion of the Pisa passenger terminal (Phase 1); € 816 K for projects regarding the development of the Florence airport Master Plan; € 725 K for fixed GPU systems in the Pisa airport, and € 518 K for the canopy for de-icing vehicles in the Florence airport.

Investments in **tangible assets** mainly include € 2 M for the purchase of operating assets (cars, operating systems and machinery) and € 156 for the purchase of COVID-related medical supplies and equipment.

11. HUMAN RESOURCES

The Group's Staff

Starting from March 2020, the TA Group's companies undertook both routine and non-routine actions aimed to make the cost of labour as flexible and variable as possible, while protecting employment and salaries during a period of strong decline in aircraft movements and air traffic.

For example, overtime and additional work in non-operating areas was blocked and work was limited to the strictly necessary operations to be carried out for supervision purposes; supervision and security levels were temporarily reduced, also in cooperation with security entities, with the consequent reduction in work shifts; the staff was required to enjoy unused 2019 holidays and part of future 2020 holidays; staff recruitment for operating and non-operating areas was temporarily blocked.

Moreover, temporary unemployment benefits ("CIGS", Cassa Integrazione Guadagni Straordinaria) were activated for 12 months starting from the end of March 2020 in TA and TAH, and since the beginning of April in Jet Fuel as well. A wage guarantee fund ("Fondo Integrazione Salariale") was activated, to the extent permitted by the applicable legislation, and finally a temporary lay-off scheme "CIG in Deroga") was adopted for staff with less than 90 days of service.

Temporary unemployment benefits called *CIGS* will be effective after the completion of all the holidays/working time reduction by each employee and will not affect EFTs, but the development and final count of personnel costs.

The average number of employees working for the TA Group during 2020 has been € 702.1 FTEs, down by 78.4 (-10.1%) FTEs in absolute terms compared to the same period of 2019. This difference is due to the lower traffic managed in the two airports after the Covid-19 outbreak.

The mean number of employees of TA is 329.1 FTEs, down by 7.0 FTEs (-2.1%), in absolute terms, compared to the same period of 2019, while TAH has an average number of 354 FTEs, down by 71.5 FTEs (-16.8%).

The number of employees of the subsidiary Jet Fuel decreased by 2.7 EFTs, stabilizing at 10.89 EFTs at 31 Dec. 2020.

The subsidiary TAE increased its staff, for a total of 7.39 FTEs.

Since March 2020, the company Vola s.r.l., a food catering business, has become a member of the Group with 1 employee who is being remunerated under the temporary lay-off scheme "CIG in Deroga".

We remind readers that the subsidiary "Parcheggi Peretola S.r.l." has no staff.

FTE Table	2020	2019	Diff.	% Diff.
Toscana Aeroporti	329.1	336.1	-7.0	-2.1 %
Toscana Aeroporti Handling	354.0	425.4	-71.5	-16.8 %
Jet Fuel	10.83	12.96	-2.1	-16.4 %
TAE	7.39	6.00	1.4	23.1 %
VOLA	0.81	0.00	0.8	N.S.
Group	702.1	780.6	-78.4	-10.1 %

NOTE: Part-time FTEs are determined proportionally to full-time units (1 FTE).

The reduction in the Group's personnel as a consequence of the reduced air traffic operated after the Covid-19 outbreak and the exit of some corporate executives, as well as the use of temporary unemployment benefits starting from the end of March, contributed to the reduction of variable costs and therefore to the lower aggregate cost of labour for 2020 compared to 2019.

Technical training and education

Despite the pandemic, anti-infection policies and the adoption of social "shock absorbers" that made it impossible to organize courses in the classroom, the Group provided a total of 12,761 hours of training, 44% of which followed by female staff and 56% by male staff through corporate e-learning and video-conferencing systems. This totals 12,594 hours of training less than in 2019, due to the scenario described above, for the year 2020.

12. OCCUPATIONAL HEALTH & SAFETY

TA's Prevention and Protection Service (PPS) kept monitoring the main occupational health and safety issues in the Pisa and Florence airports throughout 2020.

Starting from the end of January 2020, PPS activities have been strongly affected by the Covid-19 outbreak for all the three companies.

The greater effort required to prevent, control and manage biological risks implied the overturning of the priorities and objectives that had been identified and planned at the end of 2019.

The primary effort of the H&S function was to establish an interface with the competent bodies (USMAF - Air, Maritime and Frontier Health Authority, ASL - Local Health Units, Occupational Medicine, etc.) and support all the operating functions in the continuity of airport activities during the most critical phase, so as to ensure compliance with the various guidelines issued by the government ("DPCMs") and with the technical and regulatory prerequisite for a full resumption of activities in June.

"COVID-19 Infection Prevention Protocols" were developed and subsequently submitted to the Regional Government by May, and were certified by SGS Italia in July 2020.

The following are the main activities carried out to minimize virus transmission in the workplace:

- Implementation of measures to limit the spread of the virus in workplaces with "Infosicurezza" - appropriate information disseminated to inform and train the

personnel on the correct behaviour and good practices to be adopted right from the beginning of the outbreak;

- Implementation of signage, voice announcements, distancing devices, new layout, smart working, protective plexiglas barriers, and so on;
- COVID-19 Infection Prevention Protocols submitted to the Regional Government by May 31, 2020 as required by the Regional Order;
- Certification of the COVID-19 Infection Prevention Protocols by SGS Italia (July);
- Control Committees met 5 times to date (company, trade unions and workers' representatives) according to the DPCM of 26 March 2020;
- Adjustment of workplace cleaning and sanitation plans;
- "Triage" project launched at the entrances of the Pisa and Florence airports, also for the airport personnel ("Aeroporto Sicuro" - safe airport - project);
- Constant procurement, distribution and management of PPE and Covid-19 protection devices (face masks, sanitizing gels and wipes);
- Day-by-day management of personnel and user infection cases.

The following information is recorded for each company:

- Employer
- Airport Safety Managers (only in TA)
- SPPM (Prevention and Protection Service Manager, in Italian "RSPP")
- Prevention and Protection Service (for the subsidiaries TAH and TAE, services provided by TA)
- Health surveillance facility (Competent Physician, etc.)
- Emergency management personnel

For the sole management company, Toscana Aeroporti ("TA"), the constant monitoring of specific security-related site issues has been delegated to two managers (pursuant to Art. 16 of Legislative Decree no. 81/08), one for each airport, by TA's Employer.

In addition, each company has its own workers' health and safety representatives (in Italian "RLS", *rappresentanti dei lavoratori per la sicurezza*) for each site, who are involved by the SPPM to play an active role in inspections, in reporting events or aspects to be monitored, in risk assessments and in the related prevention measures, as well as in periodic meetings (pursuant to Art. 35 of Leg. Dec. 81/08).

The Prevention and Protection Service directly provides training to all the personnel (employees, managers and executives) in accordance with Legislative Decree no. 81/08 and the relevant agreements between regional governments and the central government.

Maintenance of the ISO 45001:2018 certification

In December 2020, TA and TAH were audited by the certification body DNV to maintain the ISO 45001:2018 certification. The audit was successful and the certificate is about to be issued. The implementation of this model allows the companies to be compliant with the provisions set forth in Art. 16, paragraph 3, and Art. 30 of Leg. Dec. no. 81/08, which require the adoption of an auditing model for the tasks of the Employer and Airport Safety Managers, with significant positive implications on the administrative responsibility of companies for occupational health and safety crimes, as provided for in the Organizational Model required by Leg. Dec. no. 231/2001.

Risk assessment and protection devices

For the reasons described above, the risk identification and assessment process is constantly being implemented, with continuous updates to the risk assessment and the respective reference documents ("DVR", *Documento di Valutazione dei Rischi*).

These documents may sometimes require an update or supplement to operating procedures or prevention and mitigation measures, which are formalized through the issuing of specific risk information (*INFO Sicurezza*) to focus on and address important aspects of occupational health and safety.

Risk identification criteria take into account the individual risk categories identified in the workplaces and those deriving from the activities carried out by employees, categorized in groups by role, also considering the simultaneous presence of third parties and the use of equipment and systems.

Collective or individual protection devices (PPE) are then adopted in line with the outcome of the aforesaid assessments.

Emergency and evacuation drills

Annual emergency and evacuation drills have been conducted in the two airports in November 2020, as required by Ministerial Decree (D.M.) no. 10/03/98, in cooperation with the Fire Brigade and the Prevention and Protection Service of the Border Police, and in the Pisa airport also with the subsidiary Jet Fuel.

More specifically, the following drills have been performed in the two airports:

1. Pisa airport (November 24th – starting fire in check-in A);
2. Florence airport (November 24th – check-in starting fire scenario).

Both fire drills have been conducted in compliance with the applicable COVID-19 infection prevention measures.

Labour accidents

The number of labour accidents and the consequent working days lost decreased significantly for both TA and TAH due to the impact of the outbreak on the airline industry. The incidents recorded were mainly caused by oversights or inexperience (the so-called "human factor") rather than to events related to vehicles, equipment or dysfunctional work processes.

Training programs focusing on the "human factor" have been organized by the PPS and generally included in TA/TAH training programmes.

For further details, please consult the Consolidated Non-Financial Statement 2020.

13. IT SECURITY AND PRIVACY LEGISLATION - EU Regulation no. 2016/679

Law Decree no. 5 of 9 February 2012 (converted by Law no. 35 of 4 April 2012) amended certain provisions concerning minimum security measures by deleting, in particular, the Safety Plan. However, the abolition of the obligation to draw up a Safety Plan does not exempt the company from the obligation to fulfil all the other privacy requirements.

In order to ensure that personal data are processed in compliance with the applicable privacy legislation, Toscana Aeroporti upgraded its facilities to comply with the requirements of EU Regulation 2016/679 (regarding the protection of the personal data of natural persons and the free movement of said information) and Leg. Dec. no. 196/2003 ("*Codice Privacy*" - Privacy Code) supplemented with the changes introduced by Leg. Dec. no. 101 of 1 August 2018.

14. RESEARCH & DEVELOPMENT

The Covid-19 outbreak imposed the need to quickly respond to new corporate needs in terms of remote work and the postponement of certain investments and projects initially scheduled to start under the ICT Strategic Plan 2019 – 2021.

Technological investments, the improvement of processes, standardization, the integration and consolidation of IT systems implemented in previous years enabled us to rapidly respond to the new requirements arising from the global health emergency, thus capitalizing on the work done in the past and exploiting the scalability obtained with past interventions.

In addition to managing the Covid-19 emergency, in 2020 TA was engaged in innovation and process improvement activities which consisted in the use of technologies to upgrade IT infrastructures and improve corporate applications.

More specifically, during 2020 TA:

- Started creating an internal and customized NOC (Network Operation Center) service to monitor the IT network and related equipment with a view to detecting potential cybersecurity events concerning the availability of network services;
- Standardized the mobile telephone service contract (with a technical upgrade for better efficiency and capacity and for greater savings on the costs of the service).
- Started a process for the adoption of an IT security management system including logical, physical and organizational security functionalities, with the objective of upgrading the company IT systems, where necessary, and checking their compliance with the ISO 27001 standard for a future certification;
- Implemented a software for the use of digital Kanban Boards to improve team performances with a tool for the visual management of design activities;
- Implemented additional tools for the tracking of System Administrators' activities, in compliance with the directives of the Corporación America Airports group;
- Started a project for the replacement of the corporate proxy (technical security upgrade for access to the Internet from the airports' workstations);
- Upgraded the RDBMS infrastructure by consolidating the enterprise databases;
- Extended the cargo management software to the Florence airport for its possible future activation.

15. RELATIONSHIPS WITH THE OTHER ENTITIES OF THE GROUP AND WITH RELATED PARTIES

Revenues, costs, receivables and payables at 31 December 2020 from/to parent companies, subsidiaries, associates and other related parties concern the sale of assets or services that consist of routine Group operations. Transactions are performed at an arm's length, based on the characteristics of the goods sold and the services delivered. Information on relations with related parties, including those required by Consob's Notice no. DEM/6664293 of 28 July 2006, are presented in the Explanatory Notes

At 31 December 2020, the TA Group holds interests in the following other associated companies:

- Immobili A.O.U. Careggi S.p.a.

A company incorporated to manage the retail area at the new entrance of the Careggi Hospital of Florence ("NIC"), whose share capital is 25% owned by TA (unchanged with respect to 31 December 2019), while the remaining 75% is owned by Azienda Ospedaliera

Universitaria Careggi. Its registered office is at the address of the Careggi Hospital of Florence and the administrative office is located in the Pisa Galilei airport.

At 31 December 2020, TA has a service agreement in place with this Associate for staff management activities, for a period value of approx. € 31.5 K, and reported a variable price based on revenues of € 98.6 K.

- Alatoscana S.p.a.

Company that manages the Elba Island airport. TA owns a 13.27% share in the share capital of this company (13.27% at 31 Dec. 2019), and the majority is owned by Regione Toscana (51.05%) and the Maremma and Tirreno Chamber of Commerce (34.36%).

A service level agreement has been in place for several years with this Associate at 31 December 2020 for outsourced staff activities, for a global value of approx. € 63 K.

The main relationships with the other related parties at 31 December 2020 are:

- Delta Aerotaxi S.r.l.

A number of agreements are in force between the Holding and Delta Aerotaxi S.r.l.:

- the subconcession of premises in the Florence airport for a value of € 85.1 K in revenues for TA at 31 December 2020;
- the subconcession of office premises and other types of spaces in the Pisa airport for a value of € 139 K in revenues at 31 December 2020;
- Aviation revenues for approx. € 135 K for the invoicing of airport duties, taxes and handling services related to general aviation in the Pisa airport, plus approx. € 1 K regarding the provision of non-handling services upon request.

In addition, additional revenues for € 16 K have been reported at 31 Dec. 2020 deriving from the aforesaid related party concerning the charge-back of common services and insurance expenses due under existing agreements, as well as for parking passes and airport permits in the two airports.

- Corporate Air Services S.r.l.

At 31 December 2020, the Parent Company had the following relationships with the related party Corporate Air Services S.r.l., the company that manages General Aviation at the Florence airport, indirectly connected with TA through SO.G.IM. S.p.a., a TA shareholder:

- Aviation revenues of € 233 K for the invoicing of airport duties, taxes, handling and centralized infrastructure expenses concerning general aviation in the Florence airport, € 9 K for the same services performed in the Pisa airport, and approx. € 4 K for the provision of non-handling services upon request and for the supply of de-icing fluid to the Florence airport;
- the subconcession of office premises and other types of spaces in the Pisa airport for a value of € 33 K in revenues for TA at 31 December 2020;
- Non-aviation revenues for € 31.6 K at 31 December 2020 regarding the subconcession of 130 square metres in the air-side area in the Florence airport.

In addition, further revenues of € 3.6 K to the aforesaid related party have been reported at 31 December 2020 concerning the charge-back of common services and insurance expenses due under existing agreements, as well as for parking passes and airport permits in the two airports.

- Delifly S.r.l.

TA sublicenses a surface of about 122 square metres to Delifly S.r.l. (related party through SO.G.IM S.p.a.), which Delifly uses exclusively for a removable item to be used for the

provision of general aviation catering services at the Florence airport (with € 38.5 K of revenues for TA at 31 December 2020).

Lastly, the Group accrued a further € 8 K revenues from Delifly for the charge-back of common services, third-party liability insurance coverage expenses, and the assignment of parking passes and airport permits in the two airports.

- ICCAB S.r.l.

ICCAB S.r.l. is a related party of TA since the Member of TA's BoD, Mr. Saverio Panerai, has a significant influence on ICCAB S.r.l. pursuant to the regulation on related-party transactions adopted by CONSOB.

The parent company sublicensed a room of about 40 sq. m. in the Florence airport to ICCAB, which uses it for commercial activities (with € 20 K of revenues for TA in 2020).

In addition, an agreement is in place for the subconcession of premises located in an air-side area of the Pisa airport used by ICCAB for retail activities, for a value of € 13 K in revenues at 31 December 2020.

Finally, during the first nine months of 2020, the Group accrued a further € 7 K in revenues from ICCAB S.r.l. for the charge-back of common services of the two airports.

- Corporación America Italy S.p.A.

Since 2016, the holding adopted the tax consolidation option provided for by Articles 117 to 129 of the Consolidated Text on Income Taxation ("*Testo Unico delle Imposte sui Redditi*" - T.U.I.R.), whose consolidating entity is Corporación America Italia S.p.a. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option. The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, the consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income. Furthermore, as a result of participating in the National Tax Consolidation, pursuant to art. 96 of D.P.R. 917/86, companies can contribute the excessive interests payable that can no longer be deducted for one of them in order to reduce the global aggregate income of the Group until the Gross Operating Income amount produced in the same tax period by other consolidated entities is reached. At 31 December 2020, TA has no IRES payable to the parent company CAI, as a consequence of the tax loss for the period.

Finally, we specify that no non-core transactions were performed with related parties in 2020 and that Toscana Aeroporti S.p.A. does not own and did not purchase or transfer treasury stock or stock of controlling companies, including through the intermediary of trust companies or another person.

Stakes of the members of the management and control boards

At the date of this financial statement, the following shares in the holding TA exist:

- Statutory Auditor Roberto Giacinti: 6,345 shares;
- Board Member Saverio Panerai; 2,403 shares.

16. MAIN INFORMATION ON THE PARENT COMPANY, SUBSIDIARIES, AND THEIR RELATIONSHIPS

16.1 Toscana Aeroporti SpA

For financial, economic, and equity information regarding the holding TA, and for a comparison between the Management Income Statement, Balance Sheet and Net Financial Position of 2020 against 2019, please refer to the Explanatory Notes to the financial statements.

16.2 Parcheggio Peretola Srl

Parcheggi Peretola S.r.l. became a member of the TA Group in 2015 after the incorporation of AdF, which owned 100% of its shares. The prevalent activity of this company is the management of a 640-slot payment car parking lot for the public in front of the Departures Terminal of the Florence airport.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. The main accounts of this financial statement are summarized below.

For the consolidated financial statement, the financial statement of the subsidiary has been appropriately adjusted to take into account the impact deriving from the application of international accounting standards.

PARCHEGGI PERETOLA - INCOME STATEMENT				
Amounts in €K	FY 2020	FY 2019	Abs. Diff.	% Diff.
REVENUES				
Non-Aviation revenues	564	1,874	-1,310	-69.9%
Other revenues and proceeds	71	176	-105	-59.5%
TOTAL REVENUES (A)	636	2,051	-1,415	-69.0%
COSTS				
Consumables	0.0	2.9	-3	N.S.
Costs for services	248	770	-522	-67.8%
Sundry operating expenses	1,356	61	1,295	N.S.
TOTAL COSTS (B)	1,605	834	770	92.4%
GROSS OPERATING MARGIN (A-B)	-969	1,216	-2,185	N.S.
% incid. over total revenue	-152%	59%		
Amortization and impairment	56	112	-56	-49.9%
OPERATING EARNINGS	-1,025	1,104	-2,129	N.S.
% incid. over total revenue	-161%	54%		
ASSET MANAGEMENT	0.00	0.00	0	
PROFIT (LOSS) BEFORE TAX	-1,025	1,104	-2,129	N.S.
Taxes for the period	252	-316	568	N.S.
PROFIT/(LOSS) FOR THE PERIOD	-773	788	-1,561	N.S.

The 2020 income statement shows a production value of € 636 K, a € 1,415 K decrease (-69%) compared to 2019 mainly due to the collapse of passenger traffic in the Florence airport (-76.7% compared to 2019) as a result of Covid-19 restrictions.

Costs totalled € 1,605 K at 31 December 2020, their most significant component being the indemnification recognized to a supplier for the early termination of a multi-year contract relating to the management and maintenance of parking lots. In addition to this, a 7%

refund was paid to the Municipality of Florence for parking lot revenues under an existing agreement that, on the other side, allowed the holding to readjust parking rates.

The EBITDA or gross operating margin was negative for € 969 K in 2020, down by 2,185 K, and includes a loss of € 733 K for the period.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	31.12.2020	31.12.2019
NON-CURRENT ASSETS	2,192	1,995
CURRENT ASSETS	1,467	1,315
TOTAL ASSETS	3,658	3,310
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY	2,253	3,026
CURRENT LIABILITIES	1,405	284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,658	3,310

Parcheggi Peretola has a positive net financial position of € 1,022 K at 31 Dec. 2020 (€ 1,013 K at 31 Dec. 2019).

16.3 Toscana Aeroporti Engineering Srl

Toscana Aeroporti Engineering Srl ("TAE"), incorporated on 15 January 2015, started operating in August 2015 as an engineering subsidiary 100% owned by Toscana Aeroporti with the mission of providing TA with the engineering services required for the implementation of the program for the development of the two Florence and Pisa airports.

For the engineering activities serving the design of the Master Plan, TAE uses its own staff and the support of:

1. detachment of technical/engineering staff by TA (11 units at 31 December 2020);
2. in-house staff (6 employees at 31 December 2020);
3. specialized service contractors.

Consistently with the past business year, TAE has been planning infrastructure improvements in both airports, specifically:

- First flush rainwater harvesting and treatment system (Florence)
- BHS and baggage carousel improvement (Florence and Pisa)
- Passenger terminal expansion - Phase 1 (Pisa)
- Installation of fixed GPU 400 Hz systems (Pisa)
- Reprotection of de-icing vehicle canopy (Florence)
- Installation of fixed GPU 400 Hz systems (Florence)
- DHL bonded warehouse expansion (Pisa)
- Improvement of wastewater treatment system (Florence)

At 31 December 2020, the company had 6 direct employees and, consistently with 2019, staff-related activities have been carried out by the Holding under a servicing agreement signed between the parties.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. For the sole purpose of the Condensed Consolidated Interim

Financial Report, the financial information of this subsidiary has been adjusted to take into account the impact deriving from the adoption of international accounting standards.

T. A. ENGINEERING - INCOME STATEMENT

Amounts in €K	2020	2019	Diff. Abs.	% Diff.
REVENUES				
Other revenues and proceeds	2,569	3,714	-1,145	-31 %
TOTAL REVENUES (A)	2,569	3,714	-1,145	-31 %
COSTS				
Consumables	0.0	0.0	0.0	N.S.
Cost of personnel	332	411	-79	-19 %
Costs for services	2,078	3,054	-976	-32 %
Sundry operating expenses	2	5	-3	-56 %
TOTAL COSTS (B)	2,412	3,470	-1,057	-30 %
GROSS OPERATING MARGIN (A-B)	156	244	-88	-36 %
% incid. over total revenue	6.1 %	6.6 %		
Amortization and impairment	38	58	-21	-35 %
OPERATING EARNINGS	118	186	-67	-36 %
% incid. over total revenue	4.6 %	5.0 %		
ASSET MANAGEMENT	0.0	-1.9	1.9	N.S.
PROFIT (LOSS) BEFORE TAX	118	184	-65	-36 %
Taxes for the period	-39	-59	19	-33 %
PROFIT/(LOSS) FOR THE PERIOD	79	125	-46	-37 %

2020 revenues totalled € 2,569 K, reflecting the year's portion of the projects commissioned by TA, as better described above.

Total 2020 costs of € 2,412 K mainly include € 332 K of in-house staff cost, € 1,505 K of outsourced survey and design costs, and € 403 K of TA seconded staff cost.

The EBITDA for the period is € 156 K and the net profit for the period is € 79 K.

STATEMENT OF FINANCIAL POSITION (amounts in € K)

ASSETS	31.12.2020	31.12.2019
NON-CURRENT ASSETS	54	88
CURRENT ASSETS	3,521	2,748
TOTAL ASSETS	3,575	2,836
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY	521	442
MEDIUM-LONG TERM LIABILITIES	46	49
CURRENT LIABILITIES	3,009	2,346
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,575	2,836

TAE has a positive net financial position of € 76 K at 31 Dec. 2020 (against € 207 K at 31 Dec. 2019).

16.4 Jet Fuel Srl

Jet Fuel Co. s.r.l. is the entity that manages the centralized fuel storage facility of the Pisa airport. The stake held by TA is 51.0% of voting rights, while property and dividend rights are exercised in identical portions with the other shareholders, Refuelling S.r.l. and Air BP Italy S.p.A. Therefore, for consolidation purposes, said equity and operating result share has been considered at 33% for the TA Group.

A total of 33,486 cubic metres of jet fuel passed through the storage facility during 2020, with a 67.8% volume decrease compared to the 104,132 cubic metres of 2019. The company provided into-plane services for 25,345 cubic metres of fuel, with a 63.4% decrease compared to the 69,159 cubic metres of 2019. The negative change was due to the lower traffic managed in the Pisa airport due to the global health emergency (-60.9% of movements and -63.5% of tonnage compared to 2019).

At 31 December 2020, Jet Fuel had a sub-licensing agreement in place with TA for the management of the centralized fuel storage facility, for a global value of € 209 K (JF's airport fee), utilities for approx. € 9 K and other services (airport permits, parking lots, etc.) for a value of approx. € 1 K.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. The main accounts of this financial statement are summarized below.

For the sole purpose of the Consolidated Financial Statement, the Financial Statement of the Subsidiary has been adjusted to take into account the impact deriving from the application of international accounting standards.

JET FUEL - INCOME STATEMENT				
Amounts in €K	2020	2019	Diff. Abs.	% Diff.
REVENUES				
Aviation revenues	899	2,564	-1,665	-64.9%
Other revenues and proceeds	18	15	3	22.9%
TOTAL REVENUES (A)	918	2,579	-1,662	-64.4%
COSTS				
Consumables	32	63	-30	-48.4%
Cost of personnel	544	842	-297	-35.3%
Costs for services	251	298	-47	-15.8%
Sundry operating expenses	20	20	0	0.6%
Airport leases	209	704	-495	-70.3%
TOTAL COSTS (B)	1,057	1,927	-870	-45.2%
GROSS OPERATING MARGIN (A-B)	- 139	652	-791	N.S.
% incid. over total revenue	-15%	25%		
Amortization and impairment	139	130	8	6.2%
OPERATING EARNINGS	- 278	521	-799	N.S.
% incid. over total revenue	-30%	20%		
Asset management	6	8	2	-22.8%
PROFIT (LOSS) BEFORE TAX	- 284	513	-797	N.S.
Year's taxes	94	147	242	N.S.
PROFIT/(LOSS) FOR THE PERIOD	- 190	366	-556	N.S.

Jet Fuel's (Aviation) total revenues amounted to € 918 K in 2020 (€ 2,579 K at 31 Dec. 2019), mainly including the fuel storage service for € 475 K and the into-plane service for € 382 K.

The main costs of 2020 are € 1,057 K (€ 1,927 K in 2019), including cost of labour (€ 544 K), the airport subconcession fee (€ 209 K), tank truck maintenance and fuel (€ 42 K), professional services (€ 65 K), and industrial insurance (€ 78 K).

As a result, the 2020 result was a negative EBITDA of € 139 K (positive for € 652 K in 2019) and an operating loss of € 190 K for the period, compared to the € 366 K profit reported in 2019.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	31.12.2020	31.12.2019
NON-CURRENT ASSETS	955	993
CURRENT ASSETS	443	675
TOTAL ASSETS	1,398	1,667
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY	395	585
MEDIUM-LONG TERM LIABILITIES	610	593
CURRENT LIABILITIES	393	489
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,398	1,667

Jet Fuel's net financial position at year-end is positive for € 325 K (€ 261 K at 31 Dec. 2019).

16.5 Toscana Aeroporti Handling S.r.l.

Toscana Aeroporti Handling S.r.l. is a 100% subsidiary of Toscana Aeroporti S.p.A. Started its operations on 1 July 2019 with the business purpose of providing the services described in Legislative Decree no. 18 of 13 January 1999, and subsequent amendments and supplements, as well as of conducting further appropriate activities related to the aforesaid handling business. Handling activities consist in airport ground aircraft, passenger and cargo handling services.

During 2020, TAH managed a total of 22,522 commercial aviation movements in the two airports, which corresponds to a 90.8% market share (98.4% in 2019 with 66,855 movements). The -66.3% difference is due, as for the other companies of the Group, to the collapse of traffic in the two Tuscan airports following the restrictions imposed to tackle the Covid-19 outbreak.

The 2020 market share of commercial aviation traffic in each airport was 86.7% for Pisa (97.7% in 2019) and 99.8% for Florence (100% in 2019).

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. The main accounts of this financial statement are summarized below.

For the consolidated financial statement, the financial statement of the subsidiary has been appropriately adjusted to take into account the impact deriving from the application of international accounting standards.

TOSCANA AEROPORTI HANDLING - INCOME STATEMENT

Amounts in €K	2020	2019	Diff. Abs.	% Diff.
REVENUES				
Operating income				
Aviation revenues	9,608	28,990	-19,382	-66.9%
Non-Aviation revenues	37	161	-125	-77.3%
Total operating revenues	9,645	29,151	-19,507	-66.9%
Other revenues and proceeds	687	1,423	-736	-51.7%
TOTAL REVENUES (A)	10,332	30,575	-20,243	-66.2%
COSTS				
Consumables	176	493	-317	-64.2%
Cost of personnel	9,686	20,655	-10,969	-53.1%
Costs for services	4,104	6,669	-2,564	-38.5%
Sundry operating expenses	148	590	-441	-74.9%
TOTAL COSTS (B)	14,114	28,406	-14,291	-50.3%
GROSS OPERATING MARGIN (A-B)	-3,782	2,169	-5,951	N.S.
% incid. over total revenue	-36.6%	7.1%		
% incid. over operating revenue	-39.2%	7.4%		
Amortization and impairment	678	797	-119	-14.9%
Provision for risks and repairs	200	400	-200	-50.0%
value write-ups (write-downs) net of trade receivables and other receivables	30	218	-188	-86.2%
OPERATING EARNINGS	-4,691	754	-5,444	N.S.
% incid. over total revenue	-45.4%	2.5%		
% incid. over operating revenue	-48.6%	2.6%		
TOTAL ASSET MANAGEMENT	-4.16	0.08	-4.24	N.S.
PROFIT (LOSS) BEFORE TAX	-4,695	754	-5,449	N.S.
Taxes for the period	1,106	-306	1,412	N.S.
PROFIT/(LOSS) FOR THE PERIOD	-3,589	448	-4,037	N.S.

The main revenues of 2020 include € 9.6 M of handling services and € 687 K of other revenues and income substantially related to the debiting of the required operating services to TA.

The main costs of 2020 were the cost of personnel (€ 9.7 M) and the cost of outsourced services (€ 4.1 M).

The EBITDA recorded in the period was negative by € 3,782 K and the operating loss reported by the company in 2020 was approx. € 3.6 M.

Data regarding the Company's equity and financial situation at 31 December 2019 are given below.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	31.12.2020	31.12.2019
NON-CURRENT ASSETS	3,076	2,474
CURRENT ASSETS	6,615	9,742
TOTAL ASSETS	9,691	12,217
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY	-1,695	1,894
MEDIUM-LONG TERM LIABILITIES	8,495	3,628
CURRENT LIABILITIES	2,891	6,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,691	12,217

The NFP of TAW at 31 Dec. 2020 is positive for € 1,040 K (against € 4,433 K at 31 Dec. 2019).

As to the balance sheet, the Company decided to make use of the facility offered by paragraph 266 of the Budget Law ("Legge di bilancio"), which suspended certain rules of the Civil Code to allow companies to cover the losses suffered in 2020 within the next 5 years, that is by 31 December 2025.

The new provision directly amended Art. 6 of Law Decree ("DL") 23/2020, which suspended the provisions of the Civil Code until 31 December 2020 (for one year) and replaced it.

In detail, for losses arising in the current financial year at 31 December 2020, Art. 2446, §§ 2 and 3, Art. 2477, Art. 2482-Bis, §§ 4, 5 and 6, and Art. 2482-ter do not apply and the reasons for the liquidation of companies due to a reduction or loss of their share capital described in Art. 2484, § 1, no. 4, and Art. 2545-duodecies are suspended (in essence, the rules concerning the reduction of capital for losses (Articles 2446 and 2482-bis) and the reduction of the share capital below the minimum legal level (Articles 2447 and 2482-ter).

In any case, the parent company TA declared its intention and irrevocable commitment to keep financing and supporting TAH in order to ensure both the fulfilment of its obligations and the regular continuity of its operations.

16.6 Vola S.r.l.

On 9 December 2019, TA (Sole Shareholder) incorporated a new company called "Vola S.r.l." to directly or indirectly manage every airport food services.

This new company, that is not yet operating, will manage restaurant and bar activities in the landside spaces of the Florence airport.

In 2020, the company did not generate revenues, while it reported € 23 K of costs. Consequently, it reported a loss of € 17 K.

The NFP of Vola at 31 December 2020 was negative for € 241 K.

17. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risk factors that may affect the Group's operations are described below.

- RISKS ASSOCIATED WITH THE GENERAL CONDITIONS OF THE ECONOMY AND THE INDUSTRY, ALSO DUE TO THE COVID-19 OUTBREAK

The main factors that may affect operations in the transport sector where the Group operates are, *inter alia*, the gross domestic product (GDP), the business and consumer confidence level, the unemployment rate and the oil price. In general, the international political unrest, the credit crunch, the high unemployment rate, the reduction in the available income for families in real terms, and the consequent decrease in consumption, as well as events like the Covid-19 outbreak, may adversely affect the demand for air transport. Should this weak economic situation persist, we cannot exclude a negative impact on the economic and financial situation of the Company and the Group.

As to the Covid-19 pandemic, taking specifically into account the current situation, namely the spread of the virus both in Italy and globally, and the continuing infection trends that do not yet seem close to an end (at least in Italy), although we may hope that the vaccination campaigns launched at the end of 2020 will be effective, we must acknowledge the permanence of a certain degree of uncertainty in connection with the

duration and geographical expansion of this health emergency, as well as the potential future impact it may have on the development of air traffic and on the economic performance of the Company and the Group.

These effects could be the consequence of the extension of restrictive measures which limit the movement of people within and between countries and geographical areas, of economic challenges and impacts on many business sectors, and finally also the psychological impact of the emergency on the propensity of individuals to travel by air, as well as the possible extension or further tightening of health protection measures (i.e. social distancing), which could eventually reduce the capacity of the airport infrastructure and aircraft compared to the pre-Covid-19 situation.

The persistence, over a medium-long time horizon, of lower traffic levels than those reported in the pre-Covid period could make it necessary to revise, even substantially, the business model and infrastructure development plan of the Florence and Pisa airports.

In any case, we should point out how authoritative sector studies expect a return to pre-Covid traffic levels not before 2024, also thanks to the vaccination campaign underway worldwide.

For further information and insights, see the “Liquidity risk” and “Impact of the Covid-19 outbreak” sections in the Explanatory Notes.

- RISKS ASSOCIATED WITH AIRPORT HANDLING ACTIVITIES AND THE EXTREMELY COMPETITIVE LAYOUT OF THE RELATED MARKET

Airports with a traffic exceeding 2 M passengers or 50,000 tons of goods are recognised free access to the “ground assistance services” market (Leg. Dec. 18/99). To date, these services are mostly provided by TAH, a subsidiary of TA, in the Pisa and Florence airports starting from 1 July 2019.

Due to the limited operating spaces available both in the Pisa airport (ENAC Resolution of 4 March 2019) and in the Florence airport (ENAC Resolution of 30 November 2019), TA obtained a positive opinion concerning the request to restrict the number of ground handling operators for categories 3 and 5, as specified in Annex A to Leg. Dec. 18/99¹. In both airports, the number of handlers for Commercial Aviation has been limited to 2, one being Toscana Aeroporti Handling.

Since March 2019, another competitor started operating as handler in the Pisa airport for Commercial Aviation, while, in the Florence airport, the same competitor obtained the handler certification from ENAC, but has not yet been operating.

Revenues generated by the handling business accounted for 16.6% over total revenues in 2020 (19.5% of the total, after deducting revenues from construction services). The market where the providers of handling services operate is typically characterized by a high level of competitiveness, as well as by a limited profitability in terms of operating income.

The increase in competitive pressure, on the one hand, and the reduced margins that characterise these activities, on the other, could adversely affect the TA Group's economic situation, equity and financial standing.

These effects were also amplified by market trends showing a significant decline due to the Covid-19 outbreak. Therefore, the Group is even more committed to taking all the possible countermeasures at managerial level to mitigate losses and take the handling company TA towards the much hoped-for recovery of the market.

- REGULATORY RISK

The Group, within the framework of the two concessions for the global management of the Pisa and Florence airports, operates in a sector regulated by domestic and

¹ Baggage Assistance and runway operations.

international legislation. Any unpredictable change in the regulatory framework might adversely impact the bottom line of the Group.

A potential risk factor in the airport sector is the constant evolution of the specific legislative and regulatory scenario where the Group, like the other airport operators, operates. The Company's financial results are affected by developments in the regulatory framework, particularly as regards the regulation of airport service tariffs.

In this regard, we remind readers that, at the date of approval of this financial statement, consultations with airport users had been positively concluded according to the procedure established by the tariff models for the 2019-2022 period for both the Pisa and Florence airports. The Transport Regulation Authority issued Resolutions no. 50/2019 and no. 94/2019 for the final compliance with tariff models for the Pisa and Florence airport, respectively, for the 2019-2022 period.

As to the development of the infrastructure, TA could find it difficult to implement its investments as planned and approved by ENAC due to unpredictable events or delays, and also due to the future evolution of the Covid-19 pandemic, as well as to any legal dispute connected with authorization or implementation procedures, which may negatively impact the applicable tariffs and the general economic, equity and financial situation of the Group.

Furthermore, on 16 July 2020, the Transport Regulation Authority "ART" published the new tariff models that, for the aforesaid reasons, will be applied in the TA Group only starting from 2023. TA is presently studying the situation, together with its trade association, to understand how any future condition might impact said new tariff models and how to mitigate any risks in their future application.

- RISKS ASSOCIATED WITH RELATIONSHIPS WITH EMPLOYEES AND TRADE UNIONS

The Holding operates in an industrial context characterised by a significant presence of trade unions and is potentially exposed to the risk of strikes and interruptions in its production activities.

In the recent past, within a changing corporate framework and with the implementation of strategic organizational changes (separation of handling activities), no significant strikes blocked the provision of services in the Florence or Pisa airport.

On 21 December 2018, three agreements were signed with all the trade unions that represent all employee levels - executives, clerical staff and workers - of the two airports, to regulate important rationalization and simplification projects regarding labour costs and the protection of second level salary elements. Furthermore, in order to develop actions aimed to increase the well-being of its employees, TA shared the implementation of a corporate welfare services platform, that was also used in 2019 and 2020.

Starting from March 2020, as a consequence of the Covid-19 outbreak and of the restrictions imposed on operations in the two airports, the companies of the TA Group implemented routine and special measures aimed to the maximum possible flexibilization and variabilization of the cost of labour, such as, for example, the block of overtime and supplementary work in non-operating areas and the reduction of supervision/emergency operating activities required. In addition to this, in collaboration with control bodies, TA reduced the level of supervision posts and the related assigned staff, required employees to use their past accrued holidays and anticipate part of 2020 holidays, and temporarily blocked the hiring of new personnel in operating/non-operating and staffing areas.

As a result of the continuing health emergency and of the expected traffic reduction, both TA and TAH adopted temporary unemployment benefits ("CIGS") for 12 months starting from the end of March 2020, while Jet Fuel did the same from the beginning of April 2020. TAE adopted the wage guarantee fund (*Fondo di Integrazione Salariale*) for 9 weeks starting from the end of March. Finally, another 9-week temporary layoff fund called *Cassa*

Integrazione in Deroga has been requested for personnel with less than 90 days of service starting from May 1st, 2020.

These instruments were used until December 2020 and procedures for their renewal were under way at the date of publication of this financial statement.

Finally, the parent company maintains regular relations with trade union organizations for a continuous and constructive involvement and discussion, as well as with government institutions, in order to extend the measures described above for the entire duration of the pandemic, so as to protect its employees as much as possible.

- RISKS ASSOCIATED WITH AIR TRAFFIC TRENDS IN THE TWO AIRPORTS AND WITH THE CONCENTRATION ON CERTAIN CARRIERS

As for the other operators of the sector, the reduction or interruption of flights by one or more carriers also due to an economic/financial crisis in their business organizations might adversely impact the bottom line and traffic goals of the TA Group.

Due to the Coronavirus emergency and the related national security regulations imposed on airport, including the closure of the Florence airport from 14 March 2020 to 3 May 2020 and the almost total cancellation of flights in the Pisa airport, the Group recorded about 2 million passengers against 8.3 million recorded in 2019. The total incidence of the first three carriers is 63.9%. In detail, the incidence of the first carrier is 48.4%, while the second and third carriers account for 9.4% and 6.0%, respectively.

The Group is working with the main carriers to lay the basis of a safe restarting of operations in the two airports managed, also leveraging on multi-year commercial agreements that bind carriers to the conduction of marketing and advertising campaigns, as well as to achieve preset goals in terms of passengers and flights. At the same time, the Group will contribute to the related expenses and disburse economic incentives for the achievement of the aforesaid goals.

The attractiveness of the reference market where the Group operates, together with the constant consolidation of relations with the main carriers, is key to restarting operations, as the Group believes that the traffic risk caused by the pandemic may be considered as an event limited in time.

The Group also constantly monitors the situation of the national airline, Alitalia, which is presently under receivership, as well as the potential economic and social repercussions of Brexit on air transport, which are still difficult to estimate today.

- RISKS ASSOCIATED WITH DEPENDENCE ON KEY STAFF

The Group believes that its operating and management structure is capable of ensuring the continuity of the management of its corporate affairs. However, the perspectives, operations and financial results of the Group could be negatively impacted by the interruption of the cooperation of one or more key Group staff, such as the CEO or other senior/top managers, without appropriate notice. The Company has recently completed a process of assessment and evaluation of the potential of its personnel, aimed, inter alia, at identifying people having the most appropriate characteristics to cover general management roles. In addition, following the resignation of the previous CEO, the Company reviewed and redefined its corporate organization, thus rationalizing its layout and developing horizontal forms of coordination.

- ENVIRONMENTAL RISK

The operations of the Group are regulated by many European Union regulations and domestic, regional and local legislation on the protection of the environment. The Group has the priority of carrying out its activity in compliance with the applicable environmental

legislation; however, since the risk of environmental liability is intrinsic to the activity of the Group, there can be no certainty that any new future regulations may not involve further regulatory requirements for the Group. In this regard, we point out that the Company adopted an independently certified environmental management system (EMS) for compliance with the ISO 14001 standard in both Pisa and Florence airports.

- FINANCIAL RISK

As regards financial risks, see the specific section in the Explanatory Notes.

18. SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2020

Due to the continuing health emergency and restrictions on the movements of people, air transport was adversely affected by this scenario even in the first few months of 2021.

With the start of the vaccination campaign, and with the first anti-Covid-19 vaccines delivered in the Pisa airport by DHL cargo flights at the end of 2020, Toscana Aeroporti hopes that we will soon get out of the health emergency and resume safe travelling.

For the sake of completeness, the main events occurred after 31 December 2020 are reported below.

On 26 January 2021, Toscana Aeroporti S.p.A. signed an agreement for the acquisition of 51% of Cemes Aeroporti S.r.l., a recently incorporated company operating in the building sector, which changed its name upon the signature of the agreement into Toscana Aeroporti Costruzioni S.r.l. (TAC).

On 2 March 2021, the European Commission announced the compliance with the provisions of the Treaty on the Functioning of the European Union of the € 10 million subsidy allocated by the Region of Tuscany under Regional Law no. 75 of 4 August 2020 on regulatory measures connected with the budget adjustment law 2020–2022 and with Regional Law no. 95 of 3 December 2020 on the direct subsidy for the company Toscana Aeroporti S.p.A.

Main news regarding operations in the Florence airport

- **Maintenance works:** As part of the flight infrastructure scheduled maintenance plan, the runway of the Vespucci airport was closed to air traffic starting from 1st February 2021 until early April 2021 for the renovation of the runway pavement, strips, airfield markings and lighting, in compliance with EASA certification standards. No flight was operated in the Florence airport during the maintenance works.
- **EgoAirways:** this airline has already opened its booking platform (website www.egoairways.com) for the national connections from the Florence airport that will be operated next summer to and from Bari, Brindisi, Lamezia Terme and Catania.

Main news regarding operations in the Pisa airport

- **S7** will resume its direct flight to Moscow Domodedovo in March. Flights are already on sale in the airline's website.
- The Hungarian carrier **WizzAir** announced the start of the sale of tickets to fly to Palermo, Brindisi and Bari from June.

19. OUTLOOK

The Tuscan Airport System recorded a total traffic of about 2 million passengers in 2020 (-76% compared to 2019). This figure is the result of the combined effects of the higher demand reported in January and February 2020 - +2.7% compared to the same period of 2019 - and by the dramatic restrictions imposed by the Covid-19 outbreak since March 2020, which caused a -85.5% decrease in passenger traffic from March to December 2020. The year 2020 has been impacted by the consequences of the Covid-19 pandemic on the global economy, on global transport networks, and particularly on air transport, as well as on domestic and international tourism, especially for Italy.

Considering the continuous evolution of the situation and the permanence of negative results in the first two months of 2021 (-93,9% in terms of passengers compared to the same period of 2020), also due to the closure of the Florence airport from 5 February 2021 for the execution of works on the flight track, we expect the impact on the financial results of 2021 to be still negative, in spite of the gradual resumption of operations expected in the second half of the year as a result of the mitigation actions undertaken to fight the spread of the virus, such as the ongoing vaccination campaign, the effects of which might even be challenged by new virus variants.

Toscana Aeroporti has undertaken and will keep implementing all the possible actions aimed to protect the Group's profits by variabilizing costs as much as possible as a function of traffic trends, taking into account the restrictions imposed by governments, competent authorities, and the central banks of the countries hit by the Covid-19 outbreak, as well as by adopting economic measures in support of families, employees and businesses. We hope that the recovery process will continue over the next few months.

20. PROPOSED ALLOCATION OF THE YEAR'S PROFITS

We propose that the **operating loss of EUR 7,845,389** be covered by using the extraordinary statutory reserve for the amount.

Dear Shareholders,

We invite you to approve the Financial Statement for the year 2020 prepared by Toscana Aeroporti S.p.a. based on the valuation criteria described in the Explanatory Notes.

For the Board of Directors
The Chairman
(Marco Carrai)

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DEC. 2020
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GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	N o t e s	2020	of which Related Parties	2019	of which Related Parties
REVENUES					
Operating income	1-2	40,440	840	119,659	1,590
Other revenues	3	11,559	231	2,185	136
Revenues from construction services	4	8,988	0	8,396	0
TOTAL REVENUES (A)		60,987	1,071	130,241	1,726
COSTS					
Operating Costs					
Consumables	5	896	0	1,411	0
Cost of personnel	6	26,239	0	42,567	0
Costs for services	7	21,726	0	34,237	0
Sundry operating expenses	8	2,800	0	2,584	0
Airport leases	9	2,192	0	4,470	0
Total operating costs		53,853	0	85,269	0
Costs for construction services	10	7,935		6,876	
TOTAL COSTS (B)		61,788	0	92,145	0
GROSS OPERATING MARGIN (A-B)		-801	1,071	38,096	1,726
Amortization and impairment	11	10,444	0	11,195	0
Provision for risks and repairs	12	1,736	0	3,062	0
Value write-ups (write-downs) net of trade receivables and other receivables	13	1,668	0	585	0
OPERATING EARNINGS		-14,649	1,071	23,254	1,726
ASSET MANAGEMENT					
Financial income	14	8	0	26	0
Financial expenses	15	-1,347	0	-1,591	0
Profit (loss) from equity investments	16	101	0	32	0
TOTAL ASSET MANAGEMENT		-1,237	0	-1,533	0
PROFIT (LOSS) BEFORE TAX		-15,886	1,071	21,721	1,726
Taxes for the period	17	3,289	-101	-7,330	-99
PROFIT/(LOSS) FOR THE PERIOD		-12,598	971	14,391	1,627
Minority Interest's loss (profit) for the period	18	128		-242	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD		-12,470	971	14,149	1,627
Earnings per share (€)	19	(0.6700)		0.7602	
Diluted earnings per share (€)		(0.6700)		0.7602	

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in €K	N o t e s	2020	2019
PROFIT (LOSS) FOR THE PERIOD (A)		-12,598	14,391
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>			
- Profit (loss) arising from the determination of the Termination Benefit after tax	40	-151	-212
<i>Total other profit (loss) before tax (B)</i>		<i>-151</i>	<i>-212</i>
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		-12,749	14,178
Minority Interest's comprehensive profit (loss) for the period	38	140	-230
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		-12,609	13,949

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in € K)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Intangible assets	20	177,760	174,880
Property, Plant and Equipment	21	29,476	30,310
Rights of use	22	4,542	4,619
Equity investments in other entities	23	2,945	2,945
Investments in associated companies	24	613	570
Other financial assets	25	3,202	3,220
Receivables from others due beyond the year	26	272	308
Deferred tax assets	27	4,986	1,717
TOTAL NON-CURRENT ASSETS		223,796	218,569
CURRENT ASSETS			
Trade receivables	28	13,180	17,525
Current tax assets	29	1,026	280
Other taxes receivable	30	3,194	1,497
Receivables from others, due within the year	31	14,402	10,014
Cash and cash equivalents	32	76,344	19,863
TOTAL CURRENT ASSETS		108,146	49,179
TOTAL ASSETS		331,942	267,749
SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2020	31.12.2019
CAPITAL AND RESERVES			
Share Capital	33	30,710	30,710
Capital reserves	34	87,678	74,124
IAS adjustments reserve	35	-3,229	-3,229
Profit/(Loss) carried forward	36	3,858	3,403
Group's profit (loss) for the period	37	-12,470	14,149
TOTAL GROUP SHAREHOLDERS' EQUITY		106,547	119,156
Minority interest	38	222	361
TOTAL SHAREHOLDERS' EQUITY		106,769	119,518
NON-CURRENT LIABILITIES			
Provisions for risks and charges	39	2,016	2,458
Provisions for repair and replacement	40	13,920	17,834
Provisions for employee retirement and benefits	41	5,736	5,767
Financial liabilities due beyond one year	42	103,014	23,352
Financial liabilities for rights of use beyond one year	43	4,132	4,239
Other payables due beyond the year	44	368	338
TOTAL NON-CURRENT LIABILITIES		129,185	53,988
CURRENT LIABILITIES			
Financial liabilities due within one year	42	46,026	24,940
Financial liabilities for rights of use within one year	43	499	410
Current tax liabilities	45	5	2,174
<i>of which to Related Parties</i>		<i>0</i>	<i>1,473</i>
Other taxes due	46	9,706	11,987
Trade payables	47	23,968	31,643
Payables to social security institutions	48	1,322	2,611
Other payables due within the year	49	6,219	12,568
Provisions for repair and replacement (current portion)	40	8,242	7,911
TOTAL CURRENT LIABILITIES		95,988	94,243
TOTAL LIABILITIES		225,173	148,231
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		331,942	267,749

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY (amounts shown in €K)

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY / EXTRAORDINARY RESERVES	OTHER RESERVES	IAS ADJUSTMENTS RESERVE	TOTAL RESULT RESERVES	TOTAL GROUP'S S.E.	MINORITY INT. S.E.	TOTAL SHAREHOLDERS' EQUITY
S.E. AT 31 December 2018	30,710	18,941	4,003	25,876	24,585	(3,229)	17,351	118,236	292	118,528
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	14,149	14,149	242	14,391
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	(200)	(200)	(12)	(212)
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	13,949	13,949	230	14,178
PROFIT ALLOCATION	-	-	687	31	-	-	718	-	-	-
DIVIDENDS	-	-	-	-	-	-	(13,028)	(13,028)	(160)	(13,188)
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	688	31	-	-	(13,747)	(13,028)	(160)	(13,188)
S.E. AT 31 December 2019	30,710	18,941	4,691	25,906	24,585	(3,229)	17,552	119,156	361	119,518
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	(12,470)	(12,470)	(128)	(12,598)
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	(139)	(139)	(11)	(151)
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	(12,609)	(12,609)	(140)	(12,749)
PROFIT ALLOCATION	-	-	678	12,877	-	-	(13,555)	0	0	0
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	678	12,877	-	-	(13,555)	-	0	-
S.E. AT 31 December 2020	30,710	18,941	5,369	38,783	24,585	(3,229)	(8,612)	106,547	222	106,769

CONSOLIDATED STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	FY 2020	FY 2019
OPERATING ACTIVITY		
Net result for the period	(12,598)	14,391
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	10,444	11,195
- Difference in provision for risks and charges	(442)	(1,705)
- Net difference in employee benefits	(317)	(418)
- Net difference in provisions for repair	(4,021)	(526)
- Financial expenses for rights of use	137	107
- Other net financial expenses (income)	1,201	1,457
- Net changes in (prepaid)/deferred taxes	(3,222)	571
- Year's taxes	(67)	6,759
- (Increase)/decrease in trade receivables	4,381	1,510
- (Increase)/decrease in other accounts current receivables	(6,060)	(297)
- Increase/(decrease) in payables to suppliers	(7,674)	3,034
- Increase/(decrease) in other current payables	(9,890)	(173)
Cash flow generated by operating activities	(28,127)	35,905
- Paid financial expenses	(819)	(462)
- Paid income taxes	(2,847)	(5,865)
Cash flow generated by operating activities	(31,793)	29,578
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(2,777)	(6,951)
- Disinvestments in tangible assets	6	0
- Investments in intangible assets	(9,174)	(9,055)
- Disinvestments in equity and other financial assets	(44)	14
Cash flow generated (absorbed) by investments activities	(11,988)	(15,992)
FINANCIAL ASSETS		
- Dividends paid	0	(13,188)
- Short-/long-term loans taken out	105,543	18,500
- (Repayment of) short-/long-term loans	(4,660)	(12,666)
- (Repayment of) financial liabilities for rights of use	(621)	(639)
Cash flow generated (absorbed) by loans	100,263	(7,993)
Net increase/(decrease) in available cash and cash equivalents	56,481	5,593
Cash and cash equivalents at beginning of period	19,863	14,270
Cash and cash equivalents at end of period	76,344	19,863

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DEC. 2020

INTRODUCTION

The Toscana Aeroporti Group (hereinafter also the “Group” or the “TA Group”) includes the parent company Toscana Aeroporti S.p.A. (hereinafter also the “Parent Company” or “TA”), a public limited company with registered office at the address of the Register of Companies of Florence, and its subsidiaries Toscana Aeroporti Handling s.r.l., Toscana Aeroporti Engineering s.r.l., Parcheggio Peretola s.r.l., Jet Fuel Co. s.r.l., and Vola s.r.l.

The parent company is the result of the merger by incorporation of Aeroporto Toscana Galileo Galilei S.p.A. (Pisa airport) and Aeroporto di Firenze S.p.A. We remind readers that the merger has been the result of a business combination between entities under common control by Corporación AmeriCa Italia S.p.A. Therefore, being a “business combination involving entities under common control”, a transaction explicitly excluded from the scope of the international accounting standard IFRS 3 “Business combinations”, the merger is reflected in the financial statements of the company that resulted from the merger with the assets and liabilities of the acquired company booked with the values resulting from the financial statements of the incorporated entity. This accounting treatment, in fact, allows the Management to provide relevant and reliable information in compliance with the requirements of section 10 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

The main operations of the Group are described in the Report on Operations.

This consolidated financial statement of the TA Group shows amounts in EURO thousands (€K), as this is the currency used by TA and its subsidiaries in most operations.

In addition, international accounting standards have been consistently applied for all the companies of the Group. The financial statements of the Subsidiaries, used for the consolidation, have been appropriately amended and reclassified, where necessary, for consistency with international accounting standards and classification criteria.

The limited auditing activity conducted on the 2020 Consolidated Financial Statement of the TA Group has been carried out by the auditor “PricewaterhouseCoopers S.p.A.”

BASIS FOR CONSOLIDATION

Subsidiaries, identified as those entities under the control of the Parent Company, have been fully consolidated.

For the structure of the TA Group at 31 Dec. 2020, see the specific section of the Report on Operations.

The structure of the Group has not changed since 31 December 2019.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

The 2020 Consolidated Financial Statement of the TA Group has been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force to date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning "Provisions on financial statements", CONSOB Resolution no. 15520 of 27 July 2006 concerning "Amendments and additions to the Issuers' Regulation adopted with Resolution no. 11971/99", CONSOB Notice no. 6064293 of 28 July 2006 concerning "Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98"). Furthermore, we considered the International Financial Reporting Interpretations Committee ("IFRIC"), formerly Standing Interpretations Committee ("SIC").

IMPACT OF THE COVID-19 OUTBREAK

At the end of January 2020, the World Health Organization declared a public health emergency of international concern caused by the spread of the SARS-COV-2 virus (hereinafter also Covid-19 or Coronavirus). Since the beginning of March 2020, increasingly restricted measures have been adopted in Italy to combat the spread of the virus and to protect public health, first only in some northern areas and progressively in the rest of the country.

In the specific transport scenario, on 12 March 2020 the Ministry of the Infrastructure and Transport issued Decree no. 112 (extended with Decree no. 153 of 12 April 2020) to order the restriction of airport services to a specific list of airports, including the Pisa airport (where operations were strongly reduced). As a consequence, starting from 14 March 2020 and until 3 May 2020, the Florence airport limited its operations to cargo, mail, state flights and emergency services, including health emergency.

Due to cancellations and then also to the restrictions imposed by the Government, the two airports had an overall contraction in air traffic of about 6.3 million passengers in 2020 compared to the previous year. In 2020, the Tuscan airport system carried approx. 2 million passengers, with an overall decline of -76% for the Passenger component, -61.8% for the Flights component, -64.9% for the Tonnage component, and a +2.2% growth for the Cargo & Mail component compared to the aggregate data on passengers, flights and tonnage of 2019 for the Pisa and Florence airports. This reduction in the demand for air traffic strongly and negatively impacted the economic results of the year, causing a loss of approx. € 12.5 M for the Group. For a summary on the effects of the outbreak on the year's profit, see the section "Summary of the impact of the Covid-19 outbreak on the Income Statement" in these Explanatory Notes.

To tackle the cash requirements arising from operations in this scenario, the Group used available credit lines of € 21 million and, as detailed below, obtained a € 85 M loan secured by a SACE collateral pursuant to Law Decree 23/2020 (so-called "Decreto Liquidità").

As to the initiatives undertaken in 2020 after the spreading of the pandemic, considering the passenger reduction the Group promptly arranged a number of countermeasures aimed to adapt costs to the reduced traffic demand, also taking into account the measures adopted by the Italian Government with Law Decree no. 18 of 17 March 2020 (so-called "Cura Italia" decree).

Based on the structure of the Group's Income Statement, whose items also include the cost of personnel, the first measures adopted aimed at mitigating said costs and the related outflows, primarily by using up any holidays left for all the employees that were not required to remain in the airport during said period. The office administrative and support personnel started working from home. In addition, after the necessary discussion and

negotiation with trade unions concerning any appropriate measure to be adopted, the temporary unemployment benefit fund (“Cassa Integrazione Guadagni”) was activated starting from 25 March 2020 for all the existing labour force, while maintaining the minimum operating services required and reducing the activities of clerks. This measure will be used until March 2021.

As regards the minimization of costs for services, the Management first analyzed the existing labour contracts and identified any non-strategic cost and then discussed additional measures with suppliers.

In order to protect the equity and financial soundness of the Company, the Board of Directors of the Holding passed a resolution on 31 March 2020 to review the allocation of the year's result for 2019 and not distribute dividends, thus changing the decision made during the meeting of 12 March 2020, when dividends for about € 9.4 M had been allocated to distribution.

After an accurate analysis of its financial requirements, updated after the expected reduction in the traffic demand, and the aforesaid actions, TA identified some additional measures aimed to support the Group in complying with its obligations, consisting in a global review of the timing of the less-urgent infrastructure work.

Moreover, in 2020 the Company obtained from banks Intesa Sanpaolo and MPS Capital Services specific exemptions from the measurement of financial ratios at 31 December 2020, which are required by the respective loan agreements signed by the parent company with the above-mentioned credit institutions, with a residual debt of € 20 M (maturing in 2027) and € 2.8 M (maturing in 2022), respectively, at 31 December 2020.

After the end of the first lockdown period, the Country had a period of progressive recovery in the summer 2020 when, in addition to a slight but encouraging increase in aviation activities, most retail stores and other business activities reopened in the two airports. Similarly, road and rail transport services had been resumed, thus making the two airports easy to reach again. And finally, almost all parking lots and car rental companies had also restarted operating with particularly interesting promotional offers.

Nevertheless, traffic volumes were gradually zeroed by the airlines since October 2020 as the second wave of infections progressed in all European countries, with the consequent almost complete closure of all retail activities. Operation level in the Florence and Pisa airports remained extremely limited even in January and February 2021.

In this context, considering the significant losses suffered by the Company and the Group, on 26 October 2020 the Region of Tuscany, with Regional Law no. 75 of 4 August 2020 on regulatory measures connected with the budget adjustment law 2020–2022 and with Regional Law no. 95 of 3 December 2020 on the direct subsidy for the company Toscana Aeroporti S.p.A. granted Toscana Aeroporti a direct subsidy to compensate for the damage suffered in 2020 as a result of the Covid-19 outbreak. This subsidy consisted of a maximum amount of € 10 M, which could be obtained after notifying the European Commission, which had to decide on its compatibility pursuant to Art. 108 of the Treaty on the Functioning of the European Union. In this regard, we point out that, on 2 March 2021, the European Commission confirmed that the subsidy was compatible with the provisions of the Treaty on the Functioning of the European Union and at present we are waiting for the disbursement of the sum earmarked by the Region of Tuscany.

Also, as noted above, on 30 October 2020, Toscana Aeroporti signed an important loan agreement with a pool of primary financial institutions, namely Intesa Sanpaolo and BNL-BNP Paribas Group, for a total amount of € 85 M secured by a SACE collateral, as provided for in the “Decreto Liquidità” within the framework of the Garanzia Italia programme. The loan, which has a duration of 6 years and a pre-amortization of 24 months, allows the Company to reinforce its cash levels for the conduction of its business operations and supports the planned investments in the Florence and Pisa airports.

In the light of the information and assumptions made also on the basis of external sources, such as independent sector surveys, the air transport industry will not return to pre-Covid-19 traffic levels until 2024 - an estimate that, in any case, could be affected by the effectiveness of vaccination campaigns or by a possible resurgence of infections.

In a short-to-medium-term horizon, considering the aforesaid traffic level recovery estimates also based on external studies, such as surveys conducted by the main operators of the sector, traffic volumes are expected to remain non-comparable with pre-pandemic levels in 2021 and 2022. Consequently, the Company and the Group confirmed the actions undertaken in 2020 after the start of the health emergency to minimize costs and protect its liquidity also for 2021, and ensured the maintenance of infrastructure development plans and adequate service levels for the ongoing operations, in order to allow Toscana Aeroporti to restart its routine operations in the medium-term when the health emergency will have ended.

The Management estimated that, in spite of the significantly lower traffic levels expected for the financial year 2021 - although slightly higher than those reported at year-end 2020 -, the implementation of the aforesaid cost containment measures, the cash acquired during 2020 through short-term loans and the loan secured by a SACE collateral will allow the Group to fulfil its obligations in the short term and to continue operating on a going-concern basis in a foreseeable future.

FORMAT OF FINANCIAL STATEMENTS

As regards the format of financial statements, the Company decided to present the following types of consolidated statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Consolidated Shareholders' Equity, Statement of Cash Flows and Explanatory Notes. In their turn, Assets and Liabilities have been shown in the Balance Sheet based on their classifications as current and non-current.

Income Statement

The Income Statement is presented with classifications by nature, as this is considered to be the most significant classification method for the best disclosure of the earnings of the Company.

Furthermore, the Income Statement, pursuant to Consob's Resolution no. 15519 of 27 July 2006, breaks down all the relevant cost and revenue items referred to the relationships with related parties.

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income" (hereinafter also briefly "SCI"), which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are recognised among the components of the Shareholders' Equity. The Statement of Comprehensive Income is presented with details of Other Comprehensive Profits and Losses to distinguish between profits and losses that will be reclassified in the income statement in the future, and profits and losses that will never be reclassified in the income statement.

Statement of Cash Flows

The Statement of Cash Flows is presented subdivided into cash flow formation areas. It has been adopted by the TA Group and prepared by using the indirect method. Cash and cash equivalents included in the cash flow statement include the balance values of said items

at the reference date. Income and expenses concerning interests, dividends received and income taxes are included in the financial flows generated by operations.

Pursuant to Consob Resolution no. 15519 of 27 July 2006, we specify that the cash flow statement does not show the financial flows regarding relationships with related parties, because they are not considered significant.

Statement of Changes in the Consolidated Shareholders' Equity

The statement of Changes in the Consolidated Shareholders' Equity is presented as required by international accounting standards, with separated items for the year's profit and each revenue, income, charge and expense not passed in the income statement or in the statement of comprehensive income, but directly recognised in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

Basis for consolidation

The main consolidation criteria used in preparing the financial statement for the year in compliance with IFRS at 31 Dec. 2010 are the following:

- a) the book value of the stakes of subsidiaries was eliminated against the related Shareholders' equity, with the recognition of their assets and liabilities on a line-by-line basis. There is control when the Group is exposed to or has the right to receive variable yields from its involvement in the business and has the capacity to influence said variable yields with its power on the subsidiary. The acquisition of a subsidiary is booked with the acquisition method. The cost of the acquisition is determined by the sum of current entries at the date when control has been obtained on the assets given, on the liabilities incurred or undertaken, and on the financial instruments issued by the Group in exchange for the control of the acquiree.
- b) The assets, liabilities and potential liabilities acquired and identifiable are recognized at their fair value at the acquisition date. The positive difference between the purchase cost and the share of the Group in the fair value of said assets and liabilities is classified as goodwill and booked as intangible asset in the balance sheet.
- c) Should a negative difference arise, IFRS 3 "Business combinations" does not contemplate the recognition of a negative goodwill; so the excess of the interests of the purchaser in the fair value of the assets, liabilities and identifiable potential liabilities of the purchased entity compared to the cost of the acquisition is recognised to the Income Statement after redetermining the fair value of the assets, liabilities and identifiable potential liabilities of the acquiree.
- d) Once control has been acquired on the acquiree, any acquisition of further shares is accounted for by recognising the difference between the price paid and the value of the corresponding share of booked Shareholders' equity of the acquiree directly to reduce the consolidated Shareholders' equity. Similarly, in the event of a transfer of stakes that does not involve a loss of control, the capital gain or loss is recognised directly in an item of the Shareholders' Equity and subsequently transferred to the Income Statement only at the time of the transfer of the control of the acquiree.
- e) The economic results of the subsidiaries acquired or transferred during the business year at issue are included in the Consolidated Income Statement since the effective acquisition date until the effective transfer date.
- f) Investments in associated companies are valued with the equity method: if the TA share of the losses of the associated company exceeds the book value of the investment in the balance sheet, then the value of the investment is zeroed and the portion of the further loss is recognised to the extent that TA is responsible for it.

- g) Significant transactions between consolidated entities are eliminated, together with the credit and debit entries, costs and revenues, and profits not yet realized deriving from transactions between companies of the Group, after deducting any tax.
- h) Minority interest in the net assets of the consolidated subsidiaries is identified separately from the Group's Shareholders' Equity. That interest is determined based on the percentage held by them in the fair value of the assets and liabilities recognised at the original acquisition date and in the Shareholders' Equity variations after that date. For the acquisitions completed before the date of first application of the IFRS, as permitted by IFRS 1, the consolidation is done according to the previously applicable standards.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards and valuation criteria adopted for the preparation of the financial statement for the business year closed on 31 Dec. 2020 are described below.

The financial statement has been prepared on a historical-cost basis, modified as required for the valuation of certain financial instruments. The Directors assessed whether it was appropriate to prepare the financial statement on a going-concern basis and concluded that the requirement for so doing is met, as there is no doubt concerning the Company's capacity to continue operations.

As to the effects of the Coronavirus and the consequent initiatives undertaken by the Management, extensively described in the Management Report and in the section "Impact of the Covid-19 outbreak" in these Explanatory Notes, the estimates developed on the basis of the available information describe a persisting uncertainty as to the time when the emergency may be expected to come to an end. However, considering the containment measures adopted by the governments and competent authorities and the presumable effectiveness of the vaccination campaign, we can say that, also in the light of the countermeasures adopted by the Management and the economic support to families, workers and businesses granted by the government, the situation resulting from the financial statements at 31 December 2020 does not imply any uncertainty as to the going-concern principle for the Company.

Intangible assets

A concession agreement falls within the scope of IFRIC 12 "Service concession arrangements" if the grantor (public entity) controls the infrastructure or a portion thereof, where "control" means that the grantor controls or regulates the services the operator must provide with the infrastructure, to whom it must provide them and at what price, and if the grantor also controls, through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the arrangement.

Concession rights represent the concessionaire's right to use the asset under concession, in consideration of the costs incurred for the design and construction of the asset, with the obligation to return it at the end of the concession. Concession rights are recognized using the so-called 'intangible asset method', where the concessionaire is entitled to charge a fee to the users of the public service it provides by using the infrastructure.

Concession rights are booked based on the fair value (estimated on the basis of the cost incurred, inclusive of interest expenses, in addition to the capitalization of internal costs for the general coordination activity required for the execution of works by TA) of the intangible assets relating to the construction and expansion activities carried out on the assets covered by the scope of IFRIC 12 "Service concession arrangements".

If the fair value of the services received (in this case, the right to use the infrastructure for business purposes) cannot be measured reliably, the revenue is determined on the basis of the fair value of the services provided (fair value of the construction services provided).

Assets from construction services in progress at year-end are measured on the basis of the progress of works and this valuation converges in the Income Statement item "Revenue from construction services".

Repair or replacement activities are not capitalized and converge in the estimate of the provision described below.

Concession rights are amortized over the entire duration of each individual concession - a method that reflects the assumption that the future economic benefits of the asset will be used by the concessionaire. Considering that the Pisa airport is a military airport that has been opened to civil traffic, the item "Assets under concession" also includes the investments made by the parent company for the flight infrastructure belonging to the *Aeronautica Militare* (Ministry of Defense), as provided for in the planning agreements signed with ENAC.

The provision for impairment and the provision for repair or replacement expenses, globally considered, ensure an adequate coverage of the following charges:

- free assignment to the State, upon the expiration of the concession, of revertible assets with a useful life exceeding the term of the concession;
- repair and replacement of the components subject to wear and tear of the assets under concession;
- recovery of the investment, even in connection with the new works contemplated in financial plans.

Should events take place that support the assumption of an impairment of the value of said Intangible assets, the difference between the book value and the related "recovery value" is recorded in the Income Statement.

An intangible asset purchased or produced internally is booked among Assets, as required by IAS 38 "Intangible assets", only if it can be identified and controlled, and if it is possible to predict the generation of future economic benefits, and if its cost can be determined reliably.

Intangible assets with finite lives are valued at purchase or production cost, after deducting accumulated amortization and impairment. Amortization is determined by making reference to the period of its estimated useful life and starts when the asset is available for use.

The amortization criteria adopted for the various intangible asset items are the following:

- Industrial patent and intellectual property rights: 2 years;
- Multi-year charges: 5 years or referring to the different useful life, if lower;
- Concession rights: based on the remaining years of the concession (expiry: December 2048 for the Pisa airport, February 2045 for the Florence airport - both terms extended for 24 months by Law no. 77 of 17 July 2020).

The Company elected to maintain the historical purchase cost, as an alternative to fair value, as valuation criterion for tangible assets after their initial recording.

Construction in Progress is valued at cost based on the progress reports defined by the contract with the supplier and are amortized starting from the business year when they start being used.

If, regardless of the amortization already accounted for, there is an impairment, the asset is written down accordingly; if, in subsequent years, the assumption of the impairment ceases to exist, the original value is restored, adjusted with the sole amortization.

Development costs can be capitalized provided that the cost is reliable, can be determined and the asset can be shown to be capable of producing future economic benefits.

Research costs are booked to the Income Statement in the period when they are incurred. No intangible assets with an indefinite useful life have been booked in the balance sheet.

Property, Plant and Equipment

Property, plant and equipment are booked at their purchase cost (more specifically, according to this principle, the value of land is separated from the value of the buildings built on said land and only the building is depreciated) and the cost includes incidental, direct and indirect costs for the portion reasonably attributable to the asset. For an asset that justifies capitalization, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of asset itself.

If the individual components of a complex tangible asset have different useful lives, they are booked separately to be depreciated consistently with their relative duration (so-called "Component Approach").

The costs incurred after the purchase are capitalized only if they increase the future economic benefits implied in the asset to which they refer. All the other costs are booked in the Income Statement when they are incurred. Tangible assets in progress are valued at cost and depreciated starting from the year when they start being used.

Fixed assets are systematically depreciated in each business year on a straight-line basis based on economic-technical rates determined in connection with the residual possibilities of use of the assets.

The rates applied are specified below:

- Land:	Not depreciated
- Property:	4% (25 years)
- Plant and machinery:	10% (10 years)
- Industrial and commercial equipment:	10% (10 years)
- Electronic machines:	20% (5 years)
- Office furniture and equipment:	12% (9 years)
- Trucks:	25% (4 years)
- Cars:	20% (5 years)

Investments in revertible assets made before 1997 have been depreciated based on the lower term between the duration of the concession and the useful life of each individual asset.

Ordinary maintenance costs are fully debited to the Income Statement. Incremental maintenance costs are attributed to the assets to which they refer and depreciated in connection with their residual possibility of use.

Profits and losses deriving from the sale or divestment of assets are determined as the difference between the sales revenue and the net book value of the asset and are booked in the Income Statement of the year.

Impairment

At each year-end date, the TA Group reviews the carrying value of its tangible and intangible assets to detect any impairment. Whenever any such indication exists, the recoverable amount of said assets is estimated to determine the amount of the write-down ("impairment test"). When it is impossible to estimate the recoverable value of each individual asset, the TA Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater between the net selling price and the value in use. In determining the value in use, the estimated future cash flows are discounted at their current value by using a pre-tax rate that reflects the market's current valuation of the current value of money and the specific risks of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the relative book value, the book value of the asset is reduced to the lowest recoverable value. An impairment is immediately recognised in the Income Statement.

For the sake of completeness, we point out that the Group has identified the Florence and Pisa airports as CGUs.

When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit) is adjusted upward to its new estimated recoverable amount which, however, does not exceed what the net carrying amount would have been, had the impairment not been recognized. The reversal is recognized immediately in the income statement.

Leases (for the lessee)

For all the lease agreements to which it is a party, except for short-term leases (with a duration of 12 months or less and that do not contain a purchase option) and leases for low-value assets (with a unit value lower than € 5 K), the Group recognizes a use right to use at the start date of the lease, which corresponds to the date on which the underlying asset is available for use.

Short-term and low-value leases are recognized as costs in the income statement on a straight-line basis over the term of the lease.

Use rights are valued at cost, net of accumulated depreciation and impairment losses, and adjusted as a result of each remeasurement of lease liabilities. The value of use rights corresponds to the lease liabilities recognized, in addition to the initial direct costs incurred, leases adjusted at the commencement date or earlier, and restoration costs, net of any lease incentives received. The discounted value of the liability so determined increases the right of use of the underlying asset, with a contraentry recognized in a dedicated provision. Unless the Group is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, use rights are depreciated on a straight-line basis on the basis of the estimated useful life or term of the lease, if less.

The term of the lease is determined by considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that said option will be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain that the option will not be exercised. The Group assesses whether or not the exercise of the extension or termination options is reasonably certain, taking into account all the significant factors that create an economic incentive in connection with such decisions.

The lease liability is recognized at the commencement date of the arrangement for a global value equal to the current value of the leases to be paid during the term of the agreement, discounted by using the incremental borrowing rate (IBR), when the interest rate implicit in the lease is not easy to determine. Variable lease payments remain accounted for in the Income Statement as a cost of the period.

IFRS 16 requires the Management to develop estimates and assumptions which may affect the measurement of the right of use and of the finance lease liability, including the determination of: contracts for the implementation of the new rules for the measurement of assets/liabilities with the financial method; terms of the agreement; interest rate used for the discounting of future lease payments.

Leases (for the lessor)

Lease agreements where the Group is the lessor are classified as operating or finance leases. Subconcessions specifically belong to this category.

A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to the ownership of an underlying asset. A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to the ownership of an underlying asset.

For finance leases, the Group recognizes the assets associated with finance leases in the balance sheet at the commencement date and shows them as a receivable at a value corresponding to the net investment made on the lease. The net lease investment is measured by using the implicit interest rate of the lease.

For operating leases, the Group recognizes the lease payments as income on a straight-line basis or according to any other systematic criterion. The costs incurred for the realization of the income, including amortization, are recognized as costs.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as “held-for-sale” are valued at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as “held-for-sale” when their book value is expected to be recovered by means of a sale transaction rather than being used in the operating activity of the company. This condition is met only when the sale is highly probable, the asset (or group of assets) is immediately available for sale in its current conditions, the Management has already committed to sell it/them, and the sale is planned within twelve months from the classification date of this item.

Investments in associated companies

Associated companies or associates are those entities on which the Group exercises a considerable influence, but which the Group does not control as to their financial and operating policies.

The equity investment in an Associate is initially recognised at cost and the carrying value is increased or decreased to reflect the Group's share of its profits or losses realised by the investee after acquisition. The Group's share of profit (loss) for the year at issue realised by the investee is recognised in the consolidated income statement. Any dividends received by an investee will reduce the book value of the investment. The adjustments made to the book value of the investment may also be the result of changes in the other components of the investee's Statement of Comprehensive Income. The share of said changes, which refer to the Group, is recognised among the other components of the Statement of Comprehensive Income. If the share of the Group's losses in an associate is equal or greater than the Group's interest in that associate, the Group will suspend the recognition of its share of further losses. After deleting the investment, any further loss is set aside and recognised as a liability only to the extent that the Group has committed to fulfil legal or implicit obligations or has made payments on behalf of the Associate. If the Associate realises profits later, the Group will resume the recognition of its share of profits only when the Associate has reached its share of non-recognised loss.

Directors believe that the Group has a remarkable influence on Alatoscana S.p.a. (the Elba Island's airport operator), even if the share owned is lower than 20%. More specifically, that influence is due to the composition of the shareholding of the company and to the possibility of influencing its financial and operating policies.

Financial assets (including equity investments in other entities)

The classification and valuation of financial assets is done by considering both the related management model and the contractual characteristics of the cash flows that can be obtained by the asset. Depending on the characteristics of the instrument and on the business model adopted for its management, the following three categories are distinguished:

(i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income (“FVTOCI”); (iii) financial assets measured at fair value through profit or loss (“FVTPL”).

The financial asset is measured by using the amortized cost method if both of the following conditions are met:

- the financial asset management model consists in holding the asset solely for the purpose of collecting the relevant cash flows; and

- the financial asset generates, at contractually predetermined dates, cash flows representing exclusively the return on the financial asset itself.

According to the amortized cost method, the initial entry value is subsequently adjusted to take into account capital repayments, any write-down and depreciation of the difference between the repayment value and the initial entry value.

Amortization is made on the basis of the effective internal interest rate, which represents the rate that makes the present value of the expected cash flows and the initial entry value equal at the time of initial recognition.

Receivables and other financial assets measured at amortized cost are presented in the balance sheet net of the related provision for bad debt.

Financial assets that represent debt instruments, whose business model includes both the possibility of cashing contractual cash flows and that of realizing capital gains from sale (the “hold to collect and sell” business model), are measured at fair value through other comprehensive income or OCI (“assets measured at FVTOCI”).

In this case, any changes in the fair value of the instrument are recognized in the balance sheet as OCI. The aggregate amount of fair value changes booked in the equity reserve, which also includes the other components of the OCI, is reversed to the profit and loss account or income statement when the instrument is derecognized. The income statement also includes any interest income determined by using the effective interest rate, exchange rate differences and impairments.

A financial asset that is not measured at amortized cost or FVTOCI is measured at fair value through profit or loss (assets measured at FVTPL).

Trade and sundry receivables

Trade receivables and the other receivables are initially recognised at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt. The Group measures any impairment/write-down of receivables by adopting an expected loss approach. For trade receivables, the Group has adopted a ‘simplified approach’ to valuation that does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss (“ECL”) calculated over the lifetime of the receivable (“lifetime ECL”). In detail, the policy implemented by the Group consists in stratifying trade receivables into categories based on the number of days that a trade receivable is past due and the allocation is defined on the basis of the historical experience of credit losses, adjusted to take into account specific forecasting factors referred to creditors and the economic environment.

Trade receivables are fully impaired in the absence of a reasonable expectation of their collection, i.e. in the presence of insolvent business counterparties.

The carrying amount of the asset is reduced through the use of a provision for bad debt and the amount of the loss is recognized in the P&L statement.

When the collection of money is deferred beyond the normal commercial terms agreed with customers, receivables are discounted back.

Derivative instruments and hedge accounting

No such items are recognized in this consolidated financial statement.

Cash and cash equivalents

The “Cash and cash equivalents” item includes cash, bank current accounts and deposits repayable on demand (postal current accounts held with post offices) that, due to their nature, are not subject to significant changes in value. It does not include repayable bank overdraft.

Financial liabilities

Financial liabilities include debt payable, which in its turn includes liabilities for advance payments made on the assignment of receivables, as well as other financial liabilities that include derivative financial instruments and liabilities for assets recognized under finance leases.

They also include trade and miscellaneous payables.

Financial liabilities are recognized at fair value, net of any ancillary transaction costs. After the initial recognition, loans are recognized with the amortized cost method, by using the effective interest method. In the event of a renegotiation of a financial liability that does not qualify as "settlement of the original debt", the difference between (i) the carrying amount of the pre-change liability and (ii) the present value of the cash flows of the changed debt, discounted at the internal rate of return (IRR), is booked in the income statement.

Provisions for risks and charges

The TA Group recognizes provisions for risks and charges when it has a legal or implicit obligation to third parties and the use of the resources of the Group is likely to be used to fulfil that obligation, and when the amount of that obligation can be reliably estimated. Changes in these estimates are reflected in the income statement of the period when the change occurred.

If the effect is significant, provisions are determined by discounting back future estimated financial flows at a discount rate that also includes taxes, so as to reflect current market valuations of the current value of money and specific risks connected with liabilities.

Provisions for repair and replacement

As described above, in accordance with the requirements introduced by IFRIC 12, the concessionaire is not entitled to recognize the infrastructure as property, plant and equipment and the accounting of the work done on the infrastructure differs depending on its nature. More specifically, they are distinguished into two categories:

- work that can be classified as normal maintenance of the infrastructure; and
- replacement, scheduled maintenance and repair of the infrastructure at a future date.

The former refers to the ordinary maintenance of the infrastructure, which is recognized in the income statement when incurred.

The latter, considering that IFRIC 12 "Service Concession Arrangements" does not require the recognition of the physical infrastructure/asset, but of a right, should be recognized in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", which requires:

- on the one hand, recognition to the income statement of a provision consisting of an operating component (which includes any effects deriving from changes in the discount rate) and a financial component;
- on the other hand, the recognition of a provision for charges in the balance sheet.

The "Provision for repair or replacement", consistently with the obligations established by the individual concession agreements, includes the best estimate of the present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functioning, operation and safety of all the assets under concession based on the information available at year-end.

Provisions for employee retirement and benefits

Liabilities consisting in benefits due to employees during and after their employment under defined-benefit plans are determined separately for each plan based on actuarial assumptions by estimating the amount of the future benefits employees have matured at the reference date (so-called "Projected Unit Credit Method"). The liabilities booked net of

any assets for plan benefits are recognised on an accrual basis throughout the period of accrual of the right. Liabilities are valued by independent actuaries.

The components of the cost of defined benefits are recognised as follows:

- costs for the performance of the service are recognised in the income statement among personnel costs;
- net financial expenses on defined benefits liabilities or assets are recognised in the income statement as financial income/(expenses) and determined by multiplying the value of the net liability/(asset) for the rate used to discount obligations, keeping into account the contributions and benefits paid during the period;
- the items reflecting the re-measurement of the net liability, which include actuarial profits and losses, the yield of assets (not including interests receivable, which are recognised in the income statement), and any change in the limit of the assets are recognised immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Tax assets and liabilities

Deferred taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available in the future against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that a sufficient taxable income capable of fully or partly recovering such assets is no longer probable.

Deferred taxes are determined on the basis of the taxable rates expected to be used during the business year in which said deferments will be realized, considering the applicable or future known applicable tax rates. Deferred taxes are directly recognized in the profit and loss account, except for those relating to items booked directly in the statement of comprehensive Income, in which case the related deferred taxes are also booked in the statement of comprehensive Income.

Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the country in which the Company operates, in the financial years in which the temporary differences will be realized or paid off.

Recognition of revenues

Based on five-step model described in IFRS 15 “Revenues from Contracts with Customers”, the Group recognizes revenues after identifying contracts with its customers and the related performance obligations (transfer of promised goods or services), determining the appropriate consideration to which it expects to be entitled in exchange for those goods or services, as well as assessing how said performance obligations should be satisfied (“at a point in time” versus “over time”).

In particular, the Group recognizes revenues only if the following requirements are met (identification of the contract with the customer):

- a) the parties to the contract approved the contract (in writing, orally or in accordance with other customary commercial practices) and have committed to fulfil their obligations; therefore, an agreement is in place between the parties that creates enforceable rights and obligations regardless of the form in which said agreement is made;
- b) the Group may identify the rights of each party in respect of the goods or services to be transferred;
- c) the Group may identify the conditions for the payment of the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the related revenues are recognized when: (i) the Group has already transferred the control of the goods/services to the customer and all or almost all the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration received by the Group from the customer is non-refundable.

If the above requirements are met, the Group applies the recognition rules described below.

Aviation revenues

The Group fulfils its obligations to do in relation to airport fees by making the airport infrastructure available to carriers for landing, take-off, lighting and parking of aircraft, boarding and landing of passengers and goods, and for the use of centralized

infrastructures. In addition, as to handling activities, the Group fulfils its obligations to do by providing ground handling services to passengers and aircraft.

Revenues from the performance of the services described above are recognized when they are performed with reference to their progress, considering that the Group provides services to carriers and passengers over a given period of time, as a function of the use of the infrastructure.

Non-Aviation revenues

- Revenues from commercial and non-commercial subconcession/leases consist in the fees paid for the use of retail and operating spaces and areas within and outside the airport site. This category includes subconcessions/leases with commercial pricing (retail, car parking, etc.) and with administered pricing (prices for the use of goods for exclusive use or for the use of airport infrastructure dedicated to individual carriers or operators, such as check-in desks, offices, operating rooms, etc.). Revenues deriving from this category are recognized on a straight-line basis throughout the term of the contract or based on the maturity period, according to contractual provisions, as required by IFRS 16 "Leases".

- Revenues from parking lots consist in the price received for the offering of parking slots inside and outside the airport site, based on a public rate table that is defined for all the sales made. The Group fulfils its obligations to do in connection with this service by making parking spaces available to its customers. Revenues deriving from the performance obligations in question are recognized when they are fulfilled based on their progress, considering that the Group provides the service to customers over a given period of time (the time of parking).

Revenues from construction services

Revenues from construction services refer to the construction services performed by the Group in favour of the Grantor for the implementation of the investments related to concession rights and are recognized on the basis of their fair value. The fair value of the price of construction and expansion services regarding the assets under concession performed by the Group is determined on the basis of the fair value of the price of the construction and expansion services provided by third parties, internal and external design costs and internal costs incurred for the planning and coordination of the works carried out by a special internal facility. These revenues are recognized when the progress of the related works is presented, considering that the Grantor simultaneously receives and uses the benefits deriving from the performance of the entity, as the entity performs it.

Other revenues

Revenues from the sale of goods are recognized when the control of the asset sold is transferred to the buyer, that is when the customer acquires the full capacity to decide on the use of the asset and substantially enjoys all the consequent rewards.

Revenues from other services provided by the Group (administrative services, consulting, etc.) are recognized when they are performed based on their progress.

Revenues are shown net of discounts, including, but not limited to, sales incentive programs and customer bonuses, network development charges (in this case, the prices paid to customers regulated by IFRS 15), as well as taxes directly connected with the sale of goods or the performance of services.

Grants

Grants for systems and equipment are recognized in the balance sheet when there is reasonable certainty that the prerequisites for their disbursement are met and that the company is entitled to collect them; they are recognized in the income statement based on the useful life of the asset against which they are disbursed.

Working capital grants are recognized when there is reasonable certainty that the prerequisites for their disbursement are met and that the company is entitled to collect them, and are credited to the income statement in connection with the costs against which they are disbursed.

Costs

Costs are recognized in the income statement when they are actually incurred, if their amount can be objectively determined, and when it is possible to verify that the company has incurred such costs on an accrual basis.

Financial expenses

Financial expenses are recorded on an accrual basis and include interests payable on financial debts determined by using the effective interest rate method and exchange rate differences payable. Financial expenses also include the financial component of the annual contribution to the provision for repairs.

Financial expenses incurred for investments in assets for which a given period of time normally elapses to make the asset ready for use are capitalized and amortized along the useful life of the related class of assets.

Financial income

Financial income is recognized on an accrual basis. They include interest receivable on invested funds, exchange-rate differences receivable and income from financial instruments, when not offset within the framework of hedging operations. Interest income is booked in the income statement when accrued, taking into account its actual return.

Dividends

Dividends from minority stakes recognised in the year's income statement are booked on an accrual basis, i.e. when the related right to receive them has arisen after the passing of a related resolution by the Associate.

Income taxes

Taxes are the sum of current and deferred taxes.

Taxes are booked based on the estimate of the taxable income determined in compliance with the applicable national legislation at the accounts closing date, keeping into account any applicable exemption and tax credit. Income taxes are recognised in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognised in the Shareholders' Equity.

We remind readers that the Parent Company adopted the Tax Consolidation option provided for by Articles 117 to 129 of the Consolidated Text on Income Taxation ("Testo Unico delle Imposte sui Redditi" - T.U.I.R), where the Consolidating Entity is Corporación America Italia S.p.A. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option.

The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, the consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income.

Foreign currency translation criteria

Receivables, payables and any short-term provisions denominated in foreign currency are initially recognized by using the exchange rates ruling at the date of their inception and, if existing at December 31st, they are appropriately stated in the financial statement at the exchange rate ruling at the end of the period by posting the exchange gains/losses to the income statement.

Exchange rate differences are of a financial nature, so they are classified in the income statement as finance income because they are not strictly linked to the sale transaction, but express the fluctuation over time of the currency chosen for the transaction, when the transaction has been concluded.

Use of estimates

We are now going to summarize the critical valuation processes and key assumptions used by the Group in the application of IFRS, which may significantly affect the values recorded in the financial statement or for which there is a risk that significant differences may emerge compared to the book values of future assets and liabilities.

As already indicated in the Report on Operations, in this context we point out that the situation caused by the global economic and financial crisis required the expression of rather uncertain assumptions concerning future trends. Consequently, we cannot exclude that the results actually achieved next year will differ from estimated amounts and could therefore require adjustments to book items that might even be rather significant and that cannot clearly be predicted or estimated at present.

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Intangible Assets, Equity Investments, and Other Financial Assets. The Group periodically reviews the book value of its held and used non-current assets and of the assets to be dismissed when events and circumstances so require. When the book value of a non-current asset has been impaired, the Group recognises an impairment corresponding to the excess between the book value of the asset and its value that can be recovered through its use or sale, determined by making reference to the cash flows of the most recent corporate plans.

Provisions for repair and replacement

For the assets held under concession, a special provision has been allocated for the maintenance and any refurbishment/repair work that will be required for said assets over time. Said provision has been booked in the Assets, as they must be returned to the State in perfect operating conditions at the end of the concession term.

The provision for repair and replacement is reviewed annually based on a technical assessment and estimate of the future expenses that will be incurred for the scheduled maintenance required to keep the assets in good conditions before returning them for free at the end of the concession term and used during the period for the actual maintenance required. Estimates are prepared with the support of external technical consultants.

Recoverability of deferred tax assets

The Group has deferred tax assets on deductible temporary differences and theoretical tax benefits for losses that can be carried forward. In the estimate of the recoverable value, the Group took into account the results of the business plan, in line with those used for the impairment tests. The net prepaid taxes so allocated refer to temporary differences and tax losses that can be recovered to a significant extent over an indefinite period of time; this is compatible with a context in which the exit from the current difficult and uncertain situation and the economic recovery might extend beyond a short/medium time horizon.

Current taxes

The determination of tax liabilities requires the Management to value amounts referred to transactions that have uncertain tax implications at year-end. The Group recognizes the liabilities that could derive from future inspections by the tax authority based on the estimate of due taxes. Any result of a tax assessment that differs from the Management's estimates may significantly affect current and deferred taxes.

Pension schemes and other post-employment benefits

Employee termination benefits or indemnities and net financial expenses are valued by using an actuarial method that requires the use of estimates and assumptions for the determination of the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates, and considers the probability of occurrence of potential future events through the use of demographic parameters like mortality rates or employee resignation or retirement rates. The assumptions used for the measurement are detailed in the section "Termination Benefits and other personnel provisions".

Provision for bad debt

The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. The Group has adopted the simplified approach provided for in IFRS 9 "Financial Instruments" and recognizes expected losses on all trade receivables based on the residual term and defines the allocation based on the historical credit loss experience, adjusted to take into account the specific forecasting factors related to creditors and to the economic environment - the expected credit loss (ECL) notion.

Potential liabilities

The Group recognises liabilities for pending litigation and legal actions when it deems it likely to face a financial disbursement and when the amount of the deriving loss can be reasonably estimated. If a financial disbursement becomes possible but its amount cannot be determined, this fact is disclosed in the Notes. The Group is a party in legal actions and tax assessments concerning complex and difficult legal issues that are characterized by a different degree of uncertainty, including facts and circumstances regarding each case, jurisdiction and different applicable law. Considering the uncertainty of these issues, it is difficult to predict the disbursement that will derive from said disputes, so the value of provisions for litigation and legal actions may vary after future developments in ongoing proceedings. The Group monitors the status of ongoing legal actions and is supported by legal counsels and tax advisors.

RECENTLY-ISSUED PRINCIPLES

New accounting standards, amendments and interpretations effective from 1 January 2020

At the date of this report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applicable for the Companies and the Group at 1 January 2020.

- In October 2019, the IASB published some amendments to IFRS 3, which amend the definition of "business" within the framework of operations such as the acquisition of businesses or groups. The amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.
- In October 2019, the IASB published some amendments to IAS 1 and IAS 8, which provide clarifications concerning the definition of "material information". The

amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.

- In September 2019, the IASB published some amendments IFRS 9, IAS 39 and IFRS 7 to provide clarifications concerning the reform of interbank interest rates. The amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.
- In May 2020, the IASB published an amendment to IFRS 16, which provides a practical expedient for the measurement of lease agreements in the event that leases have been renegotiated as a result of Covid-19. The lessee may choose to account for the concession as a variable lease in the period in which a lower payment is recognized. The Company and the Group adopted this practical expedient; for details, see the "Financial liabilities for rights of use" section of these Explanatory Notes.

Accounting standards, amendments and interpretations not yet applicable

At the date of this report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments not yet applicable for the Group.

- In May 2017, the IASB issued the new principle IFRS 17 "Insurance contracts". The new standard will replace IFRS 4 and will be effective starting from the financial periods beginning on or after 1 January 2023.
- In January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements", which provides clarifications on the classification of current and non-current liabilities. The amendment is effective from 1 January 2022.
- In May 2020, the IASB published some amendments referred to IFRS 3, IAS 16, and IAS 37. In addition, some amendments to IFRS 1, IFRS 9, IAS 41 have been published, as well as some examples, attached to IFRS 16. These amendments are effective from 1 January 2022.
- In August 2020, the IASB published some amendments to IFRS 7, IAS 4, and IAS 16. The amendments will apply from 1 January 2021.

The Group will adopt said new standards, amendments and interpretations based on the effectiveness date specified and will assess their potential impact when these will be ratified by the European Union.

MAIN FINANCIAL RISKS

The main risk factors that may affect the Group's operations are described below.

1) Credit risk

The effects of the Covid-19 crisis and the consequent economic recession produced in the main industrialized Countries have negatively impacted the financial statements of the airlines, which are the main clients of the Group. Hence, the risk of a partial non-collection of receivables accrued from airlines.

The Group believes that it has suitably controlled said risk through its constant monitoring of accounts receivable, also sometimes promptly initiating legal actions to protect said receivables, which are reflected in the allocation of a specific provision for bad debt, currently deemed to be adequate in connection with the amounts of the existing receivables. Always with the purpose of facing the credit risk, the Holding usually asks for sureties as guarantee (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines).

We remind readers that the parent company took out an excess-of-loss type of insurance on credit positions created between 2016 and 30 September 2019 to cover collection risks in case of insolvency proceedings that may be initiated against customers. The insurance,

which covers the total amount of the receivables of the parent company for the aforesaid period, and has a limit of liability and an excess. Furthermore, the Holding hired a company for its long-term debt collection activities.

The ongoing economic and financial crisis caused by the reduction in traffic increased the credit risk due to the general shortage of cash for the businesses of the industry. To tackle these challenges, the Group appropriately took into account the increased risk in the provision for doubtful debt, which has been determined also in connection with the specific solvency situations of the counterparties. The Group will continue to monitor the situation and adjust its assessments of customers' performances also in the light of trends of the coming months and the timing of the recovery.

However, no specific criticality has been detected to date.

2) Liquidity risk

At 31 December 2020, the Group had a negative net financial position (NFP) for € 77.3 M (€ 33.1 M at 31 December 2019). This is the result of a positive current PFN of € 46.5 M (€ 25.3 K at 31 Dec. 2019) and a negative non-current PFN of € 107.1 M (€ 27.6 M at 31 Dec. 2019). Non-current debt includes two loans (expiring in 2027 and 2022, respectively) granted to the parent company by bank "Banca Infrastrutture Innovazione e Sviluppo" ("BIIS", a bank of the Intesa San Paolo Group) and MPS Capital Services for the development of the two airports' infrastructures.

These loans that the parent company obtained from BIIS and MPS Capital Services have interest rates based on three- and six-month EURIBOR rates and several commitments such as financial covenants, i.e. NFP/EBITDA and NFP/Shareholders' Equity, according to the definitions agreed with the lending banks and measured at June 30th and December 31st of each business year. For two of the loans in question, the parent company obtained, by the end of 2020, specific exemptions from the obligation to measure the financial ratios as required by the agreement at 31 December 2020.

In addition to the two loans identified above, another loan was signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M, secured by a SACE collateral as required by the Italian "Decreto Liquidità" for an amount equal to 90% of the sums disbursed as principal, plus interests and ancillary costs (hereinafter also referred to as the "SACE loan"). The SACE loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022). This agreement also requires compliance with a financial parameter, to be measured at the time of presentation of the annual consolidated financial statements, consisting of the value of the consolidated net financial position, as conventionally defined in the agreement itself, not exceeding € 100 million. This financial parameter was met at 31 December 2020.

According to the provisions of the SACE loan agreement and of the Liquidity Decree, this facility can be used to support the Group's cash requirements needs arising from the obligation to pay personnel costs, rents or leases, investments and working capital; the interest rate applied is indexed to the EURIBOR rate plus a margin. In addition, the agreement requires the calculation of annual commissions related to the SACE guaranteed component of the loan on the share of principal paid out and not repaid, with a fixed increasing percentage for the entire term of the loan.

For completeness, we report two medium/long-term loans for a nominal amount of € 500 K each, disbursed by the banking group "Banco Popolare di Milano" in 2017 and 2018 to the subsidiary Jet Fuel to support the purchase of four new airplane fuel supply trucks required for into-plane activities in the Pisa airport.

In addition to that, the Group also uses short-term fixed-rate bank facilities to meet short-term requirements.

Specifically referring to the effects of the Coronavirus pandemic, in view of the restrictions imposed on airport services and the significant impact on the financial and economic results of 2020, and in spite of the expectations of a gradual recovery of operations in the two airports, we may reasonably assume that the indebtedness of the Company and of the Group will become heavier and heavier over the next twelve months compared to the situation at 31 December 2020.

In fact, in spite of the seasonal nature of our business, already in the first 6 months of 2020 the Management had tried to find the financial resources required to cover its greater cash requirements arising from the health emergency by increasing the use of short-term facilities compared to the same period of 2019 (€ 21 M of loans obtained in the first six months of 2020 against € 18 M at 30 June 2019). The amount of the Group's non-revolving lines of credit available at 31 December 2020 is € 13.5 million.

We remind readers that, in this context, in order to protect the equity and financial soundness of the Company, the Board of Directors of the Holding had passed a resolution on 31 March 2020 to review the allocation of the year's result for 2019 and not distribute dividends, thus changing the decision made during the meeting of 12 March 2020, when dividends for about € 9.4 M had been allocated to distribution.

In response to the events described above, the Management promptly activated a number of specific countermeasures aimed to adjust the cost structure of the Group to the reduced traffic demand (use of temporary unemployment benefits, so-called "Cassa Integrazione Guadagni or CIGS"; changes made to non-strategic service agreements and other initiatives regarding suppliers; a re-timing of investments; discussions with the Grantor, and so on), together with the submission of the request to obtain State-guaranteed credit through the "Liquidity Decree", which was obtained by subscribing the aforesaid SACE loan.

Based on the assumptions above, the Management estimated that, in spite of the significantly lower (than pre-Covid) traffic levels expected for 2021 (although a slight recovery is being seen compared to end of 2020), the implementation of the aforesaid cost containment measures, the cash acquired during 2020 through short-term facilities and the loan secured by SACE collateral will allow the Group to fulfil its short-term obligations and continue operating on a going-concern basis in a foreseeable future.

For this purpose, sensitivity analyses were carried out, assuming a further reduction in inflows compared to the basic scenario.

In this context, also considering the expectation of significantly lower traffic levels and revenues than in the pre-Covid-19 times for 2021, the Company and the Group will reasonably have margin levels that will not comply in 2021 with the financial ratios to be met under the loan agreements signed before 2020, i.e.: loan obtained from MPS Capital Services due in 2022 and outstanding debt at 31 December 2020 of € 2.8 M (of which € 1.8 M within the next 12 months); loan obtained from BIIS – Intesa Sanpaolo Group due in 2027 and outstanding debt at 31 December 2020 of € 20 M (of which € 2.8 M within the next twelve months).

Even in this case, the Company and the Group, as already happened in 2020 with reference to the above-mentioned loans, will promptly initiate appropriate discussions with the banks concerned in order to obtain specific exemptions from the measurement of financial parameters at 31 December 2021. In any case, based on traffic recovery assumptions for the next 12 months and in view of the cash situation expected at the end of the financial year 2021, also considering the planned cost containment measures, the Company and the Group should be able to fulfil a possible request for an early repayment of the outstanding debt on that date.

With regard to compliance with the financial parameters provided for in the SACE loan, on the basis of the financial forecasts defined for the financial year 2021 in the basic

scenario with the assumptions described above, there should be no problem with the relative conformity.

3) Interest rate risk

Exposure to the interest rate risk arises from the need to finance both industrial and financial operations, as well as use the available cash. Changes in market interest rates may have a negative or positive impact on the Group's EBIT, thereby indirectly influencing the costs and returns of loans and investments.

At 31 Dec. 2020, the Net Financial Position is € 77.3 M (€ 33.1 M at 31 Dec. 2019) and the debt-to-equity ratio (NFP/Shareholders' Equity) is 0.72 (vs 0.28 at 31 Dec. 2019), which confirms the financial soundness of the Group.

Based on the NFP at 31 December 2020, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately € +/-1,500 K.

In addition, the potential impact on the Provision for repairs in terms of growth, as a consequence of a hypothetical annual reduction of 50 bp in interest rates, would correspond to approx. € +650 K. Instead, the potential impact on the Provision in terms of reduction as a consequence of a hypothetical annual growth of 50 bp in interest rates would be approx. € -650 K.

No further sensitivity analysis is provided, as it is considered immaterial.

4) Exchange rate risk

The TA Group is not subject to risks linked to fluctuations in exchange rates because it prevalently operates in a European context where transactions are made in Euro.

OPERATING SEGMENT REPORTING

Information regarding the main operating sectors of the Group is given below as required by IFRS 8. First of all, it is important to highlight that the type of business activity carried out by TA Group does not allow for the identification of business segments related to completely independent activities in terms of market/customer combinations. Currently, the "traffic" component affects the results of all the company's operations.

However, we may identify two significant operating segments characterized by the independent nature of their products/services and production processes, for which - for the aforesaid reasons - we propose a disclosure relating to the information directly made available by the company's analytical accounting system used by Chief Operating Decision Makers.

The currently available information regarding the main operating segments identified are provided below: Aviation, Non-Aviation and Corporate.

- **Aviation Business**: this segment includes airside operations (after security gates), which are the core business of an airport. They include: passenger and aircraft ground handling, landing, aircraft departure and stopover, security and safety activities, passenger boarding and disembarkation, cargo loading and unloading.

Revenues for the Aviation segment are represented by the prices paid for airline assistance services and are generated by airport fees such as: landing, take-off and stopover fees, freight revenue taxes, passenger boarding fees, passenger and baggage security fees.

- **Non-Aviation business**: this segment includes operations normally carried out in the landside area (before security gates), which are not directly associated with the core business (Aviation). They include retail activities, catering, car parking, car rental, advertising, ticket office, VIP Lounge.

Non-Aviation Business revenues consist in the royalties earned from activities conducted under a sub-concession, in the direct management of certain activities (i.e. car parking, ticket office and advertising) and in the rents paid by sub-concessionaires.

The table below provides the main information regarding the operating segments described above by highlighting, in unallocated items, (corporate) revenues, costs, assets and investments not directly attributable to the two segments. More specifically, the main types of unallocated costs refer to the cost of labour/personnel (staff), professional services rendered, insurance and industry association membership fees, pro-rata portion of utilities, maintenance and depreciation, administrative costs, provisions for liabilities, Directors' and Auditors' fees.

- **Corporate business**: the values indicated in unallocated items mainly refer to revenues and costs not directly attributable to the two business segments, such as, for example, other revenues and income, the cost of labour, professional services rendered for the Management, general insurance and industry association membership fees, pro-rata portion of utilities, general maintenance and unallocated depreciation of infrastructure, administrative costs, provisions for liabilities, Directors' and Auditors' fees, etc.

Operating segment reporting: CONSOLIDATED FINANCIAL STATEMENT

(values in € K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
<i>TA Group - Income Statement</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Operating income and other revenues	29,349	96,323	10,562	22,665	12,089	2,856	51,999	121,844
of which Pisa	16,643	54,055	5,036	8,382	5,836	1,649	27,515	64,086
of which Florence	12,706	42,268	5,525	14,283	6,253	1,208	24,484	57,759
Revenues from construct. serv.	8,354	6,452	299	506	334	1,439	8,988	8,398
of which Pisa	3,994	2,779	98	413	0	0	4,092	3,192
of which Florence	4,360	3,673	202	93	334	1,439	4,896	5,205
Total Segment Income	37,703	102,775	10,861	23,171	12,423	4,296	60,987	130,242
Operating Costs (*)	36,716	62,911	5,345	4,690	11,793	17,668	53,853	85,269
of which Pisa	21,696	37,043	1,988	2,583	5,781	7,936	29,465	47,563
of which Florence	15,020	25,867	3,357	2,107	6,011	9,732	24,387	37,706
Cost of construct. serv.	7,363	5,285	269	414	303	1,178	7,935	6,877
of which Pisa	3,554	2,276	87	338	0	0	3,641	2,614
of which Florence	3,809	3,008	183	76	303	1,178	4,294	4,263
Amortization and provisions	7,574	8,453	1,505	1,739	4,769	4,648	13,848	14,841
of which Pisa	3,963	4,383	953	1,105	-19	2,263	4,897	7,751
of which Florence	3,611	4,072	553	634	4,788	2,385	8,951	7,091
Operating Earnings	-13,950	26,125	3,741	16,329	-4,441	-19,199	-14,649	23,255
of which Pisa	-8,577	13,131	2,106	4,769	73	-8,552	-6,397	9,348
of which Florence	-5,373	12,995	1,635	11,560	-4,514	-1,064	-8,252	13,906
Asset management	0	0	0	0	-1,237	-1,533	-1,237	-1,533
Profit before tax	-13,950	26,125	3,741	16,329	-5,678	-20,733	-15,886	21,722
Year's taxes	0	0	0	0	3,289	-7,331	3,289	-7,331
Net year's result	-13,950	26,125	3,741	16,329	-2,390	-28,063	-12,598	14,391
Loss (profit) of minority interest	128	-242	0	0	0	0	128	-242
Net Group result	-13,822	25,883	3,741	16,329	-2,390	-28,063	-12,470	14,149
<i>TA Group - Statement of financial position</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Current assets	15,152	26,801	4,925	6,230	88,069	16,149	108,146	49,179
Non-current assets	141,909	144,430	39,450	48,590	42,437	25,550	223,796	218,570
<i>TA Group - Additional information</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Investments	10,807	10,789	711	3,046	434	2,169	11,951	16,004

(*) including airport leases for € 2.192 K in 2020 (€ 4.470 K in 2019).

Information on the main customers

During 2020, TA recorded approx. 2 million passengers. The total incidence of the first three carriers is 63.9%. More specifically, the incidence of the first carrier (Ryanair) is 48.4%, while the incidences of the second (Vueling) and third (Air France) carriers are 9.4% and 6.0%, respectively.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT AT 31 December 2020: INCOME STATEMENT

SUMMARY OF THE IMPACTS FROM THE COVID-19 EPIDEMIC ON THE INCOME STATEMENT

First of all, we point out that the differences between the two years examined, both in absolute and percentage values, as shown below, are mainly due to the contraction in air traffic, revenues, and cost containment measures adopted due to the national and global healthcare emergency caused by the Covid-19 pandemic, which strongly impacted the airport industry, as extensively discussed in the Report on Operations.

In particular, the main impacts on the 2020 profit and loss account were:

1. The collapse in air traffic in 2020 (-76% of passengers compared to 2019, i.e. about - 6.3 million);
2. The resulting collapse in operating revenues, which showed a € -79.2 M reduction (-66%) as a result of traffic trends;
3. the important cost containment actions implemented by the Group commencing from April (temporary unemployment benefits/CIGS, revision of goods and services supply agreements, etc.), which led to a € 31.4 M reduction in 2020 (-37%) compared to 2019;
4. Additional costs incurred in 2020 for additional materials and services purchased for the handling of the emergency totalled approx. € 850 K.
5. The recognition of a € 10 M subsidy recognized to the parent company TA by the Region of Tuscany (under Regional Law no. 95/2020) for the support of the Tuscan airport system.

REVENUES

Total consolidated revenues, down by 53.2%, passed from € 130.2 M at 31 Dec. 2019 to about € 61 M at 31 Dec. 2020. This difference is the result of the € 79.2 M decrease in Operating Revenues and of the simultaneous increases of € 9.4 M in "Other revenues and proceeds" and of € 592 K in "Revenue for construction services".

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	% Diff.
REVENUES				
Operating income				
Aviation revenues	30,371	97,445	-67,074	-68.8%
Non-Aviation revenues	14,666	34,939	-20,273	-58.0%
Network development expenses	-4,597	-12,725	8,128	-63.9%
Total operating revenues	40,440	119,659	-79,219	-66.2%
Other revenues	11,559	2,185	9,373	428.9%
Revenues from construction services	8,988	8,396	592	7.0%
TOTAL REVENUES (A)	60,987	130,241	-69,254	-53.2%

Consolidated operating revenues totalled € 40.4 M at 31 Dec. 2020, down by 66.2% compared to 31 Dec. 2019. The analysis of the Group's operating revenue trends for the two business units - Aviation and Non-Aviation - is given below.

1. Aviation revenues

Aviation revenues totalled € 30.4 M at 31 December 2020, down by 68.8% compared to 31 December 2019, when they were € 97.4 M.

The table below shows Aviation revenue details at 31 Dec. 2020, with absolute and percentage changes compared to 31 December 2019:

Amounts in €K	2020	2019	Abs. Diff. 2020/2019	Diff. %
AVIATION REVENUES				
Passenger boarding fees	7,465	30,218	-22,753	-75.3%
Landing/departure fees	5,888	16,454	-10,566	-64.2%
Stopover fees	1,587	1,312	275	21.0%
PRM assistance fees	1,202	4,246	-3,044	-71.7%
Cargo fees	323	424	-101	-23.8%
Passenger security fees	2,125	8,463	-6,338	-74.9%
Baggage security fees	716	3,586	-2,870	-80.0%
Handling	10,148	30,212	-20,064	-66.4%
Centralised infrastructures	916	2,530	-1,614	-63.8%
TOTAL AVIATION REVENUES	30,371	97,445	-67,074	-68.8%
% incid. over gross op. revenues Network Development Expenses	67.4%	73.6%		

For the analysis of the main deviations of the two periods examined, see section 9.1 of the Report on Operations.

2. Non-Aviation revenues

Non-Aviation revenues totalled € 14.7 M at 31 December 2020, down by 58% compared to 31 December 2019, when they were € 34.9 M.

The table below provides details on Revenues from Non-Aviation business referred to 2020 and to 2019:

Amounts in €K	2020	2019	Abs. Diff. 2020/2019	Diff. %
NON-AVIATION REVENUES				
Parcheggi	1,846	6,999	-5,153	-73.6%
Food	1,130	4,021	-2,890	-71.9%
Retail	2,747	5,971	-3,225	-54.0%
Advertising	1,746	2,432	-686	-28.2%
Real Estate	1,766	1,792	-25	-1.4%
Car rentals	2,890	6,571	-3,681	-56.0%
Other subconcessions	1,619	2,551	-932	-36.5%
VIP Lounges	414	3,401	-2,987	-87.8%
Air tickets	164	715	-551	-77.1%
Cargo agency	344	486	-142	-29.2%
TOTAL NON-AVIATION REVENUES	14,666	34,939	-20,273	-58.0%
% incid. over gross op. revenues Network Development Expenses	32.6%	26.4%		

For further details, see section 9.1 in the Report on Operations.

Network development expenses

The main objective of the TA Group is to encourage the development of passenger scheduled and cargo traffic in the Tuscan airports of Pisa (PSA-Galileo Galilei) and Florence (FLR-Amerigo Vespucci), consistently with the characteristics of the Tuscan market and of the airport Infrastructure available, as well as to increase the number of scheduled flight connections to and from the airports, in order to support the consolidation and development of air traffic and thus contribute to the economic growth of the airport manager and meet the demand of the territory for better accessibility.

To pursue said objectives, TA has developed an action plan with incentives based on marketing contributions (the so-called "network development expenses") of differing amounts based on the extent of the air services provided by the carriers in the airports and on the extent of the strategic interest of the operation for the reference airport and territory, in consideration of free business initiative.

Network development expenses totalled € 4.6 M at 31 December 2020, down by € 8.1 M (-63.9%) compared to 2019, when they totalled € 12.7 M. The change is substantially in line with the reduction in the traffic managed during the year and with Aviation revenue trends.

3. Other revenues

The table below provides details on the "Other revenues" of 2020 against those of 2019:

Amounts in €K	2020	2019	Abs. Diff. 2020/2019	Diff. %
OTHER REVENUES				
Indemnifications	10,121	247	9,874	3992.3%
Services and consulting	121	178	-56	-31.7%
Utilities and others	1,220	1,682	-463	-27.5%
Minors	97	78	18	23.3%
TOTAL OTHER REVENUES	11,559	2,185	9,373	428.9%
% incid. over Revenues	19.0%	1.7%		

In particular, indemnification includes the following non-refundable subsidies received as compensation for the health emergency by the State/Region:

- € 10 M received by the parent company, TA, from the Region of Tuscany (Regional Laws 75/2020 and 95/2020). As noted in previous sections of these Explanatory Notes, on 26 October 2020 and 3 December 2020 the Region of Tuscany ("Regione Toscana") paid Toscana Aeroporti a direct subsidy to compensate for the damage suffered in 2020 as a result of the Covid-19 emergency for a maximum amount of € 10 M, after notifying the European Commission, responsible for the decision in its compatibility under Art. 108 of the Treaty on the Functioning of the European Union (TFEU). In this regard, we point out that, on 2 March 2021, the European Commission confirmed the compatibility of the subsidy with the provisions of the Treaty and at present we are waiting for the disbursement of the amount earmarked by Regione Toscana. Please note that the amount of the subsidy to be paid by Regione Toscana is subject to a possible check by the same European Commission with reference to the relationship of the subsidy with the damage suffered by the parent company in 2020 following the Covid-19 emergency.
- € 20 K to the subsidiary Peretola Parcheggio by the Revenue Agency (so-called "Relaunch Decree" - Decreto Rilancio);
- € 15 K to the subsidiary Jet Fuel by the Revenue Agency (so-called "Relaunch Decree" - Decreto Rilancio).

For further details, see section 9.1 in the Report on Operations.

4. Revenues from construction services

At 31 December 2020, revenues for construction services totalled € 9 M, against € 8.4 M at 31 December 2019 (+7%).

For further details, see the section "Group Investments" in the Report on Operations.

Additional information on revenues

Revenues are recognized below based on whether the services have been provided at a given Point In Time or Over Time.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
Revenues not included in the scope of IFRS 15 (*)	11,778	22,791	-11,013	-48.3%
"Over time" revenues	39,174	107,450	-68,276	-63.5%
"Point in time" revenues	0	0	0	N.S.
Indemnifications	10,035	0	10,035	N.S.
TOTAL REVENUES	60,987	130,241	-69,254	-53.2%

(*) These are revenues from operating leases (subconcessions) where the Group plays the role of lessor.

Details of revenues not included within the scope of IFRS 15 are given below, distinguished between the fixed revenue component related to the agreement and the variable revenue component related to indices and rates or other variables.

The revenue details given below mainly refer to subconcessions for retail spaces (food, shops), advertising spaces and areas used for car rental. These are multi-year agreements, for which, upon renewal, the Group defines provisions considering any possible changes occurred in the airport infrastructure. Payments can be made on a monthly or quarterly basis and some agreements also include annual adjustments based on the customer's turnover. Where deemed necessary to reduce the credit risk, bank/insurance guarantees are required for the term of the lease.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
Fixed	2,429	3,206	-777	-24.2%
Variable depending on an index or rate	8,685	18,916	-10,232	-54.1%
Variable not depending on an index or rate	664	668	-4	-0.6%
Total revenues not included in the scope of IFRS 15	11,778	22,791	-11,013	-48.3%

An estimate of the minimum payments expected from subconcessions (operating leases in which the Group is the lessor) for the coming financial years is given below.

Amounts in €K	2020	2019
Within the year	12,872	15,637
Included between 1 and 2 years	7,391	13,655
Included between 2 and 3 years	5,411	6,409
Included between 3 and 4 years	2,620	2,969
Included between 4 and 5 years	1,957	234
Beyond 5 years	980	50
Total	31,232	38,954

COSTS

The amount of total costs at 31 December 2020 is € 61.8 M, down by 32.9% compared to 31 December 2019, when they totalled € 92.1 M. This result is mainly due to a -36.8% decrease in operating costs (which passed from € 85.3 M in 2019 to € 53.9 M in 2020) and to the simultaneous increase in costs for construction services, which passed from € 6.9 M in 2019 to € 7.9 M in 2020 (+15.4%).

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	% Diff.
COSTS				
Operating Costs				
Consumables	896	1,411	-515	-36.5%
Cost of personnel	26,239	42,567	-16,328	-38.4%
Costs for services	21,726	34,237	-12,511	-36.5%
Sundry operating expenses	2,800	2,584	216	8.4%
Airport leases	2,192	4,470	-2,278	-51.0%
Total operating costs	53,853	85,269	-31,416	-36.8%
Costs for construction services	7,935	6,876	1,059	15.4%
TOTAL COSTS (B)	61,788	92,145	-30,357	-32.9%

OPERATING COSTS

Operating costs, which totalled € 53.9 M, decreased by 36.8% compared to € 85.3 M reported at the end of 2019.

5. Consumables

This item refers to the cost of consumables, a total of € 896 K (€ 1,411 K in 2019), and includes:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
CONSUMABLES				
Stationery	15	42	-26	-62.9%
Fuels, lubricants	328	761	-433	-56.9%
Materials for car parking lots	12	12	0	0.0%
Other consumables	201	0	201	N.S.
Safety Serv. Contr. (mat.)	32	66	-35	-52.3%
Clothing	161	341	-180	-52.7%
Mat. for operating services	147	189	-43	-22.5%
TOTAL CONSUMABLES	896	1,411	-515	-36.5%
% incid. over Operating Costs	1.7%	1.7%		

The decrease of € 515 K is mainly due to lower costs for clothing and fuel for ramp vehicles, as a result of lower traffic managed during the year.

In addition, the amount of € 201 K recognised for the purchase of personal protection equipment for airport personnel and passengers is net of the € 31 K contribution received from Invitalia (under Law Decree no. 18/2020).

6. Cost of personnel

The Group's "Cost of personnel" totalled € 26.2 M in 2020, down by € 16.3 M compared to 2019 (-38.4%).

The reduction in the Group's personnel (-10.1%) associated with the reduced air traffic operated after the Covid-19 outbreak and the resignation of some corporate executives, as well as the use of temporary unemployment benefits starting from the end of March 2020, contributed to the reduction of variable costs and to a lower aggregate cost of labour in 2020 compared to 2019.

This cost item is broken down below:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
STAFF COST				
Remuneration	25,896	41,996	-16,101	-38.3%
of which:				
Wages	14,547	23,819	-9,271	-38.9%
Salaries	3,397	6,641	-3,245	-48.9%
Social security contributions	5,780	8,927	-3,147	-35.3%
ETB	2,172	2,610	-438	-16.8%
Other labour costs	343	571	-227	-39.8%
of which:				
Contributions to CRAL	9	9	-1	-6.4%
Benefits to personnel	296	545	-248	-45.6%
Administered and sundry	38	17	22	131.5%
TOTAL COST OF STAFF	26,239	42,567	-16,328	-38.4%
% incid. over Operating Costs	48.7%	49.9%		

The table below provides details on the average annual staff (expressed in Full-Time Equivalents, FTEs) existing in 2020 and any difference from 2019:

FET table	2020	2019	Diff.	% Diff.
Toscana Aeroporti	329.1	336.1	-7.0	-2.1 %
Toscana Aeroporti Handling	354.0	425.4	-71.5	-16.8%
Jet Fuel	10.83	12.96	-2.1	-16.4%
TAE	7.39	6.00	1.4	23.1 %
VOLA	0.81	0.00	0.8	NS
Group	702.1	780.6	-78.4	-10.1 %

Please, note that in the table above 2 part-time units are considered as 1 full-time unit. The table below provides details on the staff existing at 31 December 2020 and any difference compared to 2019.

No. of employees	31 Dec. 20	31 Dec. 19	Diff.	% Diff
Toscana Aeroporti	358	365	-7	-1.9%
Toscana Aeroporti Handling	456	491	-35	-7.1 %
Jet Fuel	10	11	-1	-9.1 %
TAE	6	6	0	0.0%
VOLA	1	0	1	NS
Group	831	873	-42	-4.8%

7. Costs for services

On the whole, costs for services in 2020 and 2019 consist of:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Sales services	71	261	-191	-72.9%
Institutional expenses	1,209	1,979	-770	-38.9%
Other services	3,627	5,621	-1,994	-35.5%
Staff services	995	1,773	-778	-43.9%
Maintenance services	4,446	5,996	-1,550	-25.9%
Utilities	2,840	3,965	-1,125	-28.4%
Operating services	8,539	14,642	-6,103	-41.7%
TOTAL COSTS FOR SERVICES	21,726	34,237	-12,511	-36.5%
% incid. over Operating Costs	40.3%	40.2%		

Retail services - € 71 K in 2020 (€ 261 K in 2019) - include the following costs:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Sales services	71	261	-191	-72.9%
of which:				
Advertising commissions	21	19	3	14.0%
Management of advertising systems	32	72	-40	-55.7%
Retail promotions	18	51	-33	-65.2%
Dry cleaning service	0	120	-120	-100.0%

Institutional expenses, which totalled € 1.2 M in 2020 (€ 1.98 M in 2019), mainly including the cost of control and auditing boards.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Institutional expenses	1,209	1,979	-770	-38.9%
of which:				
Directors' fees	860	1,359	-499	-36.7%
Auditors' fees	205	255	-50	-19.6%
Directors' business travels	125	317	-192	-60.5%
Legal, notarial, meeting expenses	19	21	-1	-5.8%
Participation in conferences	0	28	-28	-100.0%

Other services, which totalled € 3.6 M (against € 5.6 M in 2019), mainly include professional services, industrial insurance and communication costs.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Other services	3,627	5,621	-1,994	-35.5%
of which:				
Professional services	2,473	2,782	-309	-11.1%
Industrial insurance	609	734	-125	-17.0%
Communication	532	2,040	-1,508	-73.9%
Other minors	12	65	-53	-81.2%

Other Personnel Services, which totalled € 995 K (€ 1.8 M in 2019), mainly include canteen, payroll service, transfers and employee training costs.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Staff services	995	1,773	-778	-43.9%
of which:				
Canteen	576	1,155	-579	-50.1%
Insurance	190	194	-3	-1.7%
Preventive medicine and med. examinations	23	49	-26	-53.4%
Training	62	105	-43	-40.8%
Staff recruitment	19	33	-13	-41.0%
Payroll services	85	89	-4	-4.1%
Journeys	39	149	-110	-73.8%

Maintenance Services, which totalled € 4.4 M (€ 6 M in 2019), include airport infrastructure, system and installation, equipment and vehicle maintenance.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Maintenance services	4,446	5,996	-1,550	-25.9%
of which:				
Equipm./Truck Maint.	661	1,185	-524	-44.2%
BHS system maint.	668	906	-238	-26.2%
Maint. of infrastructures	1,714	2,247	-533	-23.7%
IT maintenance	1,403	1,658	-255	-15.4%

Utility Services, which totalled € 2.8 M (€ 4 M in 2019), mainly include costs for electricity, gas, water and telephone services.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Utilities	2,840	3,965	-1,125	-28.4%
of which:				
Electricity	1,381	1,951	-570	-29.2%
Water	215	377	-163	-43.1%
Telephones	189	193	-4	-1.8%
Mobile phones	187	196	-9	-4.5%
Gas	761	982	-221	-22.5%
Minors	107	266	-159.0	-59.8%

Operating Services, which totalled € 8.5 M (€ 14.6 M in 2019), mainly include external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Costs for emergency management services were reported in 2020 for € 647 K; they refer to external health control services of airport personnel and passengers introduced by TA at the two Tuscan airports to face the Covid-19 pandemic.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Operating services	8,539	14,642	-6,103	-41.7%
of which:				
Porterage	1,690	4,195	-2,505	-59.7%
Aircraft and vehicle cleaning	378	689	-311	-45.1%
Agency/Wareh. service	746	180	566	315.3%
Cleaning	967	1,405	-438	-31.2%
PRM Support	523	776	-252	-32.5%
Surveillance service	1,822	3,580	-1,758	-49.1%
Services Centre	186	279	-93	-33.3%
Connection ? arco az	66	120	-54	-45.2%
Rental of mach. and equip.	363	396	-33	-8.2%
Management of parking lots	218	776	-559	-72.0%
Gardening	90	173	-83	-47.9%
VIP Lounge	179	792	-613	-77.4%
First Aid Service	334	397	-64	-16.0%
Shuttle bus	272	653	-380	-58.3%
Other operating services	6	231	-225	-97.6%
Emergency management services	647	0	647	
Trolley collection	52	0	52	

8. Sundry operating expenses

Sundry operating expenses totalled € 2.8 M (€ 2.6 M in 2019) and mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
SUNDRY OPERATING EXPENSES				
Publications	15	23	-8	-34.6%
Ins. entities and sundry institutions	348	514	-167	-32.4%
Taxes and levies	669	959	-290	-30.2%
Entertainment	109	156	-47	-30.1%
Sundry administrative costs	270	755	-484	-64.2%
Others	1,389	176	1,212	687.2%
SUNDRY OPERATING EXPENSES	2,800	2,584	216	8.4%
% incid. over Operating Costs	5.2%	3.0%		

The "Other minor" item includes the significant indemnification of € 1.3 M received by the subsidiary Parcheggi Peretola during the year as a result of the early termination of a multi-annual supply contract. For further details, see section 16.2 of the Report on Operations.

9. Airport leases

Airport leases totalled € 2.2 M (€ 4.5 M in 2019) and include the concession leases paid and the contribution for the Fire Protection Fund.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
AIRPORT LEASES				
Concession and security fees	1,163	5,239	-4,076	-77.8%
Fire Brigade fee	1,029	1,231	-202	-16.4%
Release of Fire Brigade Risk Provision	0 -	2,000	2,000	-100.0%
TOTAL AIRPORT FEES/LEASES	2,192	4,470	-2,278	-51.0%
% incid. over Operating Costs	4.1%	5.2%		

The decrease is due to the lower traffic managed in 2020 compared to 2019 (-76% in terms of passengers, which corresponds to a decrease in leases of approximately € -4.3 M) and is partly mitigated by the release of the provision for risks associated with the Fire Brigade airport service dispute for € 2 M reported in 2019 after the positive updates on the progress of the dispute. Net of this effect, the lease decreased by 66.1%.

10. Costs for construction services

Costs for construction services, which totalled € 7.9 M (€ 6.9 M at 31 December 2019), reflect the investments made in the airport infrastructure under concession in 2020.

The higher costs of € 1.1 M reported at year-end arise from the same reasons indicated in the comments to the corresponding revenue item.

11. Amortization and impairment

This item shows € 10.4 M for 2020 (€ 11.2 M in 2019) and includes amortization of intangible assets for € 6.3 M (€ 7.1 M in 2019), depreciation of tangible assets for € 3.6 M (€ 3.5 M in 2019), and amortization of rights of use for € 544 K (€ 570 K at 31 December 2019).

12. Provision for risks and charges

This item shows € 1.7 M (€ 3.1 M in 2019) and mainly includes the amounts set aside in the provision for risks (€ 157 K) and in the provision for repairs (€ 1.6 M), which reflect the year's accrual required for future maintenance expenses relating to repair work and replacements required to keep the assets used under the two ENAC concessions in good operating conditions.

The change is mainly due to the lower additions made to the Provisions for risks compared to 2019 (€ -966 K, corresponding to -86%).

13. Value write-ups (write-downs) net of trade receivables and other receivables

This item amounts to € 1,668 K (€ 585 K in 2019) and consists of the provision set aside for bad debt.

Amounts in €K	2020	2019
Bad debt reserve	1,668	585
Credit loss	-	-
Use of provision for bad debt	-	-
Total	1,668	585

The addition made to the provision in 2020 is affected by the deterioration of receivables due to ongoing insolvency procedures for some customers and to the general lack of liquidity linked to the collapse of the tourism sector as a result of the global health emergency.

14. Financial income

This item totalled approx. € 8 K (€ 26 K in 2019) and mainly includes interests receivable accrued on bank current accounts (€ 7 K) and actuarial income (€ 1 K).

15. Financial expenses

This item totalled € 1,347 K (€ 1,591 K in 2019) and mainly includes interests payable and commissions on bank current accounts for € 684 K (€ 506 K in 2019), interest cost on employees' defined-benefit liabilities for € 87 K (€ 123 K in 2019), financial expenses relating to the discounting of the Provision for repair and replacements for € 438 K (€ 859 K in 2019), and interest cost on financial liabilities for rights of use.

16. Profit (loss) from investment

This item, totalling € 101 K (€ 32 K at 31 Dec. 2019), includes the difference in the valuation of the investments made in associates (Immobili A.O.U. Careggi S.p.a. and Alatoscana S.p.a.), as well as the dividends received by these subsidiaries, to the Shareholders' Equity.

17. Year's income taxes

The credit balance recognised in 2020 for a total of € 3,289 K (against charges for € 7,330 K in 2019) is mainly the consequence of the recognition of taxes prepaid on the tax losses of the Group's companies. In particular, this amount includes:

- Current taxes determined on the taxable income of the subsidiaries for the year 2020 for € 32 K;
- Deferred tax assets of € 3,222 K (of which € 1,677 K of the parent company, TA, and € 1,106 K of TAH);
- Income from tax consolidation with the controlling company Corporación America Italia S.p.A. ("CAI") for € 101 K.

The reconciliation with the theoretical tax rate is provided In Annex "E".

18. Minority Interest's loss (profit) for the period

This item shows the profit of the subsidiary Jet Fuel owned by minority shareholders. Based on property rights existing in 2020, the year's loss of the subsidiary Jet Fuel - approx. € 192 K (against profits of € 363 K in 2019) pertains to minority interests to the extent of 66.67%, which corresponds to approx. € 128 K (profits of € 242 K in 2019).

The overall minority interest's loss for the period is € 140 K (€ 230 K in 2019).

19. Earnings (loss) per share / Diluted earnings (loss) per share

Earnings (loss) per share at year-end 2020 is € -0.67 (€ 0.76 in 2019), an amount determined by dividing the Group's loss for the period (€ 12.470 K) by the weighted average of the ordinary shares outstanding in the period (18,611,966 shares), as there was no diluting factor.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT AT 31 December 2020: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2020 and a comparison against 31 December 2019 are given below.

20. Intangible assets

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Concession rights (royalties)	149,153	154,220	-5,067
Patents and intellectual property rights	358	896	-537
Construction in progress and advance payments (intang.)	27,991	19,467	8,523
Other fixed assets	258	297	-39
Intangible assets	177,760	174,880	2,880

In addition to the information provided in the introduction, aggregate investments for approximately € 9.2 M have been made in intangible assets in 2020, consisting of:

<i>(amounts in €K)</i>	
Concession rights (royalties)	400
Fixed assets in progress (Conc. rights)	8,582
Fixed assets in progress (SW)	89
Software	99
Other fixed assets	4
Total	9,174

For a detailed analysis of the main investments made in 2020, see section 10.

No divestiture of assets was done in 2020.

Details on intangible assets are provided in Annex A.

Concession rights (royalties)

This item was € 149.2 M at 31 December 2020 (against € 154.2 M at 31 December 2019), up by € 5 M mainly due to the combined effect of the higher value of amortization compared to the value of the year's investments. For further details, see section 10 in the Report on Operations.

The total amount of concession rights, including the related fixed assets in progress, is € 177.2 M.

Industrial patent rights

This item totalled € 358 K at 31 December 2020 (€ 896 K at 31 December 2019), down by € 538 K due to the higher value of the year's amortization compared to investments.

Fixed assets in progress

This item totalled € 28 M at 31 December 2020 (€ 19.5 M at 31 December 2019) and is almost exclusively referred to concession rights, reflecting a € 8.5 M increase after the new

€ 8.7 M investments made. The difference is partially offset by the € 146 K giro account in "Concession rights" made after the conclusion of the related projects.

Please note that the value of the above-mentioned fixed assets in progress includes about € 15.4 M of investments made for the development of the Florence airport Master Plan, of which € 915 M invested in 2020.

We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter shortly referred to as the "Master Plan") for the construction of a new 2,400 metre runway and a new terminal was approved from a technical perspective by ENAC on 3 November 2014. The Master Plan was assessed for its environmental impact (VIA, Valutazione di Impatto Ambientale) pursuant to Art. 40 of Leg. Decree no. 152/2006 and needs a specific approval ("Conformità Urbanistica") within town planning schemes pursuant to Art. 81 of DPR no. 616/1977. The VIA procedure was started by ENAC on 24 March 2015 at the MATTM. Technical support to the preliminary environmental impact assessment ("VIA") has been provided throughout 2016 and, on 2 December 2016, the Technical Commission issued a "positive opinion with conditions". On 28 December 2017, the MATTM, in cooperation with MiBACT, subscribed "VIA Decree" no. 377 for the new 2014-2029 Florence Airport Master Plan, thus approving the project as environmentally compatible. The signature was the positive result of the work done by the "VIA Technical Committee", which, on 5 December 2017, had issued its supplemental opinion for the New 2014-2019 Florence Airport Master Plan (so-called "positive opinion with conditions"). Therefore, the works of the Conference of Services started on 7 September 2018 and, during the last meeting held on 6 February 2019, the compliance of the Plan with town-planning regulations was acknowledged with a "Favourable opinion with prescriptions". On 16 April 2019, the MIT (Ministry of the Infrastructure and Transport) signed a Director's Decree with the positive conclusion of the Conference of Services regarding the Master Plan. Please note that, on 16 February 2017, a framework agreement was signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, committed to contribute their own financing portion, as required for the implementation of the plan, for a total amount of € 150 million to TA, of which € 134 M for the Florence airport and € 16 M for the Pisa airport.

During 2018, some committees and the Municipalities of the Florence Plain ("Comuni della Piana") had filed appeals with the Tuscan Administrative Court ("TAR") against the VIA Decree no. 377 of 28 December 2017 and the appeals were discussed during the hearing of 3 April 2019.

On 27 May 2019, the TAR admitted the appeals and cancelled VIA Decree no. 377, thus requiring the defendants to restart the VIA procedure in order to address and resolve certain issues raised by the TAR. Therefore, the decision interrupted the procedures for the development of the work, in spite of the favourable conclusion of the Conference of Services. Based on the TAR's decision, on 15 July 2019 the MIT adopted the suspension measure regarding Director's Decree of 16 April 2019, which had ratified the conclusion of the Conference of Services regarding the Florence airport.

In the light of the facts described above, on 26 July 2019 TA lodged an appeal with the Council of State based on the considerations, also developed with the support of its lawyers, that the VIA has been conducted on the basis of design documentation offering a sufficient amount of detail, contained all the surveys required by the applicable legislation, and the prescriptions imposed by the authorities exclusively concerned the execution phase.

With the decision given on 13 February 2020, the Council of State rejected the appeal filed by TA and, inter alia, by the Ministry of the Environment and Protection of the Territory and

the Sea, by the Ministry of Cultural Assets, by ENAC, by the Municipality of Florence, by the Government of the Region of Tuscany, by the Metropolitan City of Florence, and by Toscana Aeroporti concerning the decision of the Regional Administrative Court ("TAR") for Tuscany no. 723 of 2019.

In this regard, we specify that the aforesaid decision does not question the technical validity of the project, as there is no regulatory or environmental impediment to the implementation of the project.

While respecting the decision, we remain convinced that the Florence airport needs a new runway and a new terminal to respond to the evident criticalities of the airport infrastructure, so TA has already started to make arrangements for the actions to be undertaken with the competent bodies, primarily ENAC, to proceed with the project in the awareness that the work done until now has been compliant with the opinions and requirements of the competent Ministries and of the competent VIA Commission, based on the positive opinions obtained from the National VIA Commission, the Ministry of the Environment, the Ministry of Cultural Assets, and the Ministry of infrastructure and Transport.

In such a context, on 20 February 2020, TA's Board of Directors acknowledged and reviewed the content of the decision of the Council of State and made the resolution to approve the renewal of the VIA procedure and go ahead with the further procedures required to advance the Florence airport development project according to the terms specified in the decisions of the Council of State on the matter, and also taking into account the letter received from ENAC requesting the continuation of our analysis, survey and design work, which confirms the interest of ENAC for the construction of the new runway.

Finally, we remind readers that, to date, TA has already completed most of the design regarding the major works required for the implementation of the Master Plan approved by ENAC, with an aggregate investment of approx. € 15.4 M in intangible assets. The Company also continued its project activities throughout 2020 and reached an almost final executive stage in the incorporation of the prescriptions specified in the VIA and town-planning compliance assessments. Based on the details contained in the plans and designs implemented to date, as well as within the framework of the territorial development defined in the decisions of the competent local authorities (Region, Province, Municipalities involved), based on the technical analyses conducted, TA believes that all the specialist analyses and design work developed and recognized in the accounts as work under construction will be fully usable in spite of the negative outcome of the appeal filed against the aforesaid decision, which did not question their technical validity, in the light of the forthcoming initiation of a new approval process.

In addition, the Company initiated negotiations with banks with the objective to define the most appropriate financial structure to be implemented for the implementation of the next investments.

In view of the TAR and Council of State rulings pronounced in 2019 and February 2020, respectively, the completion of the new airport will be put off, since the entire authorization process has to be restarted. However, we remind readers that the decision and ruling described above do not question the technical feasibility of the project and do not create regulatory or environmental impediments to its implementation, and TA will be able to reuse the specialist analyses and design developed until the present time within the framework of the new approval process.

During 2020, the Company continued to cooperate with ENAC in order to restart of the approval process, also in the light of the provisions of Law Decree 76/2020 (so-called "Decreto Semplificazioni" or Simplification Decree), which may help reducing the necessary authorization timeframe.

The amount of fixed assets in progress relating to the Florence airport Master Plan was also tested for impairment as described below.

Impairment of concession rights

At 31 December 2020, in view of the Covid-19 outbreak and its impact on the national and international macroeconomic scenario, including air traffic, an impairment test was performed, as required by IAS 36 "Impairment of Assets" to measure the loss of value of concession rights with respect to 31 December 2019. The impairment test was approved by the Board of Directors, together with the Group's Business Plan, on 5 March 2021, by considering both the CGUs of the Florence and Pisa airports.

These CGUs include, in addition to Concession rights (including, for the Florence airport, work in progress for the Master Plan developments), all the other assets that make up the net invested capital of the respective airports identified by the Directors and dedicated to the development of the same airports, both as regards air traffic and the infrastructure and passenger services.

More specifically, the expected cash flows of the two airports estimated for the residual duration of the respective concessions (2048 for Pisa and 2045 for Florence - conventionally defined as 2044 in view of the expiry of the concession in February 2045), having acknowledged the postponement of the completion of the new Florence airport until the new approval process is completed, have been approved by the Board of Directors of the holding TA on 5 March 2021 and discounted by determining the recoverable value in use of the respective CGUs, which value was compared with the related book value.

The time horizon of the economic-financial forecasts (hereinafter also the "Plan") will therefore take into account the 24-month extension, established by Law no. 77 of 17 July 2020, of the expiry of the airport concessions, which were initially set at 2043 for the Florence airport and 2046 for the Pisa airport.

The objectives and assumptions of the Plan have been determined by taking into account the historical results of operations and have been processed based on accurate estimates of passenger traffic and of the related revenues, also by using industry-related growth factors and especially considering the significant reduction in the demand expected for the years 2020 and 2021 due to the pandemic.

The definition of the main drivers of the Plan, particular as regards future traffic development forecasts, has also been based on external information, such as independent studies carried out by primary operators of the sector. In the light of the information acquired from internal and external sources, the Plan forecasts are based on a possible recovery of pre-Covid passenger traffic levels by 2024, with 2021 levels being still significantly lower than those reported before the pandemic, and also 2022 levels expected to be significantly below 2019 volumes.

In the period following the pre-Covid level recovery, revenue growth has been defined based on the following percentages, which are also in line with the forecasts developed by external sources on long-term traffic trends and with reported historical trends:

- Growth rate of operating revenues for the Florence airport: CAGR 2024-2045: 3.5%;
- Growth rate of operating revenues for the Pisa airport: CAGR 2024-2048: 2.8%.

As to cash flow discounting, the Group adopted a WACC (weighted average cost of capital) that reflects the current market assessments of interest rates and takes into account the specific risks of the activity and the geographical area in which the CGUs operate. The WACC so determined is 7.53%.

The Group then conducted a sensitivity analysis on the results of the test against the variations expected in basic assumptions (use of revenue growth rate and discount rate) that affect the value in use of the CGUs. Even in the event of a positive or negative 1% change in the WACC and CAGR used, the analyses would not show an impairment.

Based on Consob requirements indicated in resolution no. 1/21 of 16 February 2021 and on the recommendations issued by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", as well as considering the basic scenario described above, also supported by external studies, the new resulting scenario is

still characterized by the negative impacts of the pandemic. The envisaged scenario, developed by applying the EBITDA reported by the respective CGUs in 2020 to the years 2021 and 2022, describes a further two-year delay in the expected recovery of pre-Covid-19 traffic levels, and the assumption is that only in 2023 will the profit levels envisaged in the basic 2021 plan be possibly achieved. Despite this further significantly negative impact, the value of use of the CGUs examined is still higher than their net carrying amounts.

In all the cases processed, the current value of expected cash flows generated by the CGUs is higher than the net book value tested for impairment.

In addition, the Group conducted a further simulation aimed at defining the reduction of revenues and, for the same amount, of the profits expected in the plan, which would determine a recoverable amount not lower than the carrying amount of the CGUs. The reduction in revenues, which, without any reduction in the amount of costs, would result in a recoverable amount not lower than the carrying amount of the CGUs, would be about 13.2% for Florence airport and about 9.6% for Pisa airport.

Considering that the recoverable value is determined based on estimates, the Group cannot ensure that an impairment may appear in future periods. In the current market context, the various factors used for the processing of the estimates could be reviewed. The Group will constantly monitor these factors and any possible impairment.

21. Property, Plant and Equipment

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Land, Buildings	17,329	16,789	540
Other assets	3,135	3,831	-696
Ind. and comm. equipment	884	999	-115
Plant and machinery:	6,793	7,895	-1,101
Construction in progress and advance payments (tang.)	1,334	796	538
Property, Plant and Equipment	29,476	30,310	-835

On the whole, investments for approximately € 2.8 M were made during 2020, namely:

<i>(amounts in €K)</i>	
Land and buildings	160
Plant and machinery	901
Ind. and comm. equipm.	1
motor vehicles	76
Furniture and fittings	91
Hardware	119
Fixed assets in progress	1,199
Total	2,777

For a detailed analysis of the main investments made in 2020, see section 10 of the Report on Operations.

Divestments of assets for € 891 K have been made during 2020.

Movements regarding property, plant and equipment is given in Annex B.

22. Rights of use

At 31 December 2020, the Company had rights of use for € 4.54 M, including:

1. rights of use on property, buildings and improvements for € 4.2 M, relating to long-term contracts signed for the concession of car park areas, with terms ranging from 9 to 20 years;

2. rights of use on vehicles for € 420 K, related to long-term contracts signed for corporate cars, with terms ranging from 3 to 4 years.

The details of the year are provided below.

Data in €K	31.12.2020	31.12.2019
Values at January 1st	4,619	4,806
Acquisitions	466	550
Dismissals	0	-165
Depreciation	-544	-570
Year-end rights of use	4,542	4,619

23. Equity investments in other entities

At 31 December 2020, the Holding TA owns shares and other shareholdings for € 2,945 K (€ 2,945 K at 31 Dec. 2019), consisting in:

- I.T. Amerigo Vespucci S.p.a. (0,22 % of the share capital): € 40.6 K
- Consorzio Turistico Area Pisana S.c.a.r.l. (2,4 % of the share capital): €420
- Scuola Aeroportuale Italiana Onlus (52.7% of the share capital): € 13.2 K
- Consorzio Pisa Energia S.c.r.l. (5,26 % of the share capital): €831
- Consorzio per l'Aeroporto di Siena (0.11% of the share capital): € 8.5 K
- Firenze Convention Bureau S.c.r.l. (4,44 % of the share capital): € 6.3 K
- Firenze Mobilità S.p.A. (3,98 % of the share capital): € 42.5 K
- Società Esercizio Aeroporto della Maremma S.p.a. (0,39 % of the share capital): € 10.2 K
- Firenze Parcheggi S.p.A. (8,16 % of the share capital): € 2,823 K.

The valuation of the stake in Firenze Parcheggi S.p.A. was done by using a methodology that takes into account expected future cash flows, called the discounted cash flow method, based on which the book value has been confirmed.

Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization. The tourist consortium "Consorzio Turistico Area Pisana" and the Siena airport consortium "Consorzio per l'Aeroporto di Siena" are winding up at the closing date of this report.

No significant change is worthwhile reporting at year-end in the fair value of equity Investments in other entities.

24. Investments in Associated Companies

The value of TA's investments in associates and related companies at 31 December 2020 was € 613 K (€ 570 K at 31 December 2019), as shown in the table below:

- Alatoscana for € 375 K (€ 374 K at 31 December 2019);
- Immobili AOU Careggi for € 239 K (€ 196 K at 31 December 2019).

For further considerations on the characteristics of the entities in question, see the section "Relationships with associated companies and related parties" of the Report on Operations. No impairment indicator applies to Equity Investments in related entities.

25. Other financial assets

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Guarantee deposits	185	202	-18
Receivables from others due beyond the year	3,017	3,017	0
Other financial assets	3,202	3,220	-18

Guarantee deposits

These mainly refer to guarantee deposits issued in favour of utility providers (for connections), tobacco products, cash floats given to ticket offices and parking operators.

Receivables from others, due beyond the year

The receivable mainly consists in the guarantee deposit paid as advance on the price of € 3 M paid in June 2018 upon signing the preliminary agreement for the purchase from NIT – Nuove Iniziative Toscane S.r.l. (a real property subsidiary of the Unipol Group) of the “Piana di Castello” area in the vicinity of the Florence airport for Master Plan development purposes.

26. Receivables from others due beyond the year

These refer to trade receivables for agreed repayment plans. At 31 December 2020, this item totalled € 272 K (€ 308 K at 31 December 2019).

27. Deferred tax assets

Deferred tax assets and liabilities have been posted in their net amount when they could be offset in the same jurisdiction. The net balance is € 4,986 K (€ 1,717 K at 31 December 2019), and mainly includes tax effects determined on the 2020 temporary differences of the parent company and its main subsidiaries, on the temporary differences determined on taxed provisions (for repair, bad debt, etc.), and the accounting of intangible assets (concession rights) according to IFRIC 12. For details regarding the composition of the item and the related details, see Annex D.

Deferred and prepaid taxes have been determined by applying the tax rate in force during the year when the temporary differences will be reversed.

The recoverability of deferred tax assets relating to tax losses is reflected in the capacity to produce tax profits in future financial years, as can be inferred from the multi-year plan approved by the Board of Directors of the parent company on 5 March 2021, also considering that applicable tax laws allow companies to use past tax losses along an unlimited time horizon.

CURRENT ASSETS

The composition of current assets at 31 December 2020 and a comparison against 31 December 2019 are given below.

28. Trade receivables

The main item includes receivables from customers at 31 December 2020, net of the provision for bad debt, which totalled € 13,180 K (€ 17,525 K at 31 December 2019), as detailed in the table below:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Toscana Aeroporti	15,711	18,035	-2,324
Toscana Aeroporti Handling	1,403	3,882	-2,479
Parcheggi Peretola	0	8	-8
Jet Fuel	90	171	-80
Receivables from associated companies	162	288	-126
- Provision for bad debt	-4,187	-4,859	672
Trade receivables	13,180	17,525	-4,345

The provision for bad debt was increased during the year by adding € 1,668 K and used for € 2,340 K.

	Data in €K	31.12.2019	prov.	uses	31.12.2020
Provision for bad debt		4,859	1,668	-2,340	4,187

The composition of trade receivables by category of overdue account is detailed in the table below.

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	17,367	4,927	1,461	1,335	1,206	1,807	6,630
Expected loss rate		-0.1 %	0.0%	-1.0%	-1.9%	-3.2%	-61.7%
Provision for bad debt	-4,187	-4	0	-13	-22	-59	-4,089
Total at 31.12.2020	13,180	4,923	1,461	1,323	1,184	1,749	2,541

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	22,384	5,438	6,987	1,377	242	1,659	6,682
Expected loss rate		-1.1 %	-1.1 %	-1.07%	-1.90%	-1.69%	-63.5%
Provision for bad debt	-4,859	-59	-79	-148	-46	-281	-4,246
Total at 31.12.2019	17,525	5,379	6,908	1,229	196	1,378	2,435

Trade receivables also include receivables from related entities shown in the following table.

	Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Alatoscana		63	57	6
Immobili AOU Careggi		99	231	-132
Receivables from associated companies		162	288	-126

29. Current tax assets

This item, which totalled € 1,026 K at 31 Dec. 2020 (against € 280 K at 31 Dec. 2019), mainly refers to current tax credits, of which € 802 K of TA (consisting of € 605 K of IRES and € 198 K of IRAP), € 101 K of TA receivable from Corporación America Italia S.p.a. For the income from tax consolidation, and € 82 K of TAH (consisting of IRAP).

30. Other taxes receivable

This item, approx. € 3.2 M (€ 1.5 M at 31 Dec. 2019), mainly consists of:

- a € 2 M of VAT credit of the parent company;
- a € 963 K of VAT credit of the subsidiaries;
- € 134 K of TAH employees' IRPEF balance accounts;
- € 65 K of parent company's ART bonus.

31. Receivables from others, due within the year

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Public subsidies (State, Region)	1 0,035	0	1 0,035
Receiv. fm carriers for Municipal addit. tax pass.	2,507	7,953	-5,446
boarding fees			
Advance payments made to suppliers	362	362	0
Prepaid expenses	467	418	49
Ticket office receivables	140	317	-177
Monopoly products receivables	53	1 04	-52
Other minor receivables	838	860	-22
Receivables from others, due within the year	14,402	1 0,014	4,388

The item "Public subsidies" includes the € 10 M subsidy received by the parent company from the Region of Tuscany, as described above in the "Other revenues" section.

The Additional Municipal Tax on passenger boarding fees receivable, a tax established with Art. 2, par. 11, of Law no. 350 of 24 December 2003, shows the same trend as the item "Other taxes due" of the current liabilities because the amount collected is paid to the State.

The item "Prepaid expenses" mainly concerns supplies with advanced billing, membership fees, insurance.

32. Cash and cash equivalents

At 31 December 2020, this item consisted of € 76,344 K (€ 19,863 K at 31 December 2019), and included: The increase in cash and cash equivalents stems from the € 85 million bank loan received in the last quarter to meet the cash requirements arising from the difficult management of the restrictions imposed by the Covid-19 pandemic.

We point out that the "Cash and Banks" item includes a minimum amount of € 1 M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated with the Intesa-San Paolo-MPS bank pool.

in addition, according to the applicable "Liquidity Decree", cash assets acquired with the SACE loan can be used to pay personnel costs, leases, investments and working capital.

For more details, see the Statement of Cash Flows in the Report on Operations.

SHAREHOLDERS' EQUITY AND LIABILITIES

The Shareholders' Equity shows a decrease of € 12.7 M due to the recognition of a loss for the period (€ 12.5 M).

More specifically, the Shareholders' Equity consists of the following items:

33. Share Capital

At 31 December 2020, the fully paid-up share capital of the parent company consisted of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2019).

For details on Shareholders, see the table and section "Shareholders of the Parent Company" in the Report on Operations.

34. Capital reserves

Capital reserves consist of:

- a share premium reserve for € 18,941 K created with the paid capital increase determined upon listing SAT (Società Aeroporto Toscano Galileo Galilei S.p.a.) on the Stock Exchange in July 2007;
- a legal reserve of € 5,369 K. The € 678 K increase compared to 31 December 2019 reflects the allocation of 2019 profits as deliberated by the Shareholders' Meeting held on 15 May 2020 during the adoption of the 2019 Financial Statement.
- statutory reserves for an amount of € 38,783 K; The € 12,877 K increase is due to the allocation of the 2019 profit, as proposed by the Board of Directors of the parent company on 31 March 2020 and approved by the Shareholders' Meeting of the parent company held on 15 May 2020.
- Other reserves, which mainly consist of the reserve deriving from the merger by incorporation of AdF, for € 24,585 K. Pursuant to point 5 of the first paragraph of Art. 2426 of the Civil Code, we specify that there is no restriction on available reserves.

35. IAS adjustments reserve

This reserve is negative by € 3,229 K, and included:

- (i) the first-time adopted IAS/IFRS reserve (negative for € 711 K) after deducting the theoretical tax burden created at 1 Jan. 2005 upon First Time Adoption, so as to include the impact of international accounting standards on the Shareholders' Equity;
- (ii) the IAS/IFRS reserve (negative for € 2,618 K) created after applying the new international standard IFRIC 12 "Service Concession Agreements" since 1 January 2011.

36. Profit/(Loss) carried forward

This item includes profit carried forward for € 3,858 K (€ 3,403 K at 31 December 2019). The difference derives from the allocation of the 2020 result and from the actuarial effect of the recalculation of employee benefits according to IAS 19 "Employee Benefits".

Other components of the Statement of Comprehensive Income

The value at 31 December 2020 is broken down below:

SITUATION AT 31.12.2020	PROFIT/ (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORI TY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>				
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	-139	-139	-11	-151

SITUATION AT 31.12.2019	PROFIT/ (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORI TY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>				
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	-200	-200	-12	-212

The tax effect regarding the other components of the Statement of Comprehensive Income is broken down below:

SITUATION AT 31.12.2020	Gross value	Tax (charge)/ benefit	Net Value
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>	-198	48	-151

SITUATION AT 31.12.2019	Gross value	Tax (charge)/ benefit	Net Value
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>	-280	67	-212

37. Group's profit (loss) for the period

This item includes TA's result for the year ended 31 December 2020, consisting of a loss of € 12,470 K (against a profit of € 14,149 K at 31 December 2019).

38. Minority interest

Based on 2020 balance sheet items, the 66.67% minority interest corresponds to € 222 K (€ 361 K at 31 December 2019). The difference is mainly due to the 2020 loss of the subsidiary Jet Fuel.

NON-CURRENT LIABILITIES

The composition of non-current liabilities at 31 December 2020 and a comparison against 31 December 2019 are given below.

39. Provisions for risks and charges

The Provision for risks and charges consists of € 2,016 K (€ 2,458 K at 31 December 2019). The details of the year are provided below.

	Data in €K	31.12.2019	prov.	use	31.12.20
Provisions for risks and charges		2,458	161	-603	2,016

At 31 December 2020, the provision mainly includes the following amounts:

- 1) € 351 K of provisions set aside in connection with the Fire Brigade Protection Service dispute, which is described in detail in the section "Information on the main items of the Provision for risks and expenses at 31 Dec. 2020";
- 2) € 939 K of provisions set aside in connection with potential labour dispute risks, better described in the section "Additional information";
- 3) € 200 K regarding a dispute where TA was summoned by the company that had been awarded the contract for the expansion works in the west apron of the Florence airport concerning problems identified by TA related to the execution of the contract.
- 4) € 328 K regarding disputes for local taxes, consisting in the different classification of airport areas for IMU (municipal property tax) determination purposes.

For further information, see Section "Information on the main items of the Provision for risks and charges at 31 December 2020".

The amounts set aside by the Company to face potential risks deriving from ongoing disputes are deemed appropriate for the predictable outcome of the legal proceedings.

40. Provisions for repair and replacement

This provision (valued according to the best estimate of the expense currently required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 December 2020 was € 22,162 K, down by € 3,583 K with respect to 31 December 2019 after the year's uses, partially offset by the additions of the period. Details are given below:

	Data in €K	31.12.2019	prov.	use	Fin. charg.	31.12.2020
Provisions for repair and replacement		25,745	1,579	-5,600	438	22,162

This provision, depending on the estimated time of its use, has been allocated to non-current liabilities for € 13,920 K and to current liabilities for € 8,242 K.

The potential impact on this provision in terms of increase, as a consequence of a hypothetical reduction of 50 basis points in discount rates, would correspond to approx. € 650 K. The potential impact on the provision in terms of decrease, as a consequence of a hypothetical increase of 50 basis points in discount rates, would correspond to approx. € 600 K.

41. Provisions for employee retirement and benefits

The item includes the value of the provision for employee benefits, which is considered as a defined benefit obligation to be recognised as recommended by IAS 19 "Employee Benefits".

As regards the economic-financial scenario, the parameters used for the valuation of the Pisa and Florence staffs at 31 Dec. 2020 are:

- annual technical discount rate: 0.39%
- Annual inflation rate: 1.00%
- annual ETB increase rate: 2.25%

As far as the discount rate is concerned, the Corporate AA iBoxx 10+ index has been selected as criterion for the valuation of this parameter, as its duration is suitable for the average time of permanence of the two staff groups being considered.

There is no defined benefit scheme for the executive staff of the company.

The value of liabilities is € 5,736 K (€ 5,767 K at 31 December 2019). This provision is booked net of the advance payments and settlements made during the period examined and shows an increase of € 32 K compared to 31 Dec. 2019, as specified below:

	Data in €K	31.12.2019	prov.	IAS Fin.	use	Actuarial	31.12.2020
Provisions for employee retirement and benefits		5,767	2	87	-319	198	5,736

the difference shown in the Statement of Comprehensive Income (€ -151 K) corresponds to the actuarial loss of € 198 K, after a taxation of € 47 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the assumptions adopted, which may mostly affect that value. The table below provides the sensitivity analysis of the Provision (in €K).

Toscana Aeroporti Group						
	Annual technical discount rate		Annual inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
Employee Termination Benefit	5,463	6,024	5,813	5,655	5,604	5,790

Finally, the table below provides a prediction of disbursement of the provision.
Future Cash Flows (€)

Year	TA Group
0 - 1	239,212
1 - 2	310,864
2 - 3	214,193
3 - 4	193,450
4 - 5	205,407
5 - 6	428,454
6 - 7	417,848
7 - 8	428,866
8 - 9	437,513
9 - 10	472,096

42. Financial liabilities

The details of non-current and current financial liabilities are given below:

Data in €K	31/12/2019	Loans	Repayments	Reclassification	Other non-monetary movements	31/12/2020
Non-current liabilities	23,352	85,000	-	(4,712)	(626)	1 03,014
Current financial liabilities						
Bank overdrafts (short-term loans)	20,010	21,000	-	-	32	41,042
Current portion of medium/long-term indebtedness	4,930		(4,660)	4,712	2	4,984
Total current financial liabilities	24,940	21,000	(4,660)	4,712	34	46,026
Total financial liabilities	48,292	106,000	(4,660)		(592)	149,040

Other non-monetary movements mainly include the effect of the initial recognition of transaction charges related to the SACE loan and the portion of interests not yet settled for the year considered.

The amount of € 46 M regarding current financial liabilities at 31 December 2020 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,985 K and to the short-term loan (so-called "hot money") obtained during the period for € 41 M, increased during the year for an aggregate amount of € 21 M.

The decrease in non-current financial liabilities - € 5.3 M - refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

The total amount of non-current financial liabilities and the related current share of medium-term debt relates to:

- 1) the loan agreement signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M secured by a SACE collateral in accordance with the provisions of the "Liquidity Decree" for an equal amount 90% of the sums paid in principal, plus interest and ancillary costs (hereinafter also the "SACE loan"). This SACE loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022), and requires the company to comply a financial parameter, to be measured at the time of the annual consolidated financial statement, which consists in the value of the consolidated net financial position (NFP), as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2020. According to the provisions of the loan agreement and of the "Liquidity Decree", this facility can be used to support the Group's cash requirements in connection with the payment of personnel costs, rents or leases, investments and working capital, with an interest rate indexed to the EURIBOR rate plus a margin. In addition, annual commissions are determined in the agreement, to be calculated in connection with the SACE guaranteed component on the share of principal paid out and not repaid, with a fixed percentage increasing over the term of the loan - For additional details, see the "Liquidity risk" section of these Explanatory Notes;
- 2) Two long-term loans granted by bank "Banca Infrastrutture Innovazione e Sviluppo" ("BIIS" - Intesa San Paolo Group) and MPS Capital Service to support infrastructure investments, with initial amounts of € 12 M and € 40 M, respectively. The interest rates of these loans are indexed to the 6-month EURIBOR rate plus a spread. The loan obtained from MPS Capital Services is due in June 2022 and has an outstanding debt at 31 December 2020 of € 2.8 M (of which € 1.8 M within the next 12 months); the loan obtained from BIIS - Intesa San Paolo is due in September 2027

and has an outstanding debt at 31 December 2020 of € 20 M (of which € 2.8 M within the next twelve months).

- 3) Two loans obtained in 2017 and 2018 by the subsidiary Jet Fuel, with an outstanding debt at 31 December 2020 of € 608 K. In this regard, we point out that Jet Fuel benefited from the moratorium provided for in the “Liquidity Decree”, which allows the subsidiary in question to postpone the payment of the shares of principal due in 2020 for a total amount of € 200 K.

The financial liabilities arising from the loans granted to the parent company by BIIS - Intesa San Paolo Group and MPS Capital Service require compliance with preset financial ratios that are defined in the related agreement, such as the Net Financial Position/EBITDA and the Net Financial Position/Shareholders' Equity ratios, as defined in mutual agreement with the lending banks and measured on the book values of the parent company, for the € 40 M loan, and of the Group, for the € 20 M loan.

We finally point out that, in addition to the aforesaid parameters, the € 12 M loan agreement requires a minimum amount of € 1 M to be made available and deposited in a current account pledged as security for the same loan and requires that no non-recurring transaction be performed with third parties (entities that are not members of the Group) without the previous written consent of the lending banks.

Failure to comply with the covenants and the other contractual obligations undertaken with the loan in question shall imply, if not remedied under the agreement provisions, the anticipated reimbursement of the residual loan amount and/or a require a restriction in the distribution of dividends.

At 31 December 2020, the parent company, for the loan granted by BIIS - Gruppo Intesa San Paolo and MPS Capital Services, obtained specific exemptions from the measurement of the financial ratios provided for in the respective agreements at 31 December 2020.

The SACE loan agreement also requires compliance with a financial parameter to be measured when the annual consolidated financial statements are adopted, which consists of the value of the consolidated net financial position, as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2020.

Finally, we point out that, in line with market practice, the aforesaid loans may include: negative pledge commitments under which the company cannot create real warranty rights or other constraints on company assets; *pari passu* clauses, under which the loans will have the same degree of priority in repayment as the other financial liabilities; and “change of control” clauses, that are activated in the event that the majority shareholder loses control over the company; limitations to the non-recurring transactions the parent company may perform.

Details of the loans existing at 31 December 2020 are shown below.

Amounts in €K	Capital share	Interest share	Total
Within the year	45,924	1,528	47,452
Included between 1 and 2 years	9,407	1,421	10,827
Included between 2 and 3 years	24,271	1,552	25,823
Included between 3 and 4 years	24,169	1,061	25,231
Included between 4 and 5 years	24,118	515	24,633
Included between 5 and 6 years	18,805	115	18,920
Beyond 6 years	2,868	21	2,889
Total	149,562	6,214	155,776

Non-current financial liabilities due beyond five years totalled € 21.8 M at 31 December 2020.

Details of the credit facilities existing at 31 December 2020 are shown below.

Data in €K	31.12.2020	31.12.2019	DIFF.
Credit lines granted	57,450	68,550	-11,100
<i>of which TA</i>	<i>57,150</i>	<i>68,250</i>	<i>-11,100</i>
<i>of which subsidiaries</i>	<i>300</i>	<i>300</i>	<i>0</i>
Credit lines used	41,000	20,000	21,000
% used	71 %	29%	
Residual facilities	16,450	48,550	-32,100

Non-revolving lines of credit available at 31 December 2020 total € 13,450 K.

Financial liabilities outstanding at 31 December 2020 are reported below, distinguished into fixed and variable interest rate categories.

Banking institution	Due date	Type of interest	Interest rate	Debt at 31 December
MONTE DEI PASCHI DI SIENA	June 2022	Variable	Euribor 6 month + 250 b.p.	2,863,678
INTESA SAN PAOLO - 1st tranche	September 2027	Variable	Euribor 6 month + 96 b.p.	8,699,009
INTESA SAN PAOLO - 2nd tranche	September 2027	Variable	Euribor 6 month + 180 b.p.	11,487,671
Jet Fuel loan	June 2023	Variable	Euribor 3 month + 110 b.p.	255,413
Jet Fuel loan	June 2024	Variable	Euribor 3 month + 110 b.p.	352,994
ISP-SACE	September 2026	Variable	Euribor 3 month + 115 b.p.	84,339,485
BPM	January 2021	Fixed	0.30%	1,503,017
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	March 2021	Fixed	0.20%	5,008,033
BNL	April 2021	Fixed	0.50%	2,508,367
BNL	April 2021	Fixed	0.50%	2,508,607
UniCredit	March 2021	Fixed	0.30%	2,500,205
UniCredit	March 2021	Fixed	0.30%	2,500,164
UniCredit	March 2021	Fixed	0.30%	1,000,066
UniCredit	March 2021	Fixed	0.30%	2,500,205
UniCredit	February 2021	Fixed	0.30%	1,000,344
CREDEM	February 2021	Fixed	0.09%	4,000,128
MPS	February 2021	Fixed	0.20%	10,005,041
Total				149,040,048

Bank loans at 31 December 2020 are shown below, carried at their book value and at fair value.

Banking institution	Company	notional	fair value
Intesa San Paolo	TA	20,076	20,116
Monte dei Paschi di Siena	TA	2,880	2,911
Intesa San Paolo - SACE	TA	85,000	85,967
Banco Popolare di Milano	Jet Fuel	606	600
Short-term loans ("hot money")	TA	41,000	41,042
Total		149,562	150,636

The **Net Financial Position** at 31 December 2020, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified in the following table:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
<i>Euro K</i>	31.12.2020	31.12.2019	Abs. Diff.
A. Cash on hand and at banks	76,344	19,863	56,481
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	76,344	19,863	56,481
E. Current financial receivables	-	-	-
F. Current bank payables	41,042	20,010	21,032
G. Current portion of non-current indebtedness	4,985	4,930	54
H. Other current financial payables due to leasing companies	499	410	89
I. Current financial indebtedness (F) + (G) + (H)	46,525	25,349	21,176
J. Net current financial indebtedness (I) - (E) - (D)	(29,818)	5,486	(35,305)
K. Non-current bank payables	103,014	23,352	79,662
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,132	4,239	106
N. Non-current financial indebtedness (K) + (L) + (M)	107,146	27,590	79,555
O. Net Financial Position (J) + (N)(NFP)	77,327	33,077	44,251

See comments in the Report on Operations and to the "Statement of Cash Flows" for a more in-depth analysis of this item.

43. Financial liabilities for rights of use

At 31 December 2020, financial liabilities for rights of use, determined by discounting the value of the lease rentals due, total € 4.6 M, of which € 4.1 M classified among non-current liabilities and € 0.5 M among current liabilities.

Data in €K	31.12.2020	31.12.2019
Financial liabilities due beyond one year	4,132	4,239
Financial liabilities for rights of use within one year	499	410
Total	4,631	4,648

The details of the year are provided below. The Group adopted the practical expedient introduced by the amendment to IFRS 16 "Leasing" for the valuation of lease agreements, applicable when leases have been renegotiated as a result of Covid-19. The Group, as lessee, elected to account for the concession as a variable lease over the period in which a lower payment is recognized: the amount of these lower payments, € 195 K is reported in the "Payments / Other reductions" line of the table below.

	Data in €K	31.12.2020	31.12.2019
Values at January 1st		4,648	4,796
Acquisitions		466	550
Dismissals		0	-165
Payment / Other reductions		-621	-639
Financial expenses		137	107
Financial liabilities for rights of use at year-end		4,631	4,648

Lease agreements contain no covenants.

The accrual of the financial liability is shown below.

< 1 year	664
1-2 years	589
2-3 years	529
3-4 years	471
4-5 years	457
5-6 years	425
Beyond 6 years	2,391
Total	5,525

The margin interest rates defined by the Group are reviewed on a recurring basis and applied to all the contracts with similar characteristics, which have been considered as a single contract portfolio. Rates are determined starting from the average effective borrowing rate of the parent company, appropriately adjusted to simulate a theoretical marginal interest rate, consistent with the contracts to be recognised. The most significant items considered for the adjustment of the rate are the credit risk spread of each country that can be observed in the market and the different duration of lease agreements.

The rates used for contracts signed in 2019 and earlier are:

- 0.94% for car rental agreements
- 3.40% for long-term lease agreements
- 2.37% for short/medium-term lease agreements

The rates used for contracts signed in 2020 are:

- 0.69% for car rental agreements
- 1.67% for long-term lease agreements
- 1.10% for short/medium-term lease agreements

44. Other payables due beyond the year

Payables due beyond the subsequent year (entirely of the parent company, TA) consist of € 368 K (€ 338 K as at 31 Dec. 2019) and refer to guarantee deposits received from customers as performance bonds for services provided.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 42 to Financial Liabilities and Note 43 of Financial liabilities for rights of use.

CURRENT LIABILITIES

Details of current liabilities for the period are shown below, with the related categories.

45. Current tax liabilities

This item totalled € 5 K (€ 2,174 at 31 December 2019) and includes the current taxes (IRES, IRAP) of a company of the Group, calculated on the final results before tax of 2020, if positive.

Please note that the balance at 31 December 2019 includes € 1,473 K of payables due by TA to the parent company Corporación America Italia, as a result of the tax consolidation agreement.

46. Other taxes due

The aggregate amount of € 9,706 K (€ 11,987 K at 31 December 2019) is broken down below:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Due to Rev. Ag. for Munic add. tax on pass. boarding fees	8,312	10,761	-2,449
IRPEF due for employees and self-employed prof.	1,016	656	361
Higher fees due for private flights	246	251	-5
Local taxes	132	131	1
VAT due	0	189	-189
Other taxes due	9,706	11,987	-2,281

In particular, the amount due to the Revenue Agency for the additional municipal tax on boarding fees has decreased in connection with the same trends associated with the decrease in receivables from others due within the year.

47. Trade payables

Payables to suppliers totalled € 24 M (€ 31.1 M at 31 December 2019), down by € 7.1 K.

48. Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) for € 1,322 K (€ 2,611 K at 31 December 2019).

49. Other payables due within the year

Other payables due within the year consist of € 6.2 M (€ 12.6 M at 31 December 2019), and include the following debit items:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Employees/contractors fees	1,363	5,048	-3,685
Concession fees	1,204	2,619	-1,415
Deferred income	634	1,190	-556
Fire-protection service	1,002	1,061	-59
Air/bus/train ticket office receipts	479	554	-75
Institutional bodies fees	164	705	-542
Adv. paym. (carriers)	684	489	194
Other minor payables	689	901	-212
Other payables due within the year	6,219	12,568	-6,349

Specifically:

- the Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see details in the section "Provisions for risks and charges".
- Prepaid expenses refer mainly to Non-Aviation revenues invoiced in advance.

ADDITIONAL INFORMATION

Commitments and Guarantees

At 31 December 2020, commitments and guarantees include € 15,498 K of third-party suretyships in favour of the TA Group and € 10,925 K of suretyships given by third parties on behalf of the TA Group.

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Third-party guarantees in favour of Group	15,498	16,341	-843
Guarantees given to third-parties on behalf of Group	10,925	10,925	0

Suretyships provided by third parties in the favour of the TA Group mainly refer to performance bonds for contract works, for compliance with agreements by sub-concessionaires, air carriers and other customers.

The suretyships provided to third parties on behalf of the TA Group mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures.

Allocation of financial instruments by valuation category applied

31 December 2020 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Trade receivables	-	13,452	13,452
Other financial assets	2,945		2,945
Other accounts receivable	-	16,952	16,952
Cash and cash equivalents	-	76,344	76,344
Total	2,945	106,748	109,693
31 December 2019 (amounts in €K)	Liabilities valued at fair value	Assets valued at amortized cost	Total
Liabilities			
Financial liabilities	-	149,040	149,040
Financial liabilities for rights of use	-	4,631	4,631
Trade payables and other liabilities	-	28,558	28,558
Total	-	182,229	182,229

Fair value measurement hierarchy

As regards the financial instruments recognised in the Financial Position at fair value, IFRS 7 requires these values to be classified based on a hierarchy of levels that reflects the significance of the input used in the determination of fair value.

The following levels are identified:

Level 1 – the price of the asset or liability being measured is drawn from an active market;

Level 2 – the inputs used are not the listed prices indicated above, but may be observed on the market, either directly (prices) or indirectly (price derivatives);

Level 3 – the inputs are not based on observable market data. Assets valued at fair value, as detailed in the table above, are included in the level defined.

Information on financial instruments

There are no derivative financial instruments.

Information on public grants and subsidies, and other economic benefits received (under Law 142/2019, Art. 1, paragraph 125)

According to the aforesaid law, the TA Group acquired income for the following subsidies in 2020:

	Data in €	Parent	Subsidiaries
Region of Tuscany's subsidy (Reg. Law 59/2020)		1 0,000,000	
State subsidy (Law Decree 34/2020, converted into Law 77/2020)			35,208
Covid equipment Invitalia expense refund (Law Decree 18/2020)		30,924	
Tax credit for Investments in new capital goods (Law 160/2019)		39,094	
Tax credit on sanitation (Law Decree 34/2020, converted into Law 77/2020)		28,297	1,556

Information on the main items of the Provision for risks and charges at 31 December 2020

1. Provision for liability risks connected with the dispute on the Fire Brigade airport service (€ 351 K)

As regards the contribution to be paid for the Fund created by the 2007 Finance Law to reduce the cost for the State of the organization and implementation of the Fire Protection Service in Italian airports ("Fondo Antincendi"), the Parent Company TA (then AdF) in 2012 brought a specific legal action before the Civil Court of Rome to ask the Judge to ascertain and declare the termination of the obligation to pay said contribution after a change in the purposes of said Fund, starting from 1st January 2009. In fact, since that date, the resources contributed to the Fund had been used to provide general public rescue and civil defence services, as well as to finance the national collective labour agreements of the Fire Brigades.

A harsh legal dispute arose on the issue, with confirmed decisions expressed by the finance and civil courts, with a specific legislative instrument, and lastly with specific judgements issued by our highest jurisdictional bodies, the Constitutional Court and the Court of Cassation, with united sections.

In such a context, we remind readers that the lawmaker (with paragraph 478, Art. 1, of Law no. 208/2015, the so-called "Stability Law" - *Legge di Stabilità 2016*), had retroactively amended the regulation of the Fire-Prevention Fund in order to affect all the ongoing disputes in favour of the Administrations and thus imposing the nature of a consideration and the jurisdiction of the Ordinary Court. After the legislative amendment introduced by the Stability Law 2016 on the matter, a specific petition had been filed to raise the question of the constitutional legitimacy of the provision at issue. The Constitutional Court, with judgement no. 167/2018, deposited on 20 July 2018, confirmed TA's thesis and declares the lack of constitutional legitimacy for Art. 1, paragraph 478, of Law no. 208 of 28 December 2015.

This having been said, several positive decisions have been pronounced in favour of TA in the first semester of 2019, which established that the Fire-Prevention Fund was a purpose tax, therefore no longer due, which allowed the Company to assess the liability associated with this dispute with a different attitude.

More specifically, decision no. 2517/19 issued by the Rome Provincial Tax Commission [Commissione Tributaria Provinciale di Roma] became final on 10 May 2019, admitting and approving the entire defence raised by the Company over the last few years concerning the Fire Protection Fund and, together with the other recent judgements of the Constitutional Court and Court of Cassation, overturned the outcome of all the ongoing disputes in favour of the Company.

More positive decisions were made in 2019, i.e. the decision of the United Sections of the Court of Cassation no. 3162/19 of 1st February 2019 and the decision of the Provincial Tax Commission of Rome no. 4874/8/19 of 2 April 2019.

For the sake of completeness, we should highlight that, on 19 February 2020, the *Avvocatura Generale dello Stato* (Attorney General), acting in the name and on behalf of the Administrations, notified TA with the appeal to the Court of Cassation against CTR Lazio's decision no. 7164/2019 of 20 December 2019.

In general, Toscana Aeroporti has already obtained two final decisions that cancelled 2009 and 2014 annuities and a second-instance decision that cancelled 2007, 2008 and 2010 annuities, in respect of which the aforementioned appeal to the Court of Cassation instituted by the Administrations is pending. Moreover, the appeal for the 2012 annuity can be validly brought forward. As regards the other eight annuities, Toscana Aeroporti instituted the appropriate negative assessment actions before the Civil Judge (i.e. the

Judge has been asked to ascertain that those annuities and other sums never formally requested are not due).

In this global framework, the Provision for risks and liabilities booked in the balance sheet at 31 December 2020, also measured with the help of external independent professionals, is consistent, if we also take into account all the updated of the period.

2. Provision for the risk of potential labour dispute liabilities (€ 938 K)

The Holding TA booked a Provisions for risks of € 115 K at 31 December 2020, in view of the probable persistence of the risk of liabilities arising from disputes with employees and labour disputes with a possible unfavourable outcome.

For the same reasons, the subsidiary TAH, at 31 December 2020, booked a Provision for risks of € 824 K, of which € 218 K for labour disputes and € 605 K regarding the estimate of liabilities deriving from the non-renewal of the CCNL (collective labour agreement) which expired, for the economic part, on 30 June 2017.

The amounts set aside by the company, including with the support of independent advisors, are consistent with the predictable outcome of the dispute.

3. Additional liabilities with a possible unfavourable outcome

We finally report risks for potential liabilities, also assessed as “possible” with the support of independent professionals, concerning:

- a) the dispute for the return of the fees for fuel supplies requested by certain airlines from oil companies, where the Company has been summoned as third party;
- b) TA's dispute concerning a claim for damages brought by a board member who left the BoD before the merger between SAT and AdF, against which the Company lost the first-instance trial and lodged an appeal with a counterclaim.

Table of connection between the Parent Company's result and equity, and the same values in the TA Group

Pursuant to CONSOB's Communication of 28 July 2006, we provide below the reconciliation statement between 2020 result and the Shareholders' Equity at 31 Dec. 2020 (for the portion attributable to the Group) with the parallel values of the Parent Company.

Description	Shareholders' equity at 31.12.2020	Net 2020 earnings
S.E. and parent company TA Spa earnings	1 07,576	(7,845)
S.E. and Group's Subsidiary' earnings	899	(4,614)
Elimination of the book value of stakes	(4,338)	-
Earnings of entities consolidated in SE	233	44
Elimination of intragroup dividends	-	-
After-tax consolidation difference (royalties)	2,285	(49)
Other minor consolidation accounts	(1 09)	(5)
SE and Group earnings	1 06,547	(12,469)
Shareholders' Equity and Minority Interest's earnings	222	(128)
SE and Group and Minority Interest's earnings	1 06,769	(12,597)

Amounts shown in € K

Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company's website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2020 or in similar transactions initiated during previous years and not yet concluded.

At the closing date of this financial statement, no loan existed in the favour of any member of the Board of Directors or Board of Statutory Auditors.

Relationships with related parties

See the specific section in the Report and Annex C to this financial statement at 31 December 2020 for a summary of the main effects of transactions with related parties on the financial statement.

Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, no atypical or unusual transaction was performed during 2020.

Significant events and non-recurring transactions

According to the Consob notice of 28 July 2006, in 2020 the parent company TA recognized the € 10 M subsidy received from Regione Toscana as income directly obtained as compensation for the damages suffered in 2020 as a result of the Covid-19 restrictions.

Significant events occurred after 31 Dec. 2020

Due to the continuation of the global health emergency, with the consequent restrictions on people's movements, the early months of 2021 will still be adversely impacted by air transport restrictions. In detail, passenger traffic reached 56,000 units at the end of February 2021 compared to about 915,000 passengers in the same period of the previous year (-94% approximately), when the consequences of the Covid-19 outbreak had not yet impacted air transport.

As part of the flight infrastructure scheduled maintenance plan, the runway of the Vespucci airport was closed to air traffic from 1st February 2021 to 4th April 2021 for the renovation of the runway pavement, strips, airfield markings and lighting, in compliance with EASA certification standards.

On 26 January 2021, the parent company TA signed an agreement for the acquisition of 51% of Cemes Aeroporti S.r.l., a recently incorporated company operating in the building sector, which changed its name upon the signature of the agreement into Toscana Aeroporti Costruzioni S.r.l. (TAC).

On 2 March 2021, the European Commission announced that the € 10 M subsidy earmarked by the Region of Tuscany for the airports was in line with the provisions of the Treaty on the Functioning of the European Union.

Authorization to publication

This document was approved by the Board of Directors on 11 March 2021 and made available to the public on 5 April 2017 upon the Chairman's authorization.

For the Board of Directors
The Chairman
(Marco Carrai)

**ANNEXES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31.12.2020**

ANNEX "A"
TABLE OF CHANGES IN INTANGIBLE ASSETS OCCURRED IN 2020
(amounts shown in €K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	205,026	15,168	19,467	1,391	241,053
Accumulated depreciation	- 50,806 -	14,273	- -	1,094	- 66,172
A - Value at 31.12.19	154,220	896	19,467	297	174,880
<i>CHANGES FOR THE PERIOD</i>					
Purchases	400	99	8,671	4	9,174
Reclassification	117	32 -	146	-	4
Other movements	- 111	- -	2	1	- 111
Depreciation	- 5,584 -	669 -	2 -	43	- 6,298
Other provision movements	111	0	2 -	1	111
B - Balance of changes	- 5,067 -	537	8,523 -	39	2,880
Historical cost	205,432	15,300	27,991	1,396	250,119
Accumulated depreciation	- 56,279 -	14,942	- -	1,138	- 72,359
Value at 30.12.2020 (A+B)	149,153	358	27,991	258	177,760

ANNEX "B"
TABLE OF CHANGES IN TANGIBLE ASSETS OCCURRED IN 2020
(amounts shown in €K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	24,624	39,695	1,692	796	18,835	85,643
Accumulated depreciation	- 7,835	- 31,801	- 693	-	- 15,004	- 55,333
A - Value at 31.12.19	16,789	7,895	999	796	3,831	30,310
<i>CHANGES FOR THE PERIOD</i>						
Purchases	160	956	4	1,199	458	2,777
Reclassification	658	-	-	661	-	4
Disinvestments	-	866	-	-	25	891
Amortization and impairment	- 277	- 2,051	- 120	-	- 1,153	- 3,602
Reversal of previous years' accum. depr.	-	860	-	-	25	885
Other provision movements	- 9	-	-	-	-	9
B - Balance of changes	540	1,101	115	538	696	835
Historical cost	25,451	39,785	1,697	1,334	19,268	87,534
Accumulated depreciation	- 8,122	- 32,992	- 813	-	- 16,133	- 58,059
Value at 31.12.2020 (A+B)	17,329	6,793	884	1,334	3,135	29,476

ANNEX "C"

RELATIONSHIPS WITH RELATED PARTIES

	31 DECEMBER 2020			31 DECEMBER 2019		
balance sheet item	Values in € K	% incidence on balance	Book item (€K)	Values in € K	% incidence on balance	Book item (€K)
Associated companies						
<i>Im mobili A.O.U. Careggi Spa</i>						
Investments in Associated Companies	239.1	38.97%	61.3	195.7	34.35%	570
Trade receivables	98.6	0.75%	13,180	104.9	36.43%	288
Non-aviation revenues	98.6	0.67%	14,666	126.2	0.36%	34,939
Other revenues and proceeds	31.5	0.27%	11,559	36.0	1.65%	2,185
<i>Alatoscana Spa</i>						
Investments in Associated Companies	374.4	61.03%	61.3	374.1	65.65%	570
Receivables from associated companies	63.2	0.48%	13,180	56.9	19.75%	288
Other revenues and proceeds	63.2	0.55%	11,559	63.2	2.89%	2,185
Other related parties						
<i>Delta Aerotaxi srl</i>						
Aviation revenues	134.9	0.44%	30,371	288.9	0.30%	97,445
Non-aviation revenues	224.2	1.53%	14,666	250.9	0.72%	34,939
Other revenues and proceeds	17.3	0.15%	11,559	18.4	0.84%	2,185
Trade receivables	395.5	3.00%	13,180	290.9	1.69%	17,237
Trade receivables due beyond the year	109.5	40.26%	272	166.5	1.66%	10,014
<i>Corporate Air Services srl</i>						
Aviation revenues	246.2	0.81%	30,371	699.9	0.72%	97,445
Non-aviation revenues	64.575	0.44%	14,666	75.4	0.22%	34,939
Other revenues and proceeds	3.6	0.03%	11,559	3.8	0.18%	2,185
Trade receivables	71.6	0.54%	13,180	50.6	0.29%	17,237
<i>Delifly srl</i>						
Non-aviation revenues	38.5	0.26%	14,666	32.3	0.09%	34,939
Other revenues and proceeds	7.7	0.07%	11,559	1.0	0.04%	2,185
Trade receivables	38.5	0.29%	13,180	28.8	0.17%	17,237
<i>ICCAB srl</i>						
Non-aviation revenues	33.3	0.23%	14,666	116.6	0.33%	34,939
Other revenues and proceeds	7.0	0.06%	11,559	13.1	0.60%	2,185
Receivables from customers	118.6	0.90%	13,180	42.8	0.25%	17,237
<i>Corporacion America Italia srl</i>						
Trade receivables	0.9	0.01%	13,180	0.9	0.01%	17,237
Current tax liabilities	-	0.00%	1,002	1,473.5	12.20%	12,079
Taxes for the period	100.8	-3.07%	- 3,289	99.1	1.35%	7,330

ANNEX "D"
TABLE OF DEFERRED AND PREPAID TAXES
AND CONSEQUENT EFFECTS
(amounts shown in €K)

ACCOUNTS		PREPAID / DEFERRED TAXES 31 /1 2/2019		2020 REABSORPTION		2020 INCREASES		PREPAID / DEFERRED TAXES 31 /1 2/2020	
		TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	5,207,622	1,249,829	2,337,557	561,014	1,560,441	374,506	4,430,506	1,063,321
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	1,415,600	458,147	1,959,480	570,601	1,571,550	457,635	1,027,670	345,181
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	804,173	193,002	-	-	198,398	47,616	1,002,571	240,617
SUNDRY MINORS	IRES / IRAP	417,835	120,553	590,656	171,999	343,399	99,998	170,578	48,552
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	2,076,363	526,533	647,810	155,474	200,000	48,000	1,628,553	419,058
ETB IAS APPLIC. DIFFERENCES	IRES	234,982	56,396	-	-	84,434	20,264	319,416	76,660
PARCHEGGI PERETOLA CONSOLIDATION	IRES / IRAP	- 3,354,856	- 980,355	- 69,988	- 20,171		-	- 3,284,868	- 960,184
OTHER DIFFERENCES	IRES / IRAP	401,869	92,383	1,484	356	308,225	73,974	708,610	166,000
TAX LOSSES	IRES	-	-	-	-	14,944,204	3,586,609	14,944,204	3,586,609
Aggregate Total		7,203,588	1,716,486	5,467,000	1,439,274	19,210,652	4,708,602	20,947,240	4,985,815

ANNEX "E"
TABLE OF RECONCILIATION BETWEEN YEAR'S RESULT AND TAXABLE BASE
(amounts shown in €K)

	TA Group		TA Group	
	31/12/2020		31/12/2019	
	IRES	IRAP*	IRES	IRAP*
Profit before tax according to law tax	- 15,886	14,316	21,721	69,468
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	- 3,813	730	5,213	3,473
Main final differences				
- dividends collected (95% exempt)	- 55		- 790	
- analytical and lump-sum IRAP deductions	-		- 216	
- ACE	-		- 257	
- labour costs of permanent employees		- 22,543		- 38,178
- other deductible labour costs		- 1,423		- 2,165
Sundry final variations (balance)	1,082	1,555	1,951	- 103
Sundry temporary variations (balance)	- 83	- 5,609	- 3,094	- 1,676
Taxable base	- 14,942	- 8,319	19,315	27,346
Current taxes	-	-	4,636	1,367
Prepaid taxes on tax losses recoverable in subsequent years	- 3,586	-	-	-
Concessionaires' 3.5% additional IRES	-	-	605	-
Deferred/prepaid taxes	283	184	660	86
Income from consolidation	- 99		- 99	
Other minor effects	- 50	- 20	59	17
Total taxes booked	- 3,452	164	5,860	1,470

* The prevalent IRAP rate is 5.12%, for the parent company

The other companies apply different rates based on their respective ATECO codes

ANNEX "F"
2020 AUDITING FEES
(ART. 149 *DUODECIES* OF CONSOB ISSUERS REGULATION)

Service type	Entity that provided the service	Beneficiary	Notes	2020 fees (€)
Auditing	PwC SpA	Parent Company TA SpA	(1)	94,000
	PwC SpA	Subsidiaries	(2)	32,800
Certification services	PwC SpA	Parent Company TA SpA	(3)	91,500
	PwC SpA	Parent Company TA SpA	(4)	12,700
	PwC SpA	Parent Company TA SpA	(5)	19,000
Total				250,000

NOTES

- (1) Fees paid to the auditors for the auditing of the consolidated financial statements and year's financial statement of the Parent Company (including periodic audits), as well as for the limited audit of the condensed consolidated interim financial statements of the Group.
- (2) Fees paid for the statutory auditing of the financial statements of the subsidiaries Toscana Aeroporti Handling Srl, Parcheggio Peretola Srl, Jet Fuel Co. Srl, and related periodic audits.
- (3) Fees paid for the auditing of the consolidation files of the Corporación America Airports Group.
- (4) Fees for the auditing of accounting reports pursuant to the CIPE Resolution no. 38/2007 of the Pisa and Florence airports.
- (5) Fees relating to the task of limited revision of the Consolidated Declaration of a Non-Financial Nature pursuant to Leg. Dec. no. 254/2016 for the financial year 2020.

**CERTIFICATION OF THE 2020 CONSOLIDATED FINANCIAL STATEMENT
PURSUANT TO ART. 81-TER OF CONSOB'S REGULATION NO. 11971 OF 14 MAY
1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS**

1. The undersigned Roberto Naldi (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2020 Consolidated Financial Statement.

2. Furthermore, it is hereby certified that the 2020 Consolidated Financial Statement:

- has been prepared in accordance with applicable accounting standards recognized within the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- reflects the contents of accounting books and records;
- provides a true and fair view of the assets, liabilities, and financial situation of the issuer and of the issuer.

3. The Report on Operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer, along with a description of the primary risks and uncertainties to which it is exposed.

Florence, 11 March 2021

For the Board of Directors

Chief Executive Officer
Roberto Naldi

Financial Reporting Manager
Marco Gialletti

INDEPENDENT AUDITORS' REPORT



Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Toscana Aeroporti SpA

***Consolidated financial statements
as of 31 December 2020***

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Toscana Aeroporti SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Toscana Aeroporti Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Toscana Aeroporti SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Capitalised concession rights

Explanatory notes to the consolidated financial statements as of 31 December 2020: note 20 "Intangible assets". Report on operations: paragraph 10 "The Group's investments".

Concession rights were recognised in the consolidated financial statements as of 31 December 2020 for an amount of Euro 177.2 million, of which Euro 28 million related to intangible assets under development, representing a total of 53.4 per cent the Group's assets.

Considering the significance of the item under analysis and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession arrangements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union, we specifically focused our attention on the valuations performed by the directors.

The estimates prepared by them were mainly related to the verification of the identifiability of capitalised costs and the existence of future economic benefits deriving from the investments made and the verification of impairment indicators, if any.

To determine the recoverable value of the single cash generating units (CGU) to which such concession rights belong, management calculated the value in use utilizing the discounted cash flows method; the value in use was determined as the current value of the cash flows over the residual duration of the concession. The recoverable value of each CGU was compared with its book value, corresponding to the sum of the assets and liabilities attributable to the CGU.

Moreover, also considering the current context of uncertainty due to the Covid-19 (Coronavirus)

We conducted an understanding, evaluation and validation of the capitalisation procedure of the concession rights adopted by the Group. In particular, we conducted an understanding and verification of the key controls underlying the capitalisation of such intangible assets.

We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreases occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession agreements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union for the capitalisation of such intangible assets, with particular reference to the identifiability of capitalised costs and the existence of future economic benefits deriving from the investment, and to the assessment of impairment indicators, if any.

To this end, we verified the reasonableness of the assumptions used by the directors to estimate the cash flows expected in the relevant time horizon and resulting from the long-term plans. We also checked the mathematical accuracy of the calculations made by management.

We reviewed the calculation method of the discount rate of the cash flows deriving from the long-term plans approved by the Company's directors on 5 March 2021, together with the assessment of any impairment loss (impairment test).

Furthermore, we analysed the alternative scenarios prepared by the directors (sensitivity analysis) within the context of uncertainty deriving from the health emergency due to Coronavirus.

As part of our audit procedures we also carried out discussions with management and the technical managers with the aim of understanding the characteristics of the projects.

health emergency, the directors deemed it proper to assume alternative scenarios that take into account a possible drop in revenues and profitability deriving from a possible decrease in the traffic demand.

In our audit procedures we also involved PwC network experts in valuation.

Finally, our audit included the analysis of the explanatory notes to the consolidated financial statements in order to evaluate the adequacy and completeness of the disclosures therein.

Valuation of provisions for risks and charges and provisions for repair and replacement

Explanatory notes to the consolidated financial statements at 31 December 2020: note 39 "Provisions for risks and charges", note 40 "Provisions for repair and replacement" and paragraph "Information on the main items of the Provision for risks and charges at 31 December 2020"

The value of the provisions for risks and charges and of the provisions for repair and replacement recorded within the liabilities in the statement of financial position of the consolidated financial statements at 31 December 2020 amounted to Euro 2 million and Euro 22.2 million respectively, which represent 0.6% and 6.7% of the Group's liabilities.

Given the significance of the amounts at issue and the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretations "IFRIC 12 – Service concession arrangements" and under the international accounting standard "IAS 37 – Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid special attention to verifying the liabilities at issue.

The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.

We conducted an understanding, evaluation and validation of the procedure adopted by the Group in order to determine the accruals to provisions for risks and charges and to the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within the liabilities of the statement of financial position at 31 December 2020. In particular, we conducted an understanding and validation of the key controls underlying the determination of such provisions and the evaluation of the adequacy of the liabilities recognised.

In this respect, we highlight that in relation to the more significant issues the Group is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements.

We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Group in the evaluation of the provisions for risks and charges we also sent requests for information to them and we analysed the replies obtained.

Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements to be carried out on assets under concession, we held discussions with management, the internal legal affairs office, the management control function, the internal technical managers and with the external professionals.

Impacts from the Covid-19 epidemic

Explanatory notes to the consolidated financial statements at 31 December 2020: paragraphs "Impacts from the Covid-19 epidemic", "Liquidity risk" and "Summary of the impacts from the Covid-19 epidemic on the income statement"

The air transport sector was significantly affected by the Covid-19 epidemic, an emergency that led to a significant reduction in air traffic at Florence and Pisa airports, with a consequent reduction in revenues and margins for the year and an absorption of liquidity by operations.

In this context, management has assessed the impact that the effects of the Covid-19 epidemic may have on the Group's ability to meet its obligations and operate as a going concern, including through the assumption of alternative scenarios that take into account a contraction of cash inflows.

Given the use of estimates used by management to assess the impacts of the Covid-19 outbreak on the Group, we paid specific attention to the assessments made by the directors.

We examined the assessments made by management and the actions taken by the Company's directors, as well as further initiatives planned at the date, in response to the Covid-19 pandemic and the consequent economic and financial effects.

We acquired evidence of the existing relations with the banking system, acquiring and analysing documentation and contractual clauses, the situation of credit lines and liquidity, also by obtaining data and information directly from the credit institutions.

We verified the reasonableness of the assumptions used by the directors to estimate cash flows and resulting from the long-term plans, and checked the mathematical accuracy of the calculations prepared by management, also taking into account the audit procedures described above under the Key Audit Matter "Capitalised Concession Rights".

We also examined the sensitivity analyses prepared by the directors in the context of uncertainty resulting from the Coronavirus health emergency.

As part of our audit procedures, we also conducted interviews with the Company's management and governance bodies.

Finally, our audits included an analysis of the explanatory notes to the consolidated financial statements in order to assess the adequacy and completeness of the related disclosures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern



basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Toscana Aeroporti SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 3 November 2014, the shareholders of Toscana Aeroporti SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Toscana Aeroporti Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the



Toscana Aeroporti Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Toscana Aeroporti Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

***Statement in accordance with article 4 of Consob's Regulation implementing
Legislative Decree No. 254 of 30 December 2016***

The directors of Toscana Aeroporti SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 22 April 2021

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

ANNUAL REPORT FOR THE YEAR ENDED 31 DEC. 2020

TOSCANA AEROPORTI - INCOME STATEMENT

Amounts in €K	N o t e s	2020	of which Related Parties	2019	of which Related Parties
REVENUES					
Operating income	1-2	29,851	840	87,111	1,590
Other revenues	3	12,764	231	3,908	136
Revenues from construction services	4	8,988	0	8,396	0
TOTAL REVENUES (A)		51,603	1,071	99,415	1,726
COSTS					
Operating Costs					
Consumables	5	778	0	1,017	0
Cost of personnel	6	15,711	0	20,745	0
Costs for services	7	18,678	0	29,324	0
Sundry operating expenses	8	1,259	0	1,896	0
Airport leases	9	2,192	0	4,469	0
Total operating costs		38,618	0	57,451	0
Costs for construction services	10	8,769		8,157	
TOTAL COSTS (B)		47,387	0	65,608	0
GROSS OPERATING MARGIN (A-B)		4,216	1,071	33,807	1,726
Amortization and impairment	11	9,463	0	10,045	0
Provision for risks and repairs	12	1,532	0	2,658	0
Value write-ups (write-downs) net of trade receivables and other receivables	13	1,638	0	367	0
OPERATING EARNINGS		-8,417	1,071	20,738	1,726
ASSET MANAGEMENT					
Financial income	14	13	0	26	0
Financial expenses	15	-1,275	0	-1,497	0
Profit (loss) from equity investments	16	58	0	832	0
TOTAL ASSET MANAGEMENT		-1,205	0	-640	0
PROFIT (LOSS) BEFORE TAX		-9,622	1,071	20,098	1,726
Taxes for the period	17	1,776	-101	-6,544	-99
PROFIT/(LOSS) FOR THE PERIOD		-7,845	971	13,555	1,627
Profit (loss) per share (€)	18	(0.4215)		0.7283	
Profit (loss) diluted per share (€)		(0.4215)		0.7283	

TOSCANA AEROPORTI - STATEMENT OF COMPREHENSIVE INCOME

Amounts in €K	N o t e s	2020	2019
PROFIT (LOSS) FOR THE PERIOD (A)		-7,845	13,555
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>			
- Profit (loss) arising from the determination of the Termination Benefit after tax	40	-24	-112
<i>Total other profit (loss) before tax (B)</i>		<i>-24</i>	<i>-112</i>
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		-7,870	13,443

STATEMENT OF FINANCIAL POSITION (amounts in €K)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Intangible assets	19	172,463	169,519
Property, Plant and Equipment	20	26,942	27,096
Rights of use	21	4,615	4,736
Equity investments in other entities	22	2,945	2,945
Investments in Subsidiaries	23	4,338	4,338
Investments in associated companies	24	380	380
Other financial assets	25	8,611	3,218
Receivables from others due beyond the year	26	272	308
<i>of which to Related Parties</i>		<i>109</i>	<i>167</i>
Deferred tax assets	27	3,965	2,266
TOTAL NON-CURRENT ASSETS		224,532	214,808
CURRENT ASSETS			
Trade receivables	28	15,608	16,757
<i>of which to Related Parties</i>		<i>787</i>	<i>576</i>
Current tax assets	29	903	198
Other taxes receivable	30	2,083	121
Receivables from others, due within the year	31	14,202	9,841
Cash and cash equivalents	32	70,763	13,665
TOTAL CURRENT ASSETS		103,559	40,582
TOTAL ASSETS		328,091	255,390
SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2020	31.12.2019
CAPITAL AND RESERVES			
Share Capital	33	30,710	30,710
Capital reserves	34	87,678	74,124
IAS adjustments reserve	35	-3,229	-3,229
Profit/(Loss) carried forward	36	262	329
Profit/(loss) for the year	37	-7,845	13,555
TOTAL SHAREHOLDERS' EQUITY		107,576	115,488
NON-CURRENT LIABILITIES			
Provisions for risks and charges	38	1,005	1,450
Provisions for repair and replacement	39	13,920	17,834
Provisions for employee retirement and benefits	40	2,529	2,547
Financial liabilities due beyond one year	41	102,607	22,945
Financial liabilities for rights of use beyond one year	42	4,202	4,346
Other payables due beyond the year	43	365	338
TOTAL NON-CURRENT LIABILITIES		124,627	49,460
CURRENT LIABILITIES			
Financial liabilities due within one year	41	45,825	24,740
Financial liabilities for rights of use within one year	42	505	419
Current tax liabilities	44	0	2,078
<i>of which to Related Parties</i>		<i>0</i>	<i>1,473</i>
Other taxes due	45	9,693	11,776
Trade payables	46	24,686	32,289
Payables to social security institutions	47	1,328	1,256
Other payables due within the year	48	5,610	9,972
Provisions for repair and replacement (current portion)	39	8,242	7,911
TOTAL CURRENT LIABILITIES		95,888	90,442
TOTAL LIABILITIES		220,515	139,902
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		328,091	255,390

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (amounts shown in €K)

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY / EXTRAORDINARY RESERVES	OTHER RESERVES	IAS ADJUSTMENTS RESERVE	TOTAL RESULT RESERVES	TOTAL SHAREHOLDERS' EQUITY
S.E. AT 31 December 2018	30,710	18,941	4,003	25,876	24,585	(3,229)	14,188	115,073
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	13,555	13,555
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	(112)	(112)
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	13,443	13,443
PROFIT ALLOCATION	-	-	687	31	-	-	718	-
DIVIDENDS	-	-	-	-	-	-	(13,028)	(13,028)
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	688	31	-	-	(13,746)	(13,028)
S.E. AT 31 December 2019	30,710	18,941	4,691	25,907	24,585	(3,229)	13,884	115,489
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	(7,845)	(7,845)
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	(67)	(67)
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	(7,912)	(7,912)
PROFIT ALLOCATION	-	-	678	12,877	-	-	(13,555)	0
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	678	12,877	-	-	(13,555)	-
S.E. AT 31 December 2020	30,710	18,941	5,368	38,784	24,585	(3,229)	- 7,583	107,576

STATEMENT OF CASH FLOWS (amounts in € K)

Euro K	FY 2020	FY 2019
OPERATING ACTIVITY		
Net result for the period	(7,845)	13,555
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	9,463	10,045
- Difference in provision for risks and charges	(444)	(2,074)
- Net difference in employee benefits	(125)	(92)
- Net difference in provisions for repair	(4,021)	(526)
- Financial expenses for rights of use	140	110
- Other net financial expenses (income)	1,122	1,362
- Net changes in (prepaid)/deferred taxes	(1,677)	746
- Year's taxes	(99)	5,798
- (Increase)/decrease in trade receivables	1,185	(1,037)
- (Increase)/decrease in other accounts current receivables	(11,703)	755
- Increase/(decrease) in payables to suppliers	(7,602)	3,131
- Increase/(decrease) in other current payables	(6,348)	880
Cash flow generated by operating activities	(27,956)	32,653
- Paid financial expenses	(814)	(453)
- Paid income taxes	(2,684)	(4,634)
Cash flow generated by operating activities	(31,454)	27,566
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(2,614)	(6,453)
- Divestment of tangible assets	1	0
- Investments in intangible assets	(9,096)	(9,031)
- Investments in equity and other financial assets	0	(212)
Cash flow generated (absorbed) by investments activities	(11,709)	(15,697)
FINANCIAL ASSETS		
- Dividends paid	0	(13,028)
- Short-/long-term loans taken out	105,543	18,500
- (Repayment of) short-/long-term loans	(4,660)	(12,468)
- (Repayment of) financial liabilities for rights of use	(622)	(659)
Cash flow generated (absorbed) by loans	100,261	(7,655)
Net increase/(decrease) in available cash Cash equivalents	57,098	4,213
Cash and cash equivalents at beginning of period	13,665	9,452
Cash and cash equivalents at end of period	70,763	13,665

EXPLANATORY NOTES TO THE FINANCIAL STATEMENT AT 31.DEC. 2020

INTRODUCTION

Toscana Aeroporti S.p.a.(hereinafter the “Company” or “TA”) is joint-stock company with registered office at the address of the Office of the Register of Companies of Florence since 1st June 2015 created with a merger by incorporation between Società Aeroporto Toscana Galileo Galilei S.p.A. (Pisa Airport) and Aeroporto di Florence S.p.A.

We remind readers that the merger has been the result of a business combination between entities under common control by Corporación America Italia S.p.A. Therefore, being a “business combination involving entities under common control”, a transaction explicitly excluded from the scope of the international accounting standard IFRS 3 “Business combinations”, the merger is reflected in the financial statements of the company that resulted from the merger with the assets and liabilities of the acquired company booked with the values resulting from the financial statements of the incorporated entity. This accounting treatment, in fact, allows the Management to provide relevant and reliable information in compliance with the requirements of section 10 of IAS 8.

The main activities of the Group are described in the Report on Operations.

This Financial Statement of TA shows amounts in Euro thousands (€ K) as this is the currency used by TA for most its transactions.

The limited auditing activity conducted on the 2020 Financial Statement of TA has been carried out by PricewaterhouseCoopers S.p.A.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

TA's 2020 Financial Statement has been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force to date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning “Provisions on financial statements”, CONSOB Resolution no. 15520 of 27 July 2006 concerning “Amendments and additions to the Issuers' Regulation adopted with Resolution no. 11971/99”, CONSOB Notice no. 6064293 of 28 July 2006 concerning “Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98”). Furthermore, we considered the International Financial Reporting Interpretations Committee (“IFRIC”), formerly Standing Interpretations Committee (“SIC”).

IMPACT OF THE COVID-19 OUTBREAK

At the end of January 2020, the World Health Organization declared a public health emergency of international concern caused by the spread of the SARS-COV-2 virus (hereinafter also Covid-19 or Coronavirus). In Italy, stricter measures have been adopted at the beginning of March 2020 to minimize the spreading of the virus and protect public health, first in some limited areas of the north of the Country, and then progressively in all the rest of the peninsula.

In this scenario, specifically speaking of the transport industry, on 12 March 2020, the Ministry of Infrastructures and Transports issued Decree no. 112 (extended with Decree n. 153 of 12 April 2020) to order the restriction of airport services to a specific list of airports, including the Pisa airport (where operations were strongly reduced). As a consequence,

starting from 14 March 2020 and until 3 May 2020, the Florence airport limited its operations to cargo, mail, State flights and emergency services, including health emergency operations.

Due to cancellations and then also to the restrictions imposed by the Government, the two airports had an overall contraction in air traffic of about 6.3 million passengers in 2020 compared to the previous year. In 2020, the Tuscan airport system carried approx. **2 million passengers**, with an overall decline of **-76%** for the Passenger component, **-61.8%** for the Flights component, **-64.9%** for the Tonnage component, and a **+2.2%** growth for the Cargo & Mail component compared to the aggregate data on passengers, flights and tonnage of 2019 for the Pisa and Florence airports. This reduction in the demand for air traffic strongly and negatively impacted the economic results of the year, causing a loss of approx. € 7.8 M for the Company.

For a summary on the effects of the outbreak on the year's profit, see the section "Summary of the impact of the Covid-19 outbreak on the Income Statement" in these Explanatory Notes.

To tackle the cash requirements arising from operations in this scenario, the Group used available credit lines of € 21 million and, as detailed below, obtained a € 85 M loan secured by a SACE collateral pursuant to Law Decree 23/2020 (so-called "Decreto Liquidità").

As to the initiatives undertaken in 2020 after the spreading of the pandemic, considering the passenger reduction the Group promptly arranged a number of countermeasures aimed to adapt costs to the reduced traffic demand, also taking into account the measures adopted by the Italian Government with Law Decree no. 18 of 17 March 2020 (so-called "Cura Italia" decree).

Based on the structure of the Company's Income Statement, whose items also include the cost of personnel, the first measures adopted aimed at mitigating said costs and the related outflows, primarily by using up any holidays left for all the employees that were not required to remain in the airport during said period. The office administrative and support personnel started working from home. In addition, after the necessary discussion and negotiation with trade unions concerning any appropriate measure to be adopted, the temporary unemployment benefit fund ("Cassa Integrazione Guadagni") was activated starting from 25 March 2020 for all the existing labour force, while maintaining the minimum operating services required and reducing the activities of clerks. This measure will be used until March 2021.

As regards the minimization of costs for services, the Management first analyzed the existing labour contracts and identified any non-strategic cost and then discussed additional measures with suppliers.

In order to protect the equity and financial soundness of the Company, the Board of Directors passed a resolution on 31 March 2020 to review the allocation of the year's result for 2019 and not distribute dividends, thus changing the decision made during the meeting of 12 March 2020, when dividends for about € 9.4 M had been allocated to distribution.

After an accurate analysis of its financial requirements, updated after the expected reduction in the traffic demand, and the aforesaid actions, TA identified some additional measures aimed to support the Group in complying with its obligations, consisting in a global review of the timing of the less-urgent infrastructure work.

Moreover, in 2020 the Company obtained from banks Intesa Sanpaolo and MPS Capital Services specific exemptions from the measurement of financial ratios at 31 December 2020, which are required by the respective loan agreements signed by the parent company with the above-mentioned credit institutions, with a residual debt of € 20 M (maturing in 2027) and € 2.8 M (maturing in 2022), respectively, at 31 December 2020.

After the end of the first lockdown period, the Country had a period of progressive recovery in the summer 2020 when, in addition to a slight but encouraging increase in aviation

activities, most retail stores and other business activities reopened in the two airports. Similarly, road and rail transport services had been resumed, thus making the two airports easy to reach again. And finally, almost all parking lots and car rental companies had also restarted operating with particularly interesting promotional offers.

Nevertheless, traffic volumes were gradually zeroed by the airlines since October 2020 as the second wave of infections progressed in all European countries, with the consequent almost complete closure of all retail activities. Operation level in the Florence and Pisa airports remained extremely limited even in January and February 2021.

In this context, considering the significant losses suffered by the Company and the Group, on 26 October 2020 the Region of Tuscany, with Regional Law no. 75 of 4 August 2020 on regulatory measures connected with the budget adjustment law 2020-2022 and with Regional Law no. 95 of 3 December 2020 on the direct subsidy for the company Toscana Aeroporti S.p.A. granted Toscana Aeroporti a direct subsidy to compensate for the damage suffered in 2020 as a result of the Covid-19 outbreak. This subsidy consisted of a maximum amount of € 10 M, which could be obtained after notifying the European Commission, which had to decide on its compatibility pursuant to Art. 108 of the Treaty on the Functioning of the European Union. In this regard, we point out that, on 2 March 2021, the European Commission confirmed that the subsidy was compatible with the provisions of the Treaty on the Functioning of the European Union and at present we are waiting for the disbursement of the sum earmarked by the Region of Tuscany.

Also, as noted above, on 30 October 2020, Toscana Aeroporti signed an important loan agreement with a pool of primary financial institutions, namely Intesa Sanpaolo and BNL-BNP Paribas Group, for a total amount of € 85 M secured by a SACE collateral, as provided for in the "Decreto Liquidità" within the framework of the Garanzia Italia programme. The loan, which has a duration of 6 years and a pre-amortization of 24 months, allows the Company to reinforce its cash levels for the conduction of its business operations and supports the planned investments in the Florence and Pisa airports.

In the light of the information and assumptions made also on the basis of external sources, such as independent sector surveys, the air transport industry will not return to pre-Covid-19 traffic levels until 2024 - an estimate that, in any case, could be affected by the effectiveness of vaccination campaigns or by a possible resurgence of infections.

In a short-to-medium-term horizon, considering the aforesaid traffic level recovery estimates also based on external studies, such as surveys conducted by the main operators of the sector, traffic volumes are expected to remain non-comparable with pre-pandemic levels in 2021 and 2022. Consequently, the Company and the Group confirmed the actions undertaken in 2020 after the start of the health emergency to minimize costs and protect its liquidity also for 2021, and ensured the maintenance of infrastructure development plans and adequate service levels for the ongoing operations, in order to allow Toscana Aeroporti to restart its routine operations in the medium-term when the health emergency will have ended.

The Management estimated that, in spite of the significantly lower traffic levels expected for the financial year 2021 - although slightly higher than those reported at year-end 2020 -, the implementation of the aforesaid cost containment measures, the cash acquired during 2020 through short-term loans and the loan secured by a SACE collateral will allow the Group to fulfil its obligations in the short term and to continue operating on a going-concern basis in a foreseeable future.

FORMAT OF FINANCIAL STATEMENTS

As regards the format of financial statements, the Company decided to present the following types of consolidated statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Consolidated Shareholders' Equity, Statement of Cash Flows and Explanatory Notes. In

their turn, Assets and Liabilities have been shown in the Balance Sheet based on their classifications as current and non-current.

Income Statement

The Income Statement is presented with classifications by nature, as this is considered to be the most significant classification method for the best disclosure of the earnings of the Company.

Furthermore, the Income Statement, pursuant to Consob's Resolution no. 15519 of 27 July 2006, breaks down all the relevant cost and revenue items referred to the relationships with related parties.

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income" (hereinafter also briefly "SCI"), which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are recognised among the components of the Shareholders' Equity. The Statement of Comprehensive Income is presented with details of Other Comprehensive Profits and Losses to distinguish between profits and losses that will be reclassified in the income statement in the future, and profits and losses that will never be reclassified in the income statement.

Statement of Cash Flows

The Statement of Cash Flows is presented subdivided into cash flow formation areas. The Statement of Cash Flows adopted by TA has been prepared by using the indirect method. Cash and cash equivalents included in the cash flow statement include the balance values of said items at the reference date. Income and expenses concerning interests, dividends received and income taxes are included in the financial flows generated by operations. Pursuant to Consob Resolution no. 15519 of 27 July 2006, we specify that the cash flow statement does not show the financial flows regarding relationships with related parties, because they are not considered significant.

Statement of Changes in the Consolidated Shareholders' Equity

The statement of Changes in the Consolidated Shareholders' Equity is presented as required by international accounting standards, with separated items for the year's profit and each revenue, income, charge and expense not passed in the income statement or in the statement of comprehensive income, but directly recognised in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards and valuation criteria adopted for the preparation of the financial statement for the business year closed on 31 Dec. 2020 are described below.

The financial statement has been prepared on a historical-cost basis, modified as required for the valuation of certain financial instruments. The Directors assessed whether it was appropriate to prepare the financial statement on a going-concern basis and concluded that the requirement for so doing is met, as there is no doubt concerning the Company's capacity to continue operations.

As to the effects of the Coronavirus and the consequent initiatives undertaken by the Management, extensively described in the Management Report and in the section "Significant events occurred after 31 December 2020" in these Explanatory Notes, although, based on the available information, it is not possible to predict with a sufficient degree of reliability the potential future impact of the global scenario on the Company, the economy and the transport industry over the next months - and hoping that the emergency may come to an end also thanks to the containment measures adopted by the governments

and competent authorities, by the central banks of the countries impacted by the pandemic - we believe that, in the light of the countermeasures adopted by the Management and of the Government's economic support to families, workers and businesses, the situation resulting from the financial statements at 31 December 2020 does not imply any uncertainty as to the going-concern principle for the Company.

Intangible assets

Concession rights (royalties) represent the Concessionaire's right to use the asset (the so-called "Intangible Asset Method") under concession, in consideration of the costs incurred for the design and construction of the same asset, with the obligation to return it at the end of the concession. Concession rights (royalties) are booked at the fair value (estimated on the basis of the cost incurred, inclusive of financial expenses, in addition to the capitalization of internal costs for the general coordination activity required for the works carried out by TA) of the intangible assets consisting in the construction and expansion of assets included within the framework of IFRIC 12.

If the fair value of the services received (in this case, the right to use the infrastructure for business purposes) cannot be measured reliably, the revenue is determined on the basis of the fair value of the services provided (fair value of the construction services provided). Assets from construction services in progress at year-end are measured on the basis of the progress of works and this valuation converges in the Income Statement item "Revenue from construction services".

Repair or replacement activities are not capitalized and converge in the estimate of the provision described below.

Concession rights are amortized over the entire duration of each individual concession - a method that reflects the assumption that the future economic benefits of the asset will be used by the concessionaire. Considering that the Pisa airport is a military airport that has been opened to civil traffic, the item "Assets under concession" also includes the investments made by the parent company for the flight infrastructure belonging to the *Aeronautica Militare* (Ministry of Defense), as provided for in the planning agreements signed with ENAC.

The provision for impairment and the provision for repair or replacement expenses, globally considered, ensure an adequate coverage of the following charges:

- free assignment to the State, upon the expiration of the concession, of revertible assets with a useful life exceeding the term of the concession;
- repair and replacement of the components subject to wear and tear of the assets under concession;
- recovery of the investment, even in connection with the new works contemplated in financial plans.

Should events take place that support the assumption of an impairment of the value of said Intangible assets, the difference between the book value and the related "recovery value" is recorded in the Income Statement.

An intangible asset purchased or produced internally is booked among Assets, as required by IAS 38, only if it can be identified and controlled, and if it is possible to predict the generation of future economic benefits and if its cost can be determined reliably.

Intangible assets with finite lives are valued at purchase or production cost, after deducting accumulated amortization and impairment. Amortization is determined by making reference to the period of its estimated useful life and starts when the asset is available for use.

The amortization criteria adopted for the various intangible asset items are the following:

- Industrial patent and intellectual property rights: 2 years;
- Multi-year charges: 5 years or referring to the different useful life, if lower;

- Concession rights (royalties): based on the remaining years of the concession (expiry 2048 for the Pisa airport, expiry 2045 for the Florence airport).

The Company elected to maintain the historical purchase cost, as an alternative to fair value, as valuation criterion for tangible assets after their initial recording.

Construction in Progress is valued at cost based on the progress reports defined by the contract with the supplier and are amortized starting from the business year when they start being used.

If, regardless of the amortization already accounted for, there is an impairment, the asset is written down accordingly; if, in subsequent years, the assumption of the impairment ceases to exist, the original value is restored, adjusted with the sole amortization.

Development costs can be capitalized provided that the cost is reliable, can be determined and the asset can be shown to be capable of producing future economic benefits.

Research costs are booked to the Income Statement in the period when they are incurred. No intangible assets with an indefinite useful life have been booked in the balance sheet.

Property, Plant and Equipment

Property, plant and equipment are booked at their purchase cost (more specifically, according to this principle, the value of land is separated from the value of the buildings built on said land and only the building is depreciated) and the cost includes incidental, direct and indirect costs for the portion reasonably attributable to the asset. For an asset that justifies capitalization, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of asset itself.

If the individual components of a complex tangible asset have different useful lives, they are booked separately to be depreciated consistently with their relative duration ("Component Approach").

The costs incurred after the purchase are capitalized only if they increase the future economic benefits implied in the asset to which they refer. All the other costs are booked in the Income Statement when they are incurred. Tangible assets in progress are valued at cost and depreciated starting from the year when they start being used.

Fixed assets are systematically depreciated in each business year on a straight-line basis based on economic-technical rates determined in connection with the residual possibilities of use of the assets.

The rates applied are specified below:

- Land:	Not depreciated
- Property:	4% (25 years)
- Plant and machinery:	10% (10 years)
- Industrial and commercial equipment:	10% (10 years)
- Electronic machines:	20% (5 years)
- Office furniture and equipment:	12% (9 years)
- Trucks:	25% (4 years)
- Cars:	20% (5 years)

Investments in revertible assets made before 1997 have been depreciated based on the lower term between the duration of the concession and the useful life of each individual asset.

Ordinary maintenance costs are fully debited to the Income Statement. Incremental maintenance costs are attributed to the assets to which they refer and depreciated in connection with their residual possibility of use.

Profits and losses deriving from the sale or divestment of assets are determined as the difference between the sales revenue and the net book value of the asset and are booked in the Income Statement of the year.

Impairment

TA reviews the carrying value of its non-financial assets at each year-end in order to identify any impairment in these assets. Whenever any such indication exists, the recoverable amount of said assets is estimated to determine the amount of the write-down ("impairment test"). When it is impossible to estimate the recoverable value of each individual asset, TA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater between the net selling price and the value in use. In determining the value in use, the estimated future cash flows are discounted at their current value by using a pre-tax rate that reflects the market's current valuation of the current value of money and the specific risks of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the relative book value, the book value of the asset is reduced to the lowest recoverable value. An impairment is immediately recognised in the Income Statement.

For the sake of completeness, we point out that the Group has identified the Florence and Pisa airports as CGUs.

When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit) is adjusted upward to its new estimated recoverable amount which, however, does not exceed what the net carrying amount would have been, had the impairment not been recognized. The reversal is recognized immediately in the income statement.

Leases (for the lessee)

For all the lease agreements to which it is a party, except for short-term leases (with a duration of 12 months or less and that do not contain a purchase option) and leases for low-value assets (with a unit value lower than € 5 K), the Company recognizes a right of use at the start date of the lease, which corresponds to the date on which the underlying asset is available for use.

Short-term and low-value leases are recognized as costs in the income statement on a straight-line basis over the term of the lease.

Use rights are valued at cost, net of accumulated depreciation and impairment losses, and adjusted as a result of each remeasurement of lease liabilities. The value of use rights corresponds to the lease liabilities recognized, in addition to the initial direct costs incurred, leases adjusted at the commencement date or earlier, and restoration costs, net of any lease incentives received. The discounted value of the liability so determined increases the right of use of the underlying asset, with a contraentry recognized in a dedicated provision. Unless the Company is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, use rights are depreciated on a straight-line basis on the basis of the estimated useful life or term of the lease, if less.

The term of the lease is determined by considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that said option will be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain that the option will not be exercised. The Company assesses whether or not the exercise of the extension or termination options is reasonably certain, taking into account all the significant factors that create an economic incentive in connection with such decisions.

The lease liability is recognized at the commencement date of the arrangement for a global value equal to the current value of the leases to be paid during the term of the agreement, discounted by using the incremental borrowing rate (IBR), when the interest rate implicit in the lease is not easy to determine. Variable lease payments remain accounted for in the Income Statement as a cost of the period.

IFRS 16 requires the Management to develop estimates and assumptions which may affect the measurement of the right of use and of the finance lease liability, including the determination of: contracts for the implementation of the new rules for the measurement of assets/liabilities with the financial method; terms of the agreement; interest rate used for the discounting of future lease payments.

Leases (for the lessor)

Lease agreements where TA is the lessor are classified as operating or finance leases. Subconcessions specifically belong to this category.

A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to the ownership of an underlying asset. A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to the ownership of an underlying asset.

For finance leases, the Company recognizes the assets associated with finance leases in the balance sheet at the commencement date and shows them as a receivable at a value corresponding to the net investment made on the lease. The net lease investment is measured by using the implicit interest rate of the lease.

For operating leases, the Company recognizes the lease payments as income on a straight-line basis or according to any other systematic criterion. The costs incurred for the realization of the income, including amortization, are recognized as costs.

Investments in subsidiaries and associates

Equity investments in subsidiaries (controlled by TA) and in associated companies (on which TA has a remarkable influence) are booked at their cost adjusted for any impairment.

Investments are tested for impairment on an annual basis or more frequently, if necessary. If there is evidence that said equity investments have been impaired, their impaired value is recognized in the Income Statement as impairment. If, subsequently, the impairment ceases to apply or is reduced, the recovered value is posted in the Income Statement within the limits of the cost.

Directors believe that TA has a remarkable influence on Alatoscana S.p.a. (the Elba Island's airport operator), even if the share owned is lower than 20%. More specifically, that influence is due to the composition of the shareholding of the company and to the possibility of influencing its financial and operating policies.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as "held-for-sale" are valued at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as "held-for-sale" when their book value is expected to be recovered by means of a sale transaction rather than being used in the operating activity of the company. This condition is met only when the sale is highly probable, the asset (or group of assets) is immediately available for sale in its current conditions, the Management has already committed to sell it/them, and the sale is planned within twelve months from the classification date of this item.

Financial assets (including equity investments in other entities)

The classification and related valuation of financial assets is done by considering both the related management model and the contractual characteristics of the cash flows that can be obtained by the asset. Depending on the characteristics of the instrument and on the business model adopted for its management, the following three categories are distinguished:

(i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income ("FVTOCI"); (iii) financial assets measured at fair value through profit or loss ("FVTPL").

The financial asset is measured by using the amortized cost method if both of the following conditions are met:

- the financial asset management model consists in holding the asset solely for the purpose of collecting the relevant cash flows; and
- the financial asset generates, at contractually predetermined dates, cash flows representing exclusively the return on the financial asset itself.

According to the amortized cost method, the initial entry value is subsequently adjusted to take into account capital repayments, any write-down and depreciation of the difference between the repayment value and the initial entry value.

Amortization is made on the basis of the effective internal interest rate, which represents the rate that makes the present value of the expected cash flows and the initial entry value equal at the time of initial recognition.

Receivables and other financial assets measured at amortized cost are presented in the balance sheet net of the related provision for bad debt.

Financial assets that represent debt instruments, whose business model includes both the possibility of cashing contractual cash flows and that of realizing capital gains from sale (the "hold to collect and sell" business model), are measured at fair value through other comprehensive income or OCI ("assets measured at FVTOCI").

In this case, any changes in the fair value of the instrument are recognized in the balance sheet as OCI. The aggregate amount of fair value changes booked in the equity reserve, which also includes the other components of the OCI, is reversed to the profit and loss account or income statement when the instrument is derecognized. The income statement also includes any interest income determined by using the effective interest rate, exchange rate differences and impairments.

A financial asset that is not measured at amortized cost or FVTOCI is measured at fair value through profit or loss (assets measured at FVTPL).

Trade and sundry receivables

Trade receivables and the other receivables are initially recognised at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt. TA measures any impairment/write-down of receivables by adopting an expected loss approach. For trade receivables, TA has adopted a 'simplified approach' to valuation that does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss ("ECL") calculated over the lifetime of the receivable ("lifetime ECL"). In detail, the policy implemented by TA consists in stratifying trade receivables into categories based on the number of days that a trade receivable is past due and the allocation is defined on the basis of the historical experience of credit losses, adjusted to take into account specific forecasting factors referred to creditors and the economic environment.

Trade receivables are fully impaired in the absence of a reasonable expectation of their collection, i.e. in the presence of insolvent business counterparties.

The carrying amount of the asset is reduced through the use of a provision for bad debt and the amount of the loss is recognized in the P&L statement.

When the collection of money is deferred beyond the normal commercial terms agreed with customers, receivables are discounted back.

Derivative instruments and hedge accounting

No such items are recognized in this consolidated financial statement.

Cash and cash equivalents

The "Cash and cash equivalents" item includes cash, bank current accounts and deposits repayable on demand (postal current accounts held with post offices) that, due to their nature, are not subject to significant changes in value. It does not include repayable bank overdraft.

Financial liabilities

Financial liabilities include debt payable, which in its turn includes liabilities for advance payments made on the assignment of receivables, as well as other financial liabilities that include derivative financial instruments and liabilities for assets recognized under finance leases.

They also include trade and miscellaneous payables.

Financial liabilities are recognized at fair value, net of any ancillary transaction costs. After the initial recognition, loans are recognized with the amortized cost method, by using the effective interest method. In the event of a renegotiation of a financial liability that does not qualify as "settlement of the original debt", the difference between (i) the carrying amount of the pre-change liability and (ii) the present value of the cash flows of the

changed debt, discounted at the internal rate of return (IRR), is booked in the income statement.

Provisions for risks and charges

TA recognizes provisions for risks and charges when it has a legal or implicit obligation to third parties and the use of corporate resources is likely to be used to fulfil that obligation, and when the amount of that obligation can be reliably estimated.

Changes in these estimates are reflected in the income statement of the period when the change occurred.

If the effect is significant, provisions are determined by discounting back future estimated financial flows at a discount rate that also includes taxes, so as to reflect current market valuations of the current value of money and specific risks connected with liabilities.

Provisions for repair and replacement

As described above, in accordance with the requirements introduced by IFRIC 12, the concessionaire is not entitled to recognize the infrastructure as property, plant and equipment and the accounting of the work done on the infrastructure differs depending on its nature. More specifically, they are distinguished into two categories:

- work that can be classified as normal maintenance of the infrastructure; and
- replacement and maintenance of the infrastructure scheduled in a future date.

The former refers to the ordinary maintenance of the infrastructure, which is recognized in the income statement when incurred.

The latter, considering that IFRIC 12 does not require the recognition of the physical infrastructure asset, but of a right, should be recognized in accordance with IAS 37 - Provisions, Contingent Liabilities and Assets, which requires:

- on the one hand, recognition to the income statement of a provision consisting of an operating component (which includes any effects deriving from changes in the discount rate) and a financial component;
- on the other hand, the recognition of a provision for charges in the balance sheet.

The "Provision for repair or replacement", consistently with the obligations established by the individual concession agreements, includes the best estimate of the present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functioning, operation and safety of all the assets under concession based on the information available at year-end.

Provisions for employee retirement and benefits

Liabilities consisting in benefits due to employees during and after their employment under defined-benefit plans are determined separately for each plan based on actuarial assumptions by estimating the amount of the future benefits employees have matured at the reference date (so-called "Projected Unit Credit Method"). The liabilities booked net of any assets for plan benefits are recognised on an accrual basis throughout the period of accrual of the right. Liabilities are valued by independent actuaries.

The components of the cost of defined benefits are recognised as follows:

- costs for the performance of the service are recognised in the income statement among personnel costs;
- net financial expenses on defined benefits liabilities or assets are recognised in the income statement as financial income/(expenses) and determined by multiplying the value of the net liability/(asset) for the rate used to discount obligations, keeping into account the contributions and benefits paid during the period;
- the items reflecting the re-measurement of the net liability, which include actuarial profits and losses, the yield of assets (not including interests receivable, which are recognised in the income statement), and any change in the limit of the assets are

recognised immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Tax assets and liabilities

Deferred taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value, and are classified among non-current assets. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available in the future against which they can be utilized. The value of deferred taxes to be recognised in the financial statement is audited on an annual basis.

Deferred tax liabilities are determined based on the taxable rates expected to be used during the business year in which said deferments are expected, considering the applicable or future known applicability tax rates.

Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the country in which the Company operates, in the financial years in which the temporary differences will be realized or paid off.

Recognition of revenues

Based on five-step model described in IFRS 15, TA recognizes revenues after identifying contracts with its customers and the related performance obligations (transfer of promised goods or services), determining the appropriate consideration to which it expects to be entitled in exchange for those goods or services, as well as assessing how said performance obligations should be satisfied ("at a point in time" versus "over time").

In detail, TA recognizes revenues only if the following requirements are met (identification of the contract with the customer):

- a) the parties to the contract approved the contract (in writing, orally or in accordance with other customary commercial practices) and have committed to fulfil their obligations; therefore, an agreement is in place between the parties that creates enforceable rights and obligations regardless of the form in which said agreement is made;
- b) TA may identify the rights of each party in respect of the goods or services to be transferred;
- c) TA may identify the conditions for the payment of the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that TA will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the related revenues are recognized when: (i) TA has already transferred the control of the goods/services to the customer and all or almost all the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration received by TA from the customer is non-refundable.

If the above requirements are met, TA applies the recognition rules described below.

Aviation revenues

TA fulfils its obligations to do in relation to airport fees by making the airport infrastructure available to carriers for landing, take-off, lighting and parking of aircraft, boarding and landing of passengers and goods, and for the use of centralized infrastructures. In addition, as to handling activities, TA fulfils its obligations to do by providing ground handling services to passengers and aircraft.

Revenues from the performance of the services described above are recognized when they are performed with reference to their progress, considering that TA provides services to carriers and passengers over a given period of time, as a function of the use of the infrastructure.

Non-Aviation revenues

- Revenues from commercial and non-commercial subconcession/leases consist in the fees paid for the use of retail and operating spaces and areas within and outside the airport site. This category includes subconcessions/leases with commercial pricing (retail, car parking, etc.) and with administered pricing (prices for the use of goods for exclusive use or for the use of airport infrastructure dedicated to individual carriers or operators, such as check-in desks, offices, operating rooms, etc.). Revenues deriving from this category are recognized on a straight-line basis throughout the term of the contract or based on the maturity period, according to contractual provisions, as required by IFRS 16.
- Revenues from parking lots consist in the price received for the offering of parking slots inside and outside the airport site, based on a public rate table that is defined for all the sales made. TA fulfils its obligations to do in connection with this service by making parking spaces available to its customers. Revenues deriving from the performance obligations in question are recognized when they are fulfilled based on their progress, considering that TA provides the service to customers over a given period of time (the time of parking).

Revenues from construction services

Revenues for construction services are related to value added construction services provided by

TA in favour of the Grantor for the implementation of the investments in connection with concession rights and are recognized at their fair value. The fair value of the price of construction and expansion services regarding the assets under concession performed by TA is determined on the basis of the fair value of the price of the construction and expansion services provided by third parties, internal and external design costs and internal costs incurred for the planning and coordination of the works carried out by a special internal facility. These revenues are recognized when the progress of the related works is presented, considering that the Grantor simultaneously receives and uses the benefits deriving from the performance of the entity, as the entity performs it.

Other revenues

Revenues from the sale of goods are recognized when the control of the asset sold is transferred to the buyer, that is when the customer acquires the full capacity to decide on the use of the asset and substantially enjoys all the consequent rewards.

Revenues from other services provided by TA (administrative services, consulting, etc.) are recognized when they are performed based on their progress.

Revenues are shown net of discounts, including, but not limited to, sales incentive programs and customer bonuses, network development charges (in this case, the prices paid to customers regulated by IFRS 15), as well as taxes directly connected with the sale of goods or the performance of services.

Grants

Contributions for "systems & equipment" are booked when the right to collect them has become certain and charged to the income statement based on the useful life of the asset against which they are disbursed.

Contributions for the year are booked when the right to collect them has become certain and charged to the income statement in connection with the costs against which they are disbursed.

Costs

Costs are recognized in the income statement when they are actually incurred, if their amount can be objectively determined, and when it is possible to verify that the company has incurred such costs on an accrual basis.

Financial expenses

Financial expenses are recorded on an accrual basis and include interests payable on financial debts determined by using the effective interest rate method and exchange rate differences payable. Financial expenses also include the financial component of the annual contribution to the provision for repairs.

Financial expenses incurred for investments in assets for which a given period of time normally elapses to make the asset ready for use are capitalized and amortized along the useful life of the related class of assets.

Financial income

Financial income is recognized on an accrual basis. They include interest receivable on invested funds, exchange-rate differences receivable and income from financial instruments, when not offset within the framework of hedging operations. Interest income is booked in the income statement when accrued, taking into account its actual return.

Dividends

Dividends from minority stakes recognised in the year's income statement are booked on an accrual basis, i.e. when the related right to receive them has arisen after the passing of a related resolution by the Associate.

Income taxes

Taxes are the sum of current and deferred taxes.

Taxes are booked based on the estimate of the taxable income determined in compliance with the applicable national legislation at the accounts closing date, keeping into account any applicable exemption and tax credit. Income taxes are recognised in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognised in the Shareholders' Equity.

We remind readers that TA adopted the national tax consolidation option provided for by Articles 117 to 129 of the Consolidated Text on Income Taxation ("Testo Unico delle Imposte sui Redditi" - T.U.I.R), where the Consolidating Entity is Corporación America Italia S.p.A. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option.

The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, the consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income.

Foreign currency translation criteria

Receivables, payables and any short-term provisions denominated in foreign currency are initially recognized by using the exchange rates ruling at the date of their inception and, if existing at December 31st, they are appropriately stated in the financial statement at the exchange rate ruling at the end of the period by posting the exchange gains/losses to the income statement.

Exchange rate differences are of a financial nature, so they are classified in the income statement as finance income because they are not strictly linked to the sale transaction, but express the fluctuation over time of the currency chosen for the transaction, when the transaction has been concluded.

Use of estimates

We are now going to summarize the critical valuation processes and key assumptions used by TA in the application of IFRS, which may significantly affect the values recorded in the financial statement or for which there is a risk that significant differences may emerge compared to the book values of future assets and liabilities.

As already indicated in the Report on Operations, in this context we point out that the situation caused by the global economic and financial crisis required the expression of rather uncertain assumptions concerning future trends. Consequently, we cannot exclude that the results actually achieved next year will differ from estimated amounts and could therefore require adjustments to book items that might even be rather significant and that cannot clearly be predicted or estimated at present.

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Other Intangible Assets, Equity Investments, and Other Financial Assets. TA periodically reviews the book value of its held and used non-current assets and of the assets to be dismissed when events and circumstances so require. When the book value of a non-current asset has been impaired, the Group recognises an impairment corresponding to the excess between the book value of the asset and its value that can be recovered through its use or sale, determined by making reference to the cash flows of the most recent corporate plans.

Provisions for repair and replacement

For the assets held under concession, a special provision has been allocated for the maintenance and any refurbishment/repair work that will be required for said assets over time. Said provision has been booked in the Assets, as they must be returned to the State in perfect operating conditions at the end of the concession term.

The Provision for Repair is annually reviewed based on a technical assessment and estimate of the future expenses that will be incurred for the scheduled maintenance required to keep the assets in good conditions before returning them for free at the end of the concession term and used during the period for the actual maintenance required. Estimates are prepared with the support of external technical consultants.

Recoverability of deferred tax assets

The Group has deferred tax assets on deductible temporary differences and theoretical tax benefits for losses that can be carried forward. In determining the estimate of the recoverable amount, Toscana Aeroporti took into account the results of the business plan in line with those used for the impairment tests. The net prepaid taxes so allocated refer to temporary differences and tax losses that can be recovered to a significant extent over an indefinite period of time; this is compatible with a context in which the exit from the current difficult and uncertain situation and the economic recovery might extend beyond a short/medium time horizon.

Current taxes

The determination of tax liabilities requires the Management to value amounts referred to transactions that have uncertain tax implications at year-end. TA recognizes the liabilities that could derive from future inspections by the tax authority based on the estimate of due taxes. Any result of a tax assessment that differs from the Management's estimates may significantly affect current and deferred taxes.

Pension schemes and other post-employment benefits

Employee termination benefits or indemnities and net financial expenses are valued by using an actuarial method that requires the use of estimates and assumptions for the

determination of the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates, and considers the probability of occurrence of potential future events through the use of demographic parameters like mortality rates or employee resignation or retirement rates. The assumptions used for the measurement are detailed in the section “Termination Benefits and other personnel provisions”.

Provision for bad debt

The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. TA applies the simplified approach described in IFRS 9 and recognizes expected losses on all trade receivables on the basis of their residual maturity, defining the allocation on the basis of the historical experience with credit losses, adjusted to take into account specific forecasting factors related to creditors and to the economic environment (Concept of Expected Credit Loss – ECL).

Potential liabilities

TA ascertains liabilities from pending litigation and legal actions when it deems it likely to face a financial disbursement and when the amount of the deriving loss can be reasonably estimated. If a financial disbursement becomes possible but its amount cannot be determined, this fact is disclosed in the Notes. The Group is a party in legal actions and tax assessments concerning complex and difficult legal issues that are characterized by a different degree of uncertainty, including facts and circumstances regarding each case, jurisdiction and different applicable law. Considering the uncertainty of these issues, it is difficult to predict the disbursement that will derive from said disputes, so the value of provisions for litigation and legal actions may vary after future developments in ongoing proceedings. TA monitors the status of ongoing legal actions and litigation with the aid of legal consultants and tax advisors.

RECENTLY-ISSUED PRINCIPLES

New accounting standards, amendments and interpretations effective from 1 January 2020

At the date of this report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applicable for the Group at 1st January 2020.

- In October 2019, the IASB published some amendments to IFRS 3, which amend the definition of “business” within the framework of operations such as the acquisition of businesses or groups. The amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.
- In October 2019, the IASB published some amendments to IAS 1 and IAS 8, which provide clarifications concerning the definition of “material information”. The amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.
- In September 2019, the IASB published some amendments IFRS 9, IAS 39 and IFRS 7 to provide clarifications concerning the reform of interbank interest rates. The amendments have been effective from 1 January 2020 and did not significantly affect the financial statement at 31 December 2020.
- In May 2020, the IASB published an amendment to IFRS 16, which provides a practical expedient for the measurement of lease agreements in the event that leases have been renegotiated as a result of Covid-19. The lessee may choose to account for the

concession as a variable lease in the period in which a lower payment is recognized. The Company adopted this practical expedient; for details, see the "Financial liabilities for rights of use" section of these Explanatory Notes.

Accounting standards, amendments and interpretations not yet applicable

At the date of this report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments not yet applicable for the Company.

- In May 2017, the IASB issued the new principle IFRS 17 "Insurance contracts". The new standard will replace IFRS 4 and will be effective starting from the financial periods beginning on or after 1 January 2023.
- In January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements", which provides clarifications on the classification of current and non-current liabilities. The amendment is effective from 1 January 2022.
- In May 2020, the IASB published some amendments referred to IFRS 3, IAS 16, and IAS 37. In addition, some amendments to IFRS 1, IFRS 9, IAS 41 have been published, as well as some examples, attached to IFRS 16. These amendments are effective from 1 January 2022.
- In August 2020, the IASB published some amendments to IFRS 7, IAS 4, and IAS 16. The amendments will apply from 1 January 2021.

TA will adopt said new standards, amendments and interpretations based on the effectiveness date specified and will assess their potential impact when these will be approved by the European Union.

MAIN FINANCIAL RISKS

A description of the main financial risks and of the mitigating actions implemented by TA is given below.

1) Credit risk

The effects of the Covid-19 outbreak and the consequent economic recession produced in the main industrialized Countries have negatively impacted the financial statements of the airlines, the main clients of the Company. Hence, the risk of a partial non-collection of receivables accrued from airlines.

TA believes that it has suitably controlled said risk through its constant monitoring of accounts receivable, also sometimes promptly initiating legal actions to protect said receivables, which are reflected in the allocation of a specific provision for bad debt, currently deemed to be adequate in connection with the amounts of the existing receivables. Always with the purpose of facing the credit risk, the Company usually asks for sureties as guarantee (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines).

We point out that TA took out an excess-of-loss type of insurance on credit positions arisen between 2016 and 30 September 2019 to cover collection risks should insolvency proceedings be opened against the assets of any customer. The insurance covers the total amount of the Holding's receivables for the period, and has a limit of liability and an excess. Furthermore, the Company engaged a contractor for its long-term debt collection activities.

The ongoing economic and financial crisis caused by the reduction in air traffic increased the credit risk due to the general shortage of cash for the businesses of the industry. To tackle these challenges, TA appropriately took into account the increased risk in the provision for doubtful debt, which has been determined also in connection with the specific solvency situations of the counterparties. TA will continue to monitor the situation and adjust its assessments of customers' performances also in the light of trends of the coming months and the timing of the recovery.

However, no specific criticality has been detected to date.

2) Liquidity risk

At 31 December 2020, TA had a negative Net Financial Position for € 82.4 M (€ 38.8 M at 31 December 2019). This is the result of a positive current PFN of € 46.3 M (€ 25.2 K at 31 December 2019) and a negative non-current PFN of € 107.1 M (€ 27.6 M at 31 December 2019). Non-current debt includes two loans (expiring in 2027 and 2022, respectively) which have been granted to the Company by the bank "BIIS" (Infrastrutture Innovazione e Sviluppo) of the Intesa San Paolo Group, and MPS Capital Services for the development of the infrastructure of the two airports.

These loans the company obtained from BIIS and MPS Capital Services have interest rates based on three- and six-month EURIBOR rates and several commitments, such as financial covenants, i.e. NFP/EBITDA and NFP/Shareholders' Equity, according to the definitions agreed with the lending banks and measured at June 30th and December 31st of each business year. For two of the loans in question, the Company obtained, by the end of 2020, specific exemptions from the obligation to measure the financial ratios as required by the agreement at 31 December 2020.

In addition to the two loans identified above, another SACE loan was signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M, secured by a SACE collateral as required by the Italian "Decreto Liquidità" for an amount equal to 90% of the sums disbursed as principal, plus interests and ancillary costs (hereinafter also referred to as the "SACE loan"). The SACE loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022). This agreement also requires compliance with a financial parameter, to be measured at the time of presentation of the annual consolidated financial statements, consisting of the value of the

consolidated net financial position, as conventionally defined in the agreement itself, not exceeding € 100 million. This financial parameter was met at 31 December 2020.

According to the provisions of the loan agreement, this facility can be used to support the Company's cash requirements in connection with the payment of personnel costs, rents or leases, investments and working capital, with an interest rate indexed to the EURIBOR rate plus a margin. In addition, the agreement requires the calculation of annual commissions related to the SACE guaranteed component of the loan on the share of principal paid out and not repaid, with a fixed increasing percentage for the entire term of the loan.

In addition, TA also uses fixed-rate short-term bank loans to meet its short-term requirements.

Specifically referring to the effects of the Coronavirus pandemic, in view of the restrictions imposed on airport services and the significant impact on the financial and economic results of 2020, and in spite of the expectations of a gradual recovery of operations in the two airports, we may reasonably assume that the indebtedness of the Company will become increasingly heavier over the next twelve months compared to the situation at 31 December 2020.

In fact, in spite of the seasonal nature of our business, already in the first 6 months of 2020 the Management had tried to find the financial resources required to cover its greater cash requirements arising from the health emergency by increasing the use of short-term facilities compared to the same period of 2019 (€ 21 M of loans obtained in the first six months of 2020 against € 18 M at 30 June 2019). In view of said uses, the amount of the non-revolving lines of credit of the Company available at 31 December 2020 is about € 13.1 M.

We remind readers that, in this context, in order to protect the equity and financial soundness of the Company, the Board of Directors had passed a resolution on 31 March 2020 to review the allocation of the year's result for 2019 and not distribute dividends, thus changing the decision made during the meeting of 12 March 2020, when dividends for about € 9.4 M had been allocated to distribution.

In response to the events described above, the Management promptly activated a number of specific countermeasures aimed to adjust the cost structure of the Group to the reduced traffic demand (use of temporary unemployment benefits, so-called "Cassa Integrazione Guadagni or CIGS"; changes made to non-strategic service agreements and other initiatives regarding suppliers; a re-timing of investments; discussions with the Grantor, and so on), together with the submission of the request to obtain State-guaranteed credit through the "Liquidity Decree", which was obtained by subscribing the aforesaid SACE loan.

Based on the assumptions above, the Management estimated that, in spite of the significantly lower (than pre-Covid) traffic levels expected for 2021 (although a slight recovery is being seen compared to end of 2020), the implementation of the aforesaid cost containment measures, the cash acquired during 2020 through short-term facilities and the loan secured by SACE collateral will allow the Company to fulfil its short-term obligations and continue operating on a going-concern basis in a foreseeable future.

For this purpose, sensitivity analyses were carried out, assuming a further reduction in inflows compared to the basic scenario.

In this context, also considering the expectation of significantly lower traffic levels and revenues than in pre-Covid-19 times for 2021, the Company will reasonably have margin levels that will not comply in 2021 with the financial ratios to be met under the loan agreements signed before 2020, i.e.: loan obtained from MPS Capital Services due in 2022 and outstanding debt at 31 December 2020 of € 2.8 M (of which € 1.8 M within the next 12

months); loan obtained from BIIS – Intesa Sanpaolo Group due in 2027 and outstanding debt at 31 December 2020 of € 20 M (of which € 2.8 M within the next twelve months). Even in this case, the Company and, as already happened in 2020 with reference to the above-mentioned loans, will promptly initiate appropriate discussions with the banks concerned in order to obtain specific exemptions from the measurement of financial parameters at 31 December 2021. In any case, based on traffic recovery assumptions for the next 12 months and in view of the cash situation expected at the end of the financial year 2021, also considering the planned cost containment measures, the Company should be able to fulfil a possible request for an early repayment of the outstanding debt on that date.

With regard to compliance with the financial parameters provided for in the SACE loan, on the basis of the financial forecasts defined for the financial year 2021 in the basic scenario with the assumptions described above, there should be no problem with the relative conformity.

3) Interest rate risk

Exposure to the interest rate risk arises from the need to finance both industrial and financial operations, as well as use the available cash. Changes in market interest rates may have a negative or positive impact on the Company's profit and loss results, thereby indirectly influencing the costs and returns of funding and investment transactions.

At 31 Dec. 2020, the Net Financial Position is € 82.4 M (€ 38.9 M at 31 Dec. 2019) and the debt-to-equity ratio (NFP/Shareholders' Equity) is 0.77 (vs 0.34 at 31 Dec. 2019), which confirms the financial soundness of the Company.

Based on the NFP at 31 December 2020, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately € +/-750 K.

In addition, the potential impact on the Provision for repairs in terms of growth, as a consequence of a hypothetical annual reduction of 50 bp in interest rates, would correspond to approx. € +650 K. Instead, the potential impact on the Provision in terms of reduction as a consequence of a hypothetical annual growth of 50 bp in interest rates would be approx. € -650 K.

No further sensitivity analysis is provided, as it is considered immaterial.

4) Exchange rate risk

TA is not subject to risks linked to fluctuations in exchange rates because it prevalently operates in a European context, where transactions are made in Euro.

OPERATING SEGMENT REPORTING

Information regarding the main operating sectors of the Group is given below as required by IFRS 8. First of all, it is important to highlight that the type of business activity carried out by TA does not allow for the identification of business segments related to completely independent activities in terms of market/customer combinations. Currently, the "traffic" component affects the results of all the company's operations.

However, we may identify two significant operating segments characterized by the independent nature of their products/services and production processes, for which - for the aforesaid reasons - we propose a disclosure relating to the information directly made available by the company's analytical accounting system used by Chief Operating Decision Makers (as defined in IFRS 8).

The currently available information regarding the main operating segments identified are provided below: Aviation, Non-Aviation and Corporate.

- **Aviation Business**: this segment includes airside operations (after security gates), which are the core business of an airport. They include: passenger and aircraft ground handling, landing, aircraft departure and stopover, security and safety activities, passenger boarding and disembarkation, cargo loading and unloading.

Revenues for the Aviation segment are represented by the prices paid for airline assistance services and are generated by airport fees such as: landing, take-off and stopover fees, freight revenue taxes, passenger boarding fees, passenger and baggage security fees.

- **Non-Aviation business**: this segment includes operations normally carried out in the landside area (before security gates), which are not directly associated with the core business (Aviation). They include retail activities, catering, car parking, car rental, advertising, ticket office, VIP Lounge.

Non-Aviation Business revenues consist in the royalties earned from activities conducted under a sub-concession, in the direct management of certain activities (i.e. car parking, ticket office and advertising) and in the rents paid by sub-concessionaires.

The table below provides the main information regarding the operating segments described above by highlighting, in unallocated items, (corporate) revenues, costs, assets and investments not directly attributable to the two segments. More specifically, the main types of unallocated costs refer to the cost of labour/personnel (staff), professional services rendered, insurance and industry association membership fees, pro-rata portion of utilities, maintenance and depreciation, administrative costs, provisions for liabilities, Directors' and Auditors' fees.

- ***Corporate business***: the values indicated in unallocated items mainly refer to revenues and costs not directly attributable to the two business segments, such as, for example, other revenues and income, the cost of labour, professional services rendered for the Management, general insurance and industry association membership fees, pro-rata portion of utilities, general maintenance and unallocated depreciation of infrastructure, administrative costs, provisions for liabilities, Directors' and Auditors' fees, etc.

Operating segment reporting: YEAR'S PROFIT

(values in € K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
<i>TA - Income Statement</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Operating income	20,099	66,653	10,010	20,797	12,506	3,570	42,615	91,020
or which Pisa	11,408	37,469	5,036	8,382	6,068	1,848	22,512	47,699
or which Florence	8,690	29,183	4,973	12,415	6,439	1,722	20,103	43,320
Revenues from construct. s	8,354	6,452	299	506	334	1,439	8,988	8,397
or which Pisa	3,994	2,779	98	413	0	0	4,092	3,192
or which Florence	4,360	3,673	202	93	334	1,439	4,896	5,205
Total Segment Income	28,452	73,105	10,309	21,303	12,841	5,008	51,603	99,416
Operating Costs (*)	23,585	36,075	3,471	4,015	11,562	17,361	38,618	57,451
or which Pisa	14,159	21,729	1,988	2,583	5,653	7,851	21,800	32,163
or which Florence	9,426	14,346	1,483	1,432	5,909	9,510	16,818	25,288
Cost of construct. serv.	8,137	6,269	298	491	334	1,398	8,769	8,157
or which Pisa	3,928	2,700	96	401	0	0	4,024	3,101
or which Florence	4,209	3,569	202	90	334	1,398	4,745	5,056
Amortization and provision	6,518	6,907	1,395	1,572	4,720	4,590	12,632	13,069
or which Pisa	3,377	3,601	953	1,105	-46	2,248	4,283	6,954
or which Florence	3,141	3,306	442	467	4,766	2,343	8,349	6,115
Operating Earnings	-9,787	23,854	5,146	15,225	-3,775	-18,341	-8,417	20,738
or which Pisa	-6,061	12,218	2,097	4,705	461	-8,251	-3,503	8,672
or which Florence	-3,726	11,636	3,048	10,519	-4,236	-10,090	-4,914	12,064
Asset management	0	0	0	0	-1,205	-640	-1,205	-640
Profit before tax	-9,787	23,854	5,146	15,225	-4,980	-18,981	-9,622	20,098
Year's taxes	0	0	0	0	1,776	-6,544	1,776	-6,543
Net year's result	-9,787	23,854	5,146	15,225	-3,204	-25,524	-7,845	13,555
<i>TA - Statement of Financial Position</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Current assets	10,506	16,384	3,590	4,915	89,463	19,283	103,559	40,582
Non-current assets	144,153	141,642	38,184	47,614	42,195	25,552	224,532	214,808
<i>TA - Additional information</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
Investments	10,610	10,299	666	3,046	433	2,140	11,710	15,484

(*) including Airport leases for € 2,192 K in 2020 (€ 4,469 K in 2019).

Information on the main customers

During 2020, TA recorded approx. 2 million passengers. The total incidence of the first three carriers is 63.9%. More specifically, the incidence of the first carrier (Ryanair) is 48.4%, while the incidences of the second (Vueling) and third (Air France) carriers are 9.4% and 6.0%, respectively.

NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 December 2020 INCOME STATEMENT

SUMMARY OF THE IMPACTS FROM THE COVID-19 EPIDEMIC ON THE INCOME STATEMENT

First of all, we point out that the differences between the two years examined, both in absolute and percentage values, as shown below, are mainly due to the contraction in air traffic, revenues, and cost containment measures adopted due to the national and global healthcare emergency caused by the Covid-19 pandemic, which strongly impacted the airport industry, as extensively discussed in the Report on Operations.

and specifically consisted in:

1. The collapse in air traffic in 2020 (-76% of passengers compared to 2019, i.e. about - 6.3 million);
2. the consequent collapse of operating revenues, for € 29.9 M in 2020, compared to € 87.1 M in 2019 (-66%), as a consequence of reduced traffic trends;
3. the important cost containment actions implemented by the Group commencing from April (temporary unemployment benefits/CIGS, revision of goods and services supply agreements, etc.), which led to a € 31.4 M reduction in 2020 (-37%) compared to 2019;
4. Overall additional costs incurred in 2020 for additional materials and services purchased for the handling of the emergency totalled approx. € 860 K.
5. A € 10 M subsidy disbursed to the parent company TA by the Region of Tuscany (under Regional Law no. 95/2020) for the support of the Tuscan airport system.

REVENUES

Total revenues for the year, down by 48.1%, passed from € 99.4 M at 31 Dec. 2019 to € 51.6 M at 31 Dec. 2020. This difference is the result of the € 57.3 M decrease in operating revenues and of the simultaneous € 8.9 M increase in "Other revenues and proceeds", and € 592 K in revenues from construction services.

Amounts in €K	2020	2019	DITT. ABS. 2020/2019	% Diff.
REVENUES				
Operating income				
Aviation revenues	20,099	66,618	-46,519	-69.8%
Non-Aviation revenues	14,349	33,218	-18,869	-56.8%
Network development expenses	-4,597	-12,725	8,128	-63.9%
Total operating revenues	29,851	87,111	-57,260	-65.7%
Other revenues	12,764	3,908	8,856	226.6%
Revenues from construction services	8,988	8,396	592	7.0%
TOTAL REVENUES (A)	51,603	99,415	-47,813	-48.1%

1. Aviation revenues

Aviation revenues totalled € 20 M at 31 December 2020, down by 69.8% compared to 31 December 2019, when they were € 66.7 M.

The table below shows Aviation revenue details at 31 Dec. 2020, with absolute and percentage changes compared to 31 December 2019:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
AVIATION REVENUES				
Passenger boarding fees	7,465	30,218	-22,753	-75.3%
Landing/departure fees	5,888	16,454	-10,566	-64.2%
Stopover fees	1,587	1,312	275	21.0%
PRM assistance fees	1,202	4,246	-3,044	-71.7%
Cargo fees	323	424	-101	-23.8%
Passenger security fees	2,125	8,463	-6,338	-74.9%
Baggage security fees	716	3,586	-2,870	-80.0%
Handling	142	158	-16	-10.2%
Centralised infrastructures	650	1,758	-1,107	-63.0%
TOTAL AVIATION REVENUES	20,099	66,618	-46,519	-69.8%
% incid. over gross op. revenues Network Development Expense	58.3%	66.7%		

2. Non-Aviation revenues

Non-Aviation revenues totalled € 14.3 M at 31 December 2020, down by 56.8% compared to 31 December 2019, when they totalled € 33.2 M.

The table below provides details on Revenues from Non-Aviation business referred to 2020 and to 2019:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
NON-AVIATION REVENUES				
Parcheggi	1,379	5,211	-3,832	-73.5%
Food	1,130	4,021	-2,890	-71.9%
Retail	2,747	5,971	-3,225	-54.0%
Advertising	1,715	2,394	-680	-28.4%
Real Estate	1,984	2,053	-68	-3.3%
Car rentals	2,890	6,571	-3,681	-56.0%
Other subconcessions	1,619	2,551	-932	-36.5%
VIP Lounge	414	3,401	-2,987	-87.8%
Air tickets	127	558	-431	-77.2%
Cargo agency	344	487	-142	-29.2%
TOTAL NON-AVIATION REVENUES	14,349	33,218	-18,869	-56.8%
% incid. over gross op. revenues Network Development Expense	41.7%	33.3%		

Network development expenses

The main objective of TA is to encourage the development of passenger scheduled and cargo traffic in the Tuscan airports of Pisa (PSA-Galileo Galilei) and Florence (FLR-Amerigo Vespucci), consistently with the characteristics of the Tuscan market and of the airport Infrastructure available, as well as to increase the number of scheduled flight connections to and from the airports, in order to support the consolidation and development of air traffic and thus contribute to the economic growth of the airport manager and meet the demand of the territory for better accessibility.

To pursue said objectives, TA developed an action plan with incentives based on marketing contributions (the so-called "network development expenses") of differing amounts based on the extent of the air services provided by the carriers in the airports and on the extent of the strategic interest of the operation for the reference airport and territory, in consideration of free business initiative.

Network development expenses totalled € 4.6 M in 2020, down by € 592 K (-63.9%) compared to 2019, when they totalled € 12.7 M.
The change is substantially in line with the reduction in air traffic reported at year-end.

3. Other revenues

The table below provides details on 2020 “Other revenues and income” against those of 2019:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
OTHER REVENUES				
Indemnifications	10,049	210	9,839	4693.2%
Services and consulting	402	462	-59	-12.8%
Utilities and others	2,216	3,159	-942	-29.8%
Minors	97	78	18	23.3%
TOTAL OTHER REVENUES	12,764	3,908	8,856	226.6%
% incid. over Revenues	24.7%	3.9%		

In detail, indemnification include the € 10 M subsidy received from the Region of Tuscany (Regional Laws nos. 75/2020 and 95/2020) to compensate for the losses suffered due to the Covid-19 restrictions. We remind readers that, on 26 October 2020 and 3 December 2020, the Region of Tuscany directly granted a subsidy to Toscana Aeroporti for the damages suffered in 2020 as a result of Covid-19 restrictions, in order to contribute to the upgrading of the Tuscan airport system, support the regional economy and tackle the economic problems following the global health emergency.

4. Revenues from construction services

At 31 December 2020, revenues for construction services totalled € 9 M, against € 8.4 M at 31 December 2019.

For further details, see the section “Group Investments” in the Report on Operations.

Additional information on revenues

Revenues are recognized below based on whether the services have been provided at a given Point In Time or Over Time.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
Revenues not included in the scope of IFRS 15 (*)	11,965	23,014	-11,049	-48.0%
“Over time” revenues	29,638	76,401	-46,763	-61.2%
“Point in time” revenues	0	0	0	N.S.
Indemnifications	10,000	-	10,000	N.S.
TOTAL REVENUES	51,603	99,415	-47,812	-48.1 %

Details of revenues for operating leases, distinguished between the fixed revenue component related to the agreement and the variable revenue component related to ratios and rates or other variables, are given below.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. %
Fixed	2,429	3,206	-777	-24.2%
Variable depending on an index or rate	8,685	19,140	-10,455	-54.6%
Variable not depending on an index or rate	851	668	183	27.4%
Total revenues not included in the scope of IFRS 15	11,965	23,014	-11,049	-48.0%

The aforesaid revenues mainly refer to the sub-concession of retail spaces (food, shops), advertising spaces and areas used for car rental. These are multi-year agreements, for which, upon renewal, TA defines provisions considering any possible changes occurred in the airport infrastructure. Payments can be made on a monthly or quarterly basis and some agreements also include annual adjustments based on the customer's turnover. Where deemed necessary to reduce the credit risk, bank/insurance guarantees are required for the term of the lease.

An estimate of the minimum payments expected from subconcessions / operating leases for the coming business years is given below.

Amounts in €K	2020	2019
Within the year	12,872	15,724
Included between 1 and 2 years	7,391	13,655
Included between 2 and 3 years	5,411	6,409
Included between 3 and 4 years	2,620	2,969
Included between 4 and 5 years	1,957	234
Beyond 5 years	980	50
Total	31,232	39,041

COSTS

Costs totalled € 47.4 M at 31 December 2020, down by 27.8% compared to 31 December 2019, when they were € 65.8 M. This result is mainly due to the -32.8% reduction in operating costs (which passed from € 57.5 M in 2019 to € 38.6 M in 2020) and to the increase in costs for construction services, which passed from € 8.2 M in 2019 to € 8.8 M in 2020 (+7.5%).

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	% Diff.
COSTS				
Operating Costs				
Consumables	778	1,017	-239	-23.5%
Cost of personnel	15,711	20,745	-5,034	-24.3%
Costs for services	18,678	29,324	-10,646	-36.3%
Sundry operating expenses	1,259	1,896	-637	-33.6%
Airport leases	2,192	4,469	-2,278	-51.0%
Total operating costs	38,618	57,451	-18,833	-32.8%
Costs for construction services	8,769	8,157	612	7.5%
TOTAL COSTS (B)	47,387	65,608	-18,221	-27.8%

OPERATING COSTS

Operating costs totalled € 38.6 M, down by 32.8% compared to the amount of € 57.5 M reported at the end of 2019.

5. Consumables

This item refers to the cost of consumables, € 778 K (€ 1,017 K in 2019). They are specifically broken down below:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
Stationery	12	31	-19	-61.3%
Fuels, lubricants	307	697	-390	-56.0%
Materials for car parking lots	12	9	3	31.9%
Other consumables	200	0	200	
Safety Serv. Contr. (mat.)	32	66	-35	-52.3%
Clothing	109	99	10	10.1%
Mat. for operating services	105	114	-9	-7.6%
TOTAL CONSUMABLES	778	1,017	-239	-23.5%
% incid. over Operating Costs	2.0%	1.8%		

6. Cost of personnel

The total cost of TA's personnel in 2020 was € 15.7 M, down by € 5 M compared to 2019 (+24.3%). The reduction in TA's staff (-2.1%) associated with the reduced air traffic reported after the Covid-19 outbreak and the resignation of some corporate executives, as well as the use of temporary unemployment benefits starting from the end of March 2020, contributed to the reduction of variable costs and to the lower aggregate cost of labour in 2020 compared to 2019.

This cost item is broken down below:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
STAFF COST				
Remuneration	15,512	20,419	-4,907	-24.0%
of which:				
Wages	9,989	13,522	-3,533	-26.1%
Salaries	969	1,315	-346	-26.3%
Social security contributions	3,361	4,283	-922	-21.5%
ETB	1,193	1,299	-106	-8.2%
Other labour costs	199	325	-126	-38.8%
of which:				
Contributions to CRAL	4	5	0	-7.8%
Benefits to personnel	174	309	-135	-43.7%
Administered and sundry	21	12	9	82.3%
TOTAL COST OF STAFF	15,711	20,745	-5,034	-24.3%
% incid. over Operating Costs	40.7%	36.1%		

The table below provides details on the **average annual staff** (expressed in *Full-Time Equivalents*) existing in 2020 and any difference from 2019:

Mean FTE	2020	2019	Diff.	% Diff.
Executives	14.2	14.2	0.1	-1%
Employees	279.8	286.3	6.5	-2%
Workers	35.1	35.6	0.5	-1%
TOSCANA AEROPORTI	329.1	336.1	7.0	-2%

Please, note that in the table above 2 part-time units are considered as 1 full-time unit.

7. Costs for services

On the whole, costs for services in 2020 and 2019 consist of:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Sales services	76	266	-190	-71.3%
Institutional expenses	1,114	1,877	-763	-40.6%
Other services	3,142	5,594	-2,452	-43.8%
Staff services	642	1,004	-363	-36.1%
Maintenance services	3,966	5,063	-1,097	-21.7%
Utilities	2,821	3,936	-1,116	-28.3%
Operating services	6,917	11,583	-4,666	-40.3%
TOTAL COSTS FOR SERVICES	18,678	29,324	-10,646	-36.3%
% incid. over Operating Costs	48.4%	51.0%		

“*Retail services*”, for € 76 K in 2020 (€ 266 K in 2019), include the following costs:

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Sales services	76	266	-190	-71.3%
of which:				
Advertising commissions	27	23	4	15.7%
Management of advertising systems	32	72	-40	-55.7%
Retail promotions	18	51	-33	-65.2%
Dry cleaning service	0	120	-120	-100.0%

Institutional expenses totalled € 1,1 M in 2020 (€ 1,88 M in 2019), mainly including the cost of the Board of Directors and Board of Auditors.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Institutional expenses	1,114	1,877	-763	-40.6%
of which:				
Directors' fees	777	1,274	-497	-39.0%
Auditors' fees	195	245	-50	-20.5%
Directors' business travels	126	313	-187	-59.7%
Legal, notarial, meeting expenses	16	18	-2	-8.9%
Participation in conferences	0	28	-28	-100.0%

Other Services totalled € 3.1 M (€ 5.6 M in 2019) and mainly include professional services, industrial insurance and communication costs.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Other services	3,142	5,594	-2,452	-43.8%
<u>of which:</u>		0		
Professional services	2,187	2,944	-757	-25.7%
Industrial insurance	412	549	-137	-25.0%
Communication	531	2,039	-1,508	-74.0%
Other minors	12	62	-50	-80.3%

Other Personnel Services totalled € 642 M (€ 1 M in 2019) and mainly include canteen, payroll service, transfers and employee training costs.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Staff services	642	1,004	-363	-36.1%
<u>of which:</u>				
Canteen	333	569	-235	-41.4%
Insurance	164	172	-8	-4.5%
Preventive medicine and med. examinations	17	12	5	46.0%
Training	34	78	-43	-56.0%
Staff recruitment	19	19	0	2.3%
Payroll services	35	35	0	0.0%
Journeys	39	121	-82	-67.8%

Maintenance Services totalled € 4 M (€ 5.1 M in 2019) and include airport infrastructure, system and installation, equipment and vehicle maintenance.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Maintenance services	3,966	5,063	-1,097	-21.7%
<u>of which:</u>				
Equipm./Truck Maint.	262	347	-85	-24.5%
BHS system maint.	668	906	-238	-26.2%
Maint. of infrastructures	1,697	2,233	-536	-24.0%
IT maintenance	1,338	1,576	-238	-15.1%

Utility Services totalled € 2.8 M (€ 3.9 M in 2019) and mainly include costs for electricity, gas, water and telephone services.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Utilities	2,821	3,936	-1,116	-28.3%
<u>of which:</u>				
Electricity	1,369	1,933	-565	-29.2%
Water	213	372	-159	-42.7%
Telephones	185	190	-5	-2.6%
Mobile phones	187	195	-8	-4.0%
Gas	761	982	-221	-22.5%
Minors	105	264	-158.6	-60.1%

Operating Services totalled € 6.9 M (€ 11.58 M in 2019) and mainly include external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Costs for emergency management services were reported in 2020 for € 862 K; they refer to external health control services of airport personnel and passengers introduced by TA in the two Tuscan airports to tackle the Covid-19 pandemic.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
COSTS FOR SERVICES				
Operating services	6,917	11,583	-4,666	-40.3%
of which:				
Porterage	322	1,499	-1,177	-78.5%
Aircraft and vehicle cleaning	27	0	27	
Agency/Wareh. service	785	206	579	281.6%
Cleaning	926	1,383	-457	-33.1%
PRM Support	769	1,460	-691	-47.3%
Surveillance service	1,822	3,580	-1,758	-49.1%
Services Centre	186	279	-93	-33.3%
Connection ? arco az	47	120	-73	-60.8%
Rental of mach. and equip.	99	234	-135	-57.6%
Management of parking lots	97	284	-187	-65.8%
Gardening	79	126	-46	-37.0%
VIP Lounge	179	792	-613	-77.4%
First Aid Service	334	397	-63	-15.9%
Shuttle bus	272	653	-380	-58.3%
Other operating services	59	571	-512	-89.7%
Emergency management services	862	0	862	
Trolley collection	52	0	52	

8. Sundry operating expenses

Sundry Operating Expenses totalled € 1.26 M (€ 1.9 M in 2019) and mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
SUNDRY OPERATING EXPENSES				
Publications	9	16	-7	-42.9%
Ins. entities and sundry institutions	332	494	-162	-32.9%
Taxes and levies	585	816	-231	-28.3%
Entertainment	105	154	-49	-31.9%
Sundry administrative costs	149	276	-126	-45.8%
Other minors	79	140	-61	-43.8%
SUNDRY OPERATING EXPENSES	1,259	1,896	-637	-33.6%
% incid. over Operating Costs	3.3%	3.3%		

9. Airport leases

Airport leases totalled € 2.2 M (€ 4.5 M in 2019) and include the concession leases paid and the contribution for the Fire Protection Fund.

Amounts in €K	2020	2019	Diff. Abs. 2020/2019	Diff. % 2020/2019
AIRPORT LEASES				
Concession and security fees	1,163	5,239	-4,076	-77.8%
Fire Brigade fee	1,029	1,231	-202	-16.4%
Release of Fire Brigade Risk Provision	0 -	2,000	2,000	-100.0%
TOTAL AIRPORT FEES/LEASES	2,192	4,469	-2,278	-51.0%
% incid. over Operating Costs	5.7%	7.8%		

The decrease is due to the lower traffic reported in 2020 compared to 2019 (-76% in terms of passengers to approximately € -4.3 M leases), and is partly mitigated by the release of the provision for risks associated to the Fire Brigade airport service dispute for € 2 M reported in 2019. As a result of positive updates on the evolution of the dispute, net of this effect, the lease is down by 66.1%.

10. Costs for construction services

Costs for construction services, which totalled € 8.8 M (€ 8.2 M at 31 December 2019), reflect the investments made in the airport infrastructure under concession in 2020. The higher costs of € 612 K reported at year-end arise from the same reasons indicated in the comments to the corresponding revenue item.

11. Amortization and impairment

This item totalled € 9.5 M in 2020 (against € 10 M in 2019), and includes amortization of intangible assets for € 6.15 million (€ 6.86 M in 2019), depreciation of tangible assets for € 2.77 M (€ 2.47 M in 2019), and amortization of rights of use for € 544 K (€ 589 K in 2019).

12. Provision for risks and charges

This item shows € 1.53 M (€ 2.66 M in 2019) and includes the use of the provision for risks for € -47 K and the addition of € 1.64 M to the provision for repairs, which reflect the year's accrual required for future maintenance expenses relating to repair work and replacements required to keep the assets used under the two ENAC concessions in good operating conditions.

13. Value write-ups (write-downs) net of trade receivables and other receivables

This item amounts to € 1,668 K (€ 367 K in 2019) and consists of the provision set aside for bad debt.

Amounts in €K	2020	2019
Bad debt reserve	1,668	367
Credit loss	-	-
Total	1,668	367

14. Financial income

This item totalled approx. € 13 K (€ 26 K in 2019) and mainly includes interests receivable (€ 10.6 K) on intercompany current accounts and loans.

15. Financial expenses

This item totalled € 1,275 K (€ 1,497 K in 2019) and mainly includes interests payable and commissions on bank current accounts for € 677 K, interest cost on employees' defined-benefit liabilities for € 19 K, financial expenses relating to the discounting of the Provision for repair and replacements for € 438 K, and interest deriving from IFRS 16 for € 140 K.

16. Profit (loss) from investment

This item shows € 58 K (€ 832 K at 31 December 2019) and refers to the dividends received by related companies in 2020.

17. Year's income taxes

The credit balance recognised in 2020 for a total of € 1,776 K (against charges of € 6,544 K in 2019) is mainly the consequence of the recognition of taxes on the tax loss reported by TA at year-end.

In detail:

- prepaid/deferred taxes for € 1,677 K;
- income from tax consolidation with the controlling company "CAI" for € 101 K.

The reconciliation with the theoretical tax rate is provided In Annex "E".

18. Earnings (loss) per share / Diluted earnings (loss) per share

2020 Earnings Per Share and Diluted Earnings Per Share, which totalled € -0.422 (€ 0.728 in 2019), have been determined by dividing the Group's profit for the period (€ 7,845,389 K) by the weighted average of the ordinary shares outstanding during the period (18,611,966), as there was no diluting factor.

NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 DECEMBER 2020: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2020 and a comparison against 31 December 2019 are given below.

19. Intangible assets

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Concession rights (royalties)	143,954	148,910	-4,956
Patents and intellectual property rights	345	877	-533
Construction in progress and advance payments (intang.)	27,928	19,467	8,460
Other fixed assets	237	265	-28
Intangible assets	172,463	169,519	2,944

Investments in intangible assets were made for € 9.1 M during 2020, specifically for:

<i>(amounts in €K)</i>	
Concession rights (royalties)	400
Fixed assets in progress (Conc. rights)	8,582
Fixed assets in progress (SW)	26
Software	87
Other fixed assets	1
Total	9,096

For a detailed analysis of the main investments made in 2020, see section 10.

No divestiture of assets was done in 2020.

Details on intangible assets are provided in Annex A.

Concession rights (royalties)

The value of this item at 31 December 2020 was € 144 M (€ 148.9 M at 31 December 2019), which shows an increase of approx. € 5 M mainly due to the combined effect of the lower value of amortization compared to the value of the year's investments. For further details, see section 10 in the Report on Operations.

The total amount of concession rights, including the related fixed assets in progress, is € 171.9 M.

Industrial patent rights

This item totalled € 345 K at 31 December 2020 (€ 877 K at 31 December 2019), down by € 533 K due to the higher value of the year's amortization compared to investments.

Fixed assets in progress

The value of this item at 31 Dec. 2020 - € 27.9 M (€ 19.5 M as at 31 Dec. 2019) - is almost exclusively referred to concession rights and shows a € 8.5 M increase resulting from the year's investments, partly offset by the completion of projects and allocation to assets. For details, see section 10 in the Report on Operations and Note 20 of the Explanatory Notes to the Consolidated Financial Statements.

Impairment of concession rights

At 31 December 2020, in view of the Covid-19 outbreak and its impact on the national and international macroeconomic scenario, including air traffic, an impairment test was performed, as required by IAS 36 “Impairment of Assets” to measure the loss of value of concession rights with respect to 31 December 2019. The impairment test was approved by the Board of Directors, together with TA’s Business Plan, on 5 March 2021, by considering both the CGUs of the Florence and Pisa airports.

These CGUs include, in addition to Concession rights (including, for the Florence airport, work in progress for the Master Plan developments), all the other assets that make up the net invested capital of the respective airports identified by the Directors and dedicated to the development of the same airports, both as regards air traffic and the infrastructure and passenger services.

More specifically, the expected cash flows of the two airports estimated for the residual duration of the respective concessions (2048 for Pisa and 2045 for Florence - conventionally defined as 2044 in view of the expiry of the concession in February 2045), having acknowledged the postponement of the completion of the new Florence airport until the new approval process is completed, have been approved by the Board of Directors of TA on 5 March 2021 and discounted by determining the recoverable value in use of the respective CGUs, which value was compared with the related book value.

The time horizon of the economic-financial forecasts (hereinafter also the “Plan”) will therefore take into account the 24-month extension, established by Law no. 77 of 17 July 2020, of the expiry of the airport concessions, which were initially set at 2043 for the Florence airport and 2046 for the Pisa airport.

The objectives and assumptions of the Plan have been determined by taking into account the historical results of operations and have been processed based on accurate estimates of passenger traffic and of the related revenues, also by using industry-related growth factors and especially considering the significant reduction in the demand expected for the years 2020 and 2021 due to the pandemic.

The definition of the main drivers of the Plan, particular as regards future traffic development forecasts, has also been based on external information, such as independent studies carried out by primary operators of the sector. In the light of the information acquired from internal and external sources, the Plan forecasts are based on a possible recovery of pre-Covid passenger traffic levels by 2024, with 2021 levels being still significantly lower than those reported before the pandemic, and also 2022 levels expected to be significantly below 2019 volumes.

In the period following the pre-Covid level recovery, revenue growth has been defined based on the following percentages, which are also in line with the forecasts developed by external sources on long-term traffic trends and with reported historical trends:

- Growth rate of operating revenues for the Florence airport: CAGR 2024-2045: 3.4%;
- Growth rate of operating revenues for the Pisa airport: CAGR 2024-2048: 2.8%.

As to cash flow discounting, TA adopted a WACC (weighted average cost of capital) that reflects the current market assessments of interest rates and takes into account the specific risks of the activity and the geographical area in which the CGUs operate. The WACC so determined is 7.53%.

TA then conducted a sensitivity analysis on the results of the test against the variations expected in basic assumptions (use of revenue growth rate and discount rate) that affect the value in use of the CGUs. Even in the event of a positive or negative 1% change in the WACC and CAGR used, the analyses would not show an impairment.

Based on Consob requirements indicated in resolution no. 1/21 of 16 February 2021 and on the recommendations issued by ESMA in the Public Statement “European common enforcement priorities for 2020 annual financial reports”, as well as considering the basic

scenario described above, also supported by external studies, the new resulting scenario is still characterized by the negative impacts of the pandemic. The envisaged scenario, developed by applying the EBITDA reported by the respective CGUs in 2020 to the years 2021 and 2022, describes a further two-year delay in the expected recovery of pre-Covid-19 traffic levels, and the assumption is that only in 2023 will the profit levels envisaged in the basic 2021 plan be possibly achieved. Despite this further significantly negative impact, the value of use of the CGUs examined is still higher than their net carrying amounts.

In all the cases processed, the current value of expected cash flows generated by the CGUs is higher than the net book value tested for impairment.

In addition, TA conducted a further simulation aimed at defining the reduction of revenues and, for the same amount, of the profits expected in the plan, which would determine a recoverable amount not lower than the carrying amount of the CGUs. The reduction in revenues, which, without any reduction in the amount of costs, would result in a recoverable amount not lower than the carrying amount of the CGUs, would be about 13.9% for Florence airport and about 9.9% for Pisa airport.

Considering that the recoverable value has been determined on the basis of estimates, TA cannot exclude a possible impairment of the assets in future periods. In the current market context, the various factors used for the processing of the estimates could be reviewed. TA will constantly monitor these factors and any possible impairment.

20. Property, Plant and Equipment

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Land, Buildings	17,329	16,789	540
Other assets	2,966	3,689	-723
Ind. and comm. equipment	113	122	-9
Plant and machinery:	5,200	5,704	-503
Construction in progress and advance payments (tang.)	1,334	793	541
Property, Plant and Equipment	26,942	27,096	-154

On the whole, approximately € 2.6 M were invested in 2020, in detail:

<i>(amounts in €K)</i>	
Land and buildings	160
Plant and machinery	839
Ind. and comm. equipm.	0
motor vehicles	51
Furniture and fittings	287
Hardware	78
Fixed assets in progress	1,199
Total	2,614

For a detailed analysis of the main investments made in 2020, see section 10 of the Report on Operations.

Divestments / decreases of assets have been made during 2020 for € 465 K.

Movements regarding property, plant and equipment is given in Annex B.

21. Rights of use

At 31 December 2020, the Company had Rights of Use for € 4.6 M, including:

1. Rights of use on parking lots for € 4.2 M, related to long-term contracts signed for the concession of car park areas with terms ranging from 9 to 20 years;

2. Rights of use on vehicles for € 388 K, related to long-term contracts signed for corporate cars with terms ranging from 3 to 4 years.

The details of the year are provided below.

	Data in €K	31.12.2020	31.12.2019
Values at January 1st		4,736	4,806
Acquisitions		423	537
Dismissals		0	-17
Depreciation		-544	-589
Year-end rights of use		4,615	4,736

22. Equity investments in other entities

At 31 December 2020, TA owned shares and other shareholdings for € 2,945 K (€ 2,945 K at 31 Dec. 2019), consisting in:

- I.T. Amerigo Vespucci S.p.a. (0,22 % of the share capital): € 40.6 K
- Consorzio Turistico Area Pisana S.c.a.r.l. (2,4 % of the share capital): €420
- Scuola Aeroportuale Italiana Onlus (52.7% of the share capital): € 13.2 K
- Consorzio Pisa Energia S.c.r.l. (5,26 % of the share capital): €831
- Consorzio per l'Aeroporto di Siena (0.11% of the share capital): € 8.5 K
- Firenze Convention Bureau S.c.r.l. (4,44 % of the share capital): € 6.3 K
- Firenze Mobilità S.p.A. (3,98 % of the share capital): € 42.5 K
- Società Esercizio Aeroporto della Maremma S.p.a. (0,39 % of the share capital): € 10.2 K
- Firenze Parcheggi S.p.A. (8,16 % of the share capital): € 2,823 K.

Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization.

The tourist consortium "Consorzio Turistico Area Pisana" and the Siena airport consortium "Consorzio per l'Aeroporto di Siena" are winding up at the closing date of this report.

No significant change is worthwhile reporting at year-end in the fair value of equity Investments in other entities.

23. Investments in Subsidiaries

At 31 Dec. 2020, the value of TA's investments in subsidiaries was € 4,338 K (€ 4,338 K at 31 Dec. 2016), as shown in the table below.

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Parcheggi Peretola	3,251	3,251	0
Toscana Aeroporti Handling	750	750	0
Vola	200	200	0
Toscana Aeroporti Engineering	80	80	0
Jet Fuel	57	57	0
Total	4,338	4,338	0

For detailed information on these investments, see section 16 "Main information on the Parent Company, its Subsidiaries and their Relationships" of the Management Report.

As to the stake in the subsidiary Parcheggi Peretola S.r.l., we remind readers that in 2020 this company reported a loss almost exclusively due to the early termination of a multi-year supply agreement. Leaving this effect aside, and despite the dramatic decrease in revenues resulting from the reduction in traffic at the Florence airport, the subsidiary closed the year with a substantial balance. Consequently, considering the cost structure of

the subsidiary, the results achieved in previous years and the assumption of a recovery of traffic (as shown by the impairment test conducted on concession rights), no impairment has been reported on the stake in question, with no write-down reflected in the data at 31 December 2020.

As regards the shareholding in Toscana Aeroporti Handling Srl, in the light of the significant losses reported by this subsidiary, the parent company TA tested this stake for impairment, as described below.

According to the methodology laid down in IAS 36, the Company checked the recoverability of the book values recognized in the financial statements by comparing the carrying amount with the recoverable value (value in use), which is the present value of the future cash flows estimated to derive from the continued use of the assets and from the terminal value of the Company.

The main assumptions used by the Company for the determination of future cash flows, and of the resulting recoverable amount (value in use), refer to:

- projected cash flows relating to the 2021-2024 time horizon that can be inferred from forecast data relating to Toscana Aeroporti Handling S.r.l. approved by the Board of Directors of the parent company TA, together with the impairment test performed on 5 March 2021; the assumptions underlying the above forecast data are the same as those used in the impairment test on concession rights;
- a discount rate (WACC) of 7.53%;
- in addition to the explicit plan period, a 1.3% growth rate has been estimated.

In detail, for the discounting of cash flows, the Company adopted a WACC that reflects the current market values, the cost of money, and that takes into account the specific risks of the asset and of the geographical area in which the CGU operates. In the future cash flow discounting model adopted, a terminal value is added at the end of the cash flow projection period to reflect the residual value that each CGU should generate. This terminal value represents the present value, at the last year of the projection, of all subsequent cash flows calculated as a perpetual annuity, and was determined using a growth rate ("g rate") to reflect the future growth potential.

The analyses conducted showed no impairment, so there is no write-down at 31 December 2020.

Moreover, also based on the indications set out in the joint document produced by the Bank of Italy with Consob and Isvap no. 2 of 6 February 2009, the parent company TA carried out a sensitivity analysis on the results of the impairment test against the different basic assumptions (use of the growth rate in the determination of the terminal value and discount rate) that affect the value of use of the CGU. Even in the event of a positive or negative 1% change in the WACC and g-rate used, the analysis would not show an impairment. In all the cases studied, the current value of expected cash flows generated by the CGU is higher than the net book value tested for impairment.

In view of the loss reported by the subsidiary, we point out that the parent company TA committed to irrevocably keep financing and supporting TAH to ensure both the fulfilment of its obligations and the regular operation of its business.

Furthermore, on 5 March 2021, the Board of Directors of the parent company conducted an impairment test on the stake held in the subsidiary Vola S.r.l., based on the approved forecast data of this subsidiary and together with the aforesaid impairment test. The expected cash flows were discounted at a discount rate of 7.53%, also assessing the recoverability of the loan granted by the parent company. Sensitivity analyses were also carried out, considering a 1% increase in the WACC and a 2-year postponement of the recovery, and in both cases the present value of expected cash flows was higher than the

net carrying amount tested for impairment. The analyses conducted showed no impairment, so no write-down was reported at 31 December 2020.

Considering that the recoverable value has been determined on the basis of estimates, the parent company cannot exclude a possible impairment of the stakes in future periods. In the current market context, the various factors used for the processing of the estimates could be reviewed. The parent company will constantly monitor these factors and any possible impairment.

24. Investments in Associated Companies

At 31 December 2020, the value of TA's investments in associates and related entities was € 380 K (€ 380 K at 31 December 2019), as shown in the table below:

- Alatoscana for € 330 K (€ 330 K at 31 December 2019);
- Immobili AOU Careggi for € 50 K (€ 50 K at 31 December 2019).

For further considerations on the characteristics of the entities in question, see the section "Relationships with associated companies and related parties" of the Report on Operations. No impairment indicator applies to Equity Investments in related entities.

25. Other financial assets

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Guarantee deposits	183	201	-18
Financial receivables due beyond the year	5,411	0	5,411
Receivables from others due beyond the year	3,017	3,017	0
Other financial assets	8,611	3,218	5,393

Financial receivables due beyond the year

New financial receivables reported at 31 December 2020 derive from two interest-bearing loans granted to subsidiaries for the long-term portion, as follows.

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
T.A. HANDLING	5,030	0	5,030
VOLA	381	0	381
Financial receivables due beyond the year	5,411	0	5,411

Receivables from others, due beyond the year

The receivable mainly consists in the guarantee deposit paid as advance on the price of € 3 M paid in June 2019 upon signing the preliminary agreement for the purchase from NIT – Nuove Iniziative Toscane S.r.l. (a real property subsidiary of the Unipol TA) of the "Piana di Castello" area in the vicinity of the Florence airport for Master Plan development purposes.

Guarantee deposits

These mainly refer to guarantee deposits issued in favour of utility providers (for connections), tobacco products, cash floats given to ticket offices and parking operators.

26. Receivables from others due beyond the year

These refer to trade receivables for agreed repayment plans.

27. Deferred tax assets

This amount (€ 3,965 K at 31 Dec. 2020) mainly includes taxes determined on the fiscal loss of the Company for 2020, on the temporary differences determined on taxed provisions (for repair, bad debt, etc.), and the recognition of intangible assets (concession rights) according to IFRIC 12. For details regarding the composition of the item and the related details, see Annex D.

Deferred and prepaid taxes have been determined by applying the tax rate in force during the year when the temporary differences will be reversed.

The recoverability of deferred tax assets relating to tax losses is reflected in the capacity to produce tax profits in future financial years, as can be inferred from the multi-year plan approved by the Board of Directors of the parent company on 5 March 2021, also considering that applicable tax laws allow companies to use past tax losses along an unlimited time horizon.

CURRENT ASSETS

The composition of current assets at 31 December 2020 and a comparison against 31 December 2019 are given below.

28. Trade receivables

The main item includes receivables from customers of the Company, consisting, at 31 December 2020, net of the provision for bad debt, in a total of € 15,608 K (€ 16,757 K at 31 December 2019), as detailed in the table below:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Receivables from customers	15,711	18,035	-2,324
Receivables from subsidiaries	3,656	3,057	599
Receivables from associated companies	162	288	-126
- Provision for bad debt	-3,921	-4,623	702
Trade receivables	15,608	16,757	-1,149

The provision for bad debt (trade receivables) increased during the year with the addition of € 1,668 K and decreased for the use of € 2,340 K.

	31.12.2019	prov.	uses	31.12.2020
Provision for bad debt	4,623	1,638	-2,340	3,921

The composition of receivables from customers by due date is detailed in the table below:

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	15,711	4,255	1,122	1,256	1,154	1,673	6,252
Expected loss rate		-0.1 %	0.0%	-1.0%	-1.9%	-3.4%	-61.2%
Provision for bad debt	-3,921	-4	0	-12	-22	-57	-3,826
Total at 31.12.2020	11,790	4,251	1,122	1,244	1,132	1,616	2,426

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	18,035	3,268	5,717	959	-2	1,566	6,526
Expected loss rate		-1.5%	-1.1%	-1.0%	-1.0%	-13.4%	-63.6%
Provision for bad debt	-4,623	-49	-64	-104	-43	-210	-4,153
Total at 31.12.2019	13,412	3,219	5,653	855	-45	1,356	2,373

Trade receivables also include receivables from related entities, as shown in the following table:

	Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Alatoscana		63	57	6
Immobili AOU Careggi		99	231	-132
Receivables from associated companies		162	288	-126

Trade receivables also include receivables from Subsidiaries, as shown in the following table:

	Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Toscana Aeroporti Handling		1,748	1,578	170
Toscana Aeroporti Engineering		1,848	1,421	427
Parcchegi Peretola		15	13	1
Jet Fuel		45	45	0
Vola		0	0	0
Receivables from Subsidiaries		3,656	3,057	599

29. Current tax assets

This item consists of € 903 K (€ 198 K at 31 December 2019), which include current tax assets for € 802 K (of which IRES for € 605 K and IRAP for € 198 K) and receivables from CAI for € 101 K for tax consolidation income.

30. Other taxes receivable

This item mainly includes € 1,957 K of VAT credit and € 65 K of the ART bonus receivable.

31. Receivables from others, due within the year

	Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Public subsidies (State, Region)		10,000	0	10,000
Receiv. fm carriers for Municipal addit. tax pass. boarding fees		2,507	7,953	-5,446
Advance payments made to suppliers		362	362	0
Prepaid expenses		467	418	49
Ticket office receivables		140	317	-177
Monopoly products receivables		53	104	-52
Other accounts receivable		673	687	-14
Receivables from others, due within the year		14,202	9,841	4,361

Public subsidies include € 10 M granted by the Region of Tuscany to the parent company for the upgrading of the Tuscan airport system and for the support of the regional economy within the framework of the market criticalities caused by the Covid-19 emergency.

The Additional Municipal Tax receivable on passenger boarding fees, established with Art. 2, par. 11, of Law no. 350 of 24 December 2003, reflects the item "Tax liabilities" of the current liabilities (Note #46), because the amount collected is paid to the State.

The "Prepaid expenses" item mainly includes supplies with advanced billing, membership fees, and insurance.

32. Cash and cash equivalents

This item shows a € 70,763 K amount (€ 13,665 K at 31 Dec. 2019). The increase in cash and cash equivalents stems from the € 85 million bank loan received in the last quarter to meet the cash requirements arising from the difficult management of the restrictions imposed by the Covid-19 pandemic.

We point out that the "Cash and Banks" item includes a minimum amount of € 1 M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated with the Intesa-San Paolo-MPS bank pool.

in addition, according to the applicable “Liquidity Decree”, cash assets acquired with the SACE loan can be used to pay personnel costs, leases, investments and working capital. For more details, see the Statement of Cash Flows in the Report on Operations.

SHAREHOLDERS' EQUITY AND LIABILITIES

The Shareholders' Equity shows a decrease of € 7,912 K due to the recognition of the year's loss (€ -7,845 K).

More specifically, the Shareholders' Equity consists of the following items:

33. Share Capital

At 31 December 2020, the fully paid-up share capital of the Holding consists of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2019).

For details on Shareholders, see the table and section “Shareholders of the Parent Company” in the Report on Operations.

34. Capital reserves

Capital reserves consist of:

- a share premium reserve for € 18,941 K created with the paid capital increase determined upon listing SAT (Società Aeroporto Toscano Galileo Galilei S.p.a.) on the Stock Exchange in July 2007;
- a legal reserve of € 5,369 K. The € 678 K increase compared to 31 December 2019 reflects the allocation of 2019 profits as deliberated by the Shareholders' Meeting held on 15 May 2020 during the adoption of the 2019 Financial Statement.
- statutory reserves for an amount of € 38,784 K; The € 12,877 K increase due to the allocation of the 2019 profit, as proposed by the Board of Directors of the parent company on 31 March 2020 and approved by the Shareholders' Meeting of the parent company held on 15 May 2020.
- Other reserves for € 24,585 K, mainly consisting of the reserve deriving from the merger by incorporation of AdF for € 24,084 K. Pursuant to point 5 of the first paragraph of Art. 2426 of the Civil Code, we specify that there is no restriction on available reserves.

35. IAS adjustments reserve

This reserve is negative by € 3,229 K, and included:

- (i) the IAS reserve (negative for € 712 K) after deducting the theoretical tax burden created at 1st Jan. 2005 upon First Time Adoption, so as to include the impact of international accounting standards on the Shareholders' Equity;
- (ii) the IAS reserve (negative for € 2,517 K) created after adopting the new international standard IFRIC 12 from 1st January 2011.

36. Profit/(Loss) carried forward

This item includes profit carried forward for € 262 K (€ 329 K at 31 December 2019). The difference derives from the actuarial effect of the recalculation of the T.I. Provision according to IAS 19.

Other components of the Statement of Comprehensive Income

The value at 31 December 2020 is broken down below:

PROFIT/(LOSS) CARRIED FORWARD

Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:

- Profit (loss) arising from the determination of the Termination Benefit after tax

2020	2019
-24	-112

The tax effect regarding the other components of the Statement of Comprehensive Income is broken down below:

2020

- Profit (loss) arising from the determination of the Termination Benefit after tax

Gross value	Tax (charge)/ benefit	Net Value
-32	8	-24

2019

- Profit (loss) arising from the determination of the Termination Benefit after tax

Gross value	Tax (charge)/ benefit	Net Value
-147	35	-112

37. Profit/(loss) for the year

This item includes TA's result for the period at 31 December 2020, which totalled a loss of € (7,845) K (€ 13,555 K at 31 December 2019).

NON-CURRENT LIABILITIES

The composition of non-current liabilities at 31 December 2020 and a comparison against the previous year are given below.

38. Provisions for risks and charges

The Provision for risks and charges consists of € 1,005 K (€ 1,450 K at 31 December 2019). The details of the year are provided below.

Data in €K	31.12.2019	prov.	use	31.12.20
Provisions for risks and charges	1,450	-43	-401	1,005

At 31 December 2020, the provision mainly includes the following amounts:

- € 351 K of provisions set aside in connection with the Fire Brigade Protection Service dispute, which is described in detail in the section "Information on the main items of the Provision for risks and expenses at 31 Dec. 2020";
- € 115 K of provisions set aside in connection with potential labour dispute risks, better described in the section "Additional information";
- € 200 K regarding a dispute where TA was summoned by the company that had been awarded the contract for the expansion works in the west apron of the Florence airport concerning problems identified by TA related to the execution of the contract.
- € 328 K regarding disputes for local taxes, consisting in the different classification of airport areas for IMU (municipal property tax) determination purposes.

For further information, see Section "Information on the main items of the Provision for risks and charges at 31 December 2020".

The amounts set aside by the Company to face potential risks deriving from ongoing disputes are deemed appropriate for the predictable outcome of the legal proceedings.

39. Provisions for repair and replacement

This provision (valued according to the best estimate of the expense currently required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 December 2020 was € 22,162 K, down by € 3,583 K with respect to 31 December 2019 after the year's uses, partially offset by the additions of the period. Details are given below:

Data in €K	31.12.2019	prov.	use	Fin. charg.	31.12.2020
Provisions for repair and replacement	25,745	1,579	-5,600	438	22,162

This provision, depending on the estimated time of its use, has been allocated to non-current liabilities for € 13,920 K and to current liabilities for € 8,242 K.

The potential impact on this provision in terms of increase, as a consequence of a hypothetical reduction of 50 basis points in discount rates, would correspond to approx. € +650 K. Instead, the potential impact on the Provision in terms of reduction as a consequence of a hypothetical annual growth of 50 bp in interest rates would be approx. € -600 K.

40. Provisions for employee retirement and benefits

As previously pointed out, the ETB is considered as a defined benefit obligation to be recognised as recommended by IAS 19 "Employee Benefits".

As regards the economic-financial scenario, the parameters used for the valuation of the Pisa and Florence staffs at 31 Dec. 2020 are:

- annual technical discount rate: 0.39%
- Annual inflation rate: 1.00%
- annual ETB increase rate: 2.25%

As far as the discount rate is concerned, the Corporate AA iBoxx 10+ index has been selected as criterion for the valuation of this parameter, as its duration is suitable for the average time of permanence of the two staff groups being considered.

There is no defined benefit scheme for the executive staff of the company.

The value of liabilities, in line with the IAS 19 approach, is € 2,529 K (€ 2,547 K at 31 December 2019). This provision is booked net of the advance payments and settlements made during the period examined, and shows a € 18 K reduction compared to 31 Dec. 2019, as detailed below:

Data in €K	31.12.2019	prov.	IAS Fin.	use	Actuarial	31.12.2020
Provisions for employee retirement and benefits	2,547	0	19	-125	88	2,529

the difference shown in the Statement of Comprehensive Income (€ -24 K) corresponds to the actuarial loss of € 32 K, after a taxation of € 8 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the

assumptions adopted, which may mostly affect that value. The table below provides the sensitivity analysis of the Provision (in €K).

<i>Toscana Aeroporti</i>						
	Annual technical discount		Annual technical inflation		Annual turnover rate	
	rate		rate			
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
TA	2,403	2,665	2,568	2,491	2,472	2,556

Finally, the table below provides a prediction of disbursement of the provision.

Future Cash Flows (€)

Year	TA
0 - 1	84,676
1 - 2	180,261
2 - 3	88,199
3 - 4	95,458
4 - 5	49,510
5 - 6	161,695
6 - 7	86,286
7 - 8	131,168
8 - 9	178,036
9 - 10	280,744

41. Financial liabilities

The details of non-current and current financial liabilities are given below:

Data in €K	31/12/2019	Loans	Repayments	Reclassification	Other non-monetary movements	31/12/2020
Non-current liabilities	22,945	85,000	-	(4,712)	(626)	102,607
Current financial liabilities						
Bank overdrafts (short-term loans)	20,010	21,000	-	-	32	41,042
Current portion of medium/long-term indebtedness	4,730		(4,660)	4712		4,782
Total current financial liabilities	24,740	21,000	(4,660)	4,712	32	45,824
Total financial liabilities	47,685	106,000	(4,660)	0	(594)	148,431

Other non-monetary movements mainly include the effect of the initial recognition of transaction charges related to the SACE loan and the portion of interests not yet settled for the year considered.

The amount of € 45.8 M regarding current financial liabilities at 31 December 2020 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,783 K and to the short-term loan (so-called "hot money") obtained during the period for € 41 M, increased during the year for an aggregate amount of € 21 M.

The decrease in non-current financial liabilities - € 5.3 M - refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

At 31 December 2020, there are € 21.7 M of non-current financial liabilities due beyond five years.

The total amount of non-current financial liabilities and the related current share of medium-long-term debt relates mainly to:

- 1) a loan agreement signed with a pool of primary financial institutions, including Intesa Sanpaolo and BNL-BNP Paribas Group, for a total of € 85 M secured by a SACE collateral, as provided for in Law Decree no. 23/2020 (*"Decreto Liquidità"*) under the *"Garanzia Italia"* programme. The 6-year loan will allow the Company and to reinforce its cash levels, as required for the company's business activities, and to support the planned investments in the Florence and Pisa airports;
- 2) two long-term loans granted by the banks *"Banca Infrastrutture Innovazione e Sviluppo"* (*"BIIS"*, of the Intesa San Paolo Group) and *"MPS Capital Service"* to support infrastructure investments. These loans must be repaid before June 2022 (MPS Capital Services contract, used up for € 12 M) and before September 2027 (€ 40 M loan subscribed with BIIS and used up), respectively, and have been granted with a Euribor 6-month interest rate plus a spread.

The aforesaid financial debt is required to comply with certain financial indices defined in the related agreement, such as a certain net financial position/EBITDA and net financial position/Shareholders' Equity, according to the definitions agreed with the lending counterparties and measured on the book values of the Company for the € 40 M loan and for the € 12 M loan.

We finally point out that, in addition to the aforesaid parameters, the € 12 M loan agreement requires a minimum amount of € 1 M to be made available and deposited in a current account pledged as security for the same loan and requires that no non-recurring transaction be performed with third parties (entities that are not members of TA) without the previous written consent of the lending banks.

Failure to comply with the covenants and the other contractual obligations undertaken with the loan in question shall imply, if not remedied under the agreement provisions, the anticipated reimbursement of the residual loan amount and/or a require a restriction in the distribution of dividends.

At 31 December 2020, the Company obtained the *"covenant holiday"* on the measurement of the financial parameters required by the contract at 31 December 2020 for the medium/long-term loans granted by BIIS (Intesa San Paolo) and MPS Capital Services. In addition to that, TA also uses short-term loans to meet its short-term requirements.

Details of the loans existing at 31 December 2020 are shown below.

Amounts in €K	Capital share	Interest share	Total
Within the year	45,724	1,522	47,246
Included between 1 and 2 years	9,204	1,417	10,621
Included between 2 and 3 years	24,118	1,550	25,668
Included between 3 and 4 years	24,118	1,061	25,179
Included between 4 and 5 years	24,118	515	24,633
Included between 5 and 6 years	18,805	115	18,920
Beyond 6 years	2,868	21	2,889
Total	148,956	6,202	155,157

Financial liabilities outstanding at 31 December 2020 are reported below, distinguished into fixed and variable interest rate categories.

Banking institution	Due date	Type of interest	Interest rate	Debt at 31 December
(Loan 1) MONTE DEI PASCHI DI SIENA	June 2022	Variable	Euribor 6 month + 250 b.p.	2,863,678
(Loan 2) INTESA SAN PAOLO - I tranche	September 2027	Variable	Euribor 6 month + 96 b.p.	8,699,009
(Loan 2) INTESA SAN PAOLO - II tranche	September 2027	Variable	Euribor 6 month + 180 b.p.	11,487,671
ISP-SACE	September 2026	Variable	Euribor 3 month + 115 b.p.	84,339,485
BPM	January 2021	Fixed	0.30%	1,503,017
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	February 2021	Fixed	0.15%	2,002,541
Bank Intesa San Paolo	March 2021	Fixed	0.20%	5,008,033
BNL	April 2021	Fixed	0.50%	2,508,367
BNL	April 2021	Fixed	0.50%	2,508,607
UniCredit	March 2021	Fixed	0.30%	2,500,205
UniCredit	March 2021	Fixed	0.30%	2,500,164
UniCredit	March 2021	Fixed	0.30%	1,000,066
UniCredit	March 2021	Fixed	0.30%	2,500,205
UniCredit	February 2021	Fixed	0.30%	1,000,344
CREDEM	February 2021	Fixed	0.09%	4,000,128
MPS	February 2021	Fixed	0.20%	10,005,041
Total				148,431,642

Details of the credit facilities existing at 31 December 2020 are shown below.

Data in €K	31.12.2020	31.12.2019	DIFF.
Credit lines granted	57,150	68,250	-11,100
<i>of which TA</i>	<i>57,150</i>	<i>68,250</i>	<i>-11,100</i>
Credit lines used	41,000	20,000	21,000
<i>% used</i>	<i>72%</i>	<i>29%</i>	

Bank loans existing at 31 December 2020 are shown below, carried at their book value and at fair value.

Banking institution	Company	notional	fair value
Intesa San Paolo	TA	20,076	20,116
Monte dei Paschi di Siena	TA	2,880	2,911
Intesa San Paolo - SACE	TA	85,000	85,967
Short-term loans ("hot money")	TA	41,000	41,042
Total		148,956	150,036

The **Net Financial Position** at 31 December 2020, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified in the following table:

NET FINANCIAL INDEBTEDNESS			
<i>Euro K</i>	31.12.2019	31.12.2019	Diff. Abs.
A. Cash on hand and at banks	70,763	13,665	57,098
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	70,763	13,665	57,098
E. Current financial receivables	-	-	-
F. Current bank payables	41,042	20,010	21,032
G. Current portion of non-current indebtedness	4,783	4,730	52
H. Other current financial payables due to leasing companies	505	419	86
I. Current financial indebtedness (F) + (G) + (H)	46,330	25,159	21,170
J. Net current financial indebtedness (I) - (E) - (D)	(24,433)	11,494	(35,928)
K. Non-current bank payables	102,607	22,945	79,662
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,202	4,346	145
N. Non-current financial indebtedness (K) + (L) + (M)	106,809	27,292	79,517
O. Net Financial Position (J) + (N)(NFP)	82,375	38,786	43,589

See comments in the Report on Operations and to the “Statement of Cash Flows” for a more in-depth analysis of this item.

42. Financial liabilities for rights of use

At 31 December 2020, financial liabilities for rights of use, determined by discounting the value of the leases due, totalled € 4.7 M, of which € 4.2 M classified among non-current liabilities and € 505 K among current liabilities.

Lease agreements contain no covenants.

The details of the year are provided below. Toscana Aeroporti adopted the practical expedient introduced by the amendment to IFRS 16 “Leasing” for the valuation of lease agreements, applicable when leases have been renegotiated as a result of Covid-19. TA, as lessee, elected to account for the concession as a variable lease over the period in which a lower payment is recognized: the amount of these lower payments, € 195 K is reported in the “Payments / Other reductions” line of the table below.

Data in €K	31.12.2020	31.12.2019
Values at January 1st	4,766	4,796
Acquisitions	423	537
Dismissals	0	-17
Payment / Other reductions	-622	-659
Financial expenses	140	110
Financial liabilities for rights of use at year-end	4,707	4,766

The accrual of the financial liability is shown below.

	€K
< 1 year	673
1-2 years	605
2-3 years	544
3-4 years	489
4-5 years	478
5-6 years	425
Beyond 6 years	2,391
Total	5,605

The margin interest rates defined the Company are reviewed on a recurring basis and applied to all the contracts with similar characteristics, which have been considered as a single contract portfolio. Rates are calculated starting from the average effective borrowing rate of TA of, appropriately adjusted based on the requirements of new accounting standards, to simulate a theoretical margin interest rate consistent with the contracts to be recognised. The most significant items considered for the adjustment of the rate are the credit risk spread of each country that can be observed in the market and the different duration of lease agreements.

The rates used for contracts signed in 2019 and earlier are:

- 0.94% for car rental agreements
- 3.40% for long-term lease agreements
- 2.37% for short/medium-term lease agreements

The rates used for contracts signed in 2020 are:

- 0.69% for car rental agreements
- 1.67% for long-term lease agreements
- 1.10% for short/medium-term lease agreements

43. Other payables due beyond the year

Payables due beyond the subsequent year consist of € 365 K (€ 338 K as at 31 Dec. 2019) and refer to guarantee deposits received from customers as performance bonds for services provided.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 41 to Financial Liabilities.

CURRENT LIABILITIES

Details of current liabilities for the period are shown below, with the related categories.

44. Current tax liabilities

This item is 0 (€ 2,078 at 31 December 2019) and refers to current taxes (IRES) of TA, determined on results before tax, if positive.

45. Other taxes due

The aggregate amount of € 9,693 K (€ 11,776 K at 31 December 2019) is broken down below:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Due to Rev. Ag. for Munic add. tax on pass. boarding fees	8,312	10,761	-2,449
IRPEF due for employees and self-employed prof.	1,003	442	561
Higher fees due for private flights	246	251	-5
Local taxes	132	141	-9
VAT due	0	181	-181
Other taxes due	9,693	11,776	-2,083

In particular, the amount due to the Revenue Agency for the additional municipal tax on boarding fees has decreased in connection with the same trends associated with the decrease in receivables from others due within the year.

46. Trade payables

Payables to suppliers totalled € 24.7 M (€ 32.3 M at 31 December 2019), down by € 7.6 K.

47. Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) and consists of € 1,328 K at 31 December 2020 (€ 1,256 K at 31 December 2019).

48. Other payables due within the year

Other payables due within the year at 31 December 2020 consist of € 5.6 M (€ 10 M at 31 December 2019), and include the following debit items:

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Employees/contractors fees	972	2,757	-1,786
Concession fees	1,204	2,619	-1,415
Deferred income	634	1,185	-551
Fire-protection service	1,002	1,061	-59
Air/bus/train ticket office receipts	479	554	-75
Institutional bodies fees	131	697	-566
Adv. paym. (carriers)	655	406	249
Other minor payables	533	692	-159
Other payables due within the year	5,610	9,972	-4,362

In detail:

- the Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see details in the section "Provisions for risks and charges".
- Prepaid expenses refer mainly to Non-Aviation revenues invoiced in advance.

ADDITIONAL INFORMATION

Commitments and Guarantees

At 31 December 2020, commitments and guarantees included € 15.5 M of third-party suretyships in favour of TA and € 10.8 M of suretyships given by third parties on behalf of TA.

Data in €K	31.12.2020	31.12.2019	DIFFERENCE
Third-party guarantees in favour of Company	15,498	16,341	-843
Guarantees given to third-parties on behalf of Company	10,833	10,833	0

Suretyships provided by third parties in the favour of TA mainly refer to performance bonds for contract works, for compliance with agreements by subconcessionaires, air carriers and other customers.

Suretyships provided to third parties on behalf of TA mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures.

Allocation of financial instruments by valuation category applied

31 December 2020 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Trade receivables	-	15,880	15,880
Other financial assets	2,945		2,945
Other accounts receivable	-	22,163	22,163
Cash and cash equivalents	-	70,763	70,763
Total	2,945	108,806	111,751

31 December 2020 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Financial liabilities	-	148,432	148,432
Financial liabilities for rights of use	-	4,707	4,707
Trade payables and other liabilities	-	29,055	29,055
Total	-	182,193	182,193

Fair value measurement hierarchy

As regards the financial instruments recognised in the Financial Position at fair value, IFRS 7 requires these values to be classified based on a hierarchy of levels that reflects the significance of the input used in the determination of fair value.

The following levels are identified:

Level 1 – the price of the asset or liability being measured is drawn from an active market;

Level 2 – the inputs used are not the listed prices indicated above, but may be observed on the market, either directly (prices) or indirectly (price derivatives);

Level 3 – the inputs are not based on observable market data. Assets valued at fair value, as detailed in the table above, are included in the level defined.

Information on financial instruments

There are no derivative financial instruments.

Information on public grants and subsidies, and other economic benefits received (under Law 142/2019, Art. 1, paragraph 125)

According to the aforesaid law, TA recognized income for the following subsidies in 2020:

	Data in €	€
Region of Tuscany's subsidy (Reg. Law 59/2020)		10,000,000
Covid equipment Invitalia expense refund (Law Decree 18/2020)		30,924
Tax credit for Investments in new capital goods (Law 160/2019)		39,094
Tax credit on sanitation (Law Decree 34/2020, converted into Law 77/2020)		28,297

Information on the main items of the Provision for risks and charges at 31 December 2020

For a detailed description of the pending disputes, see the pertinent section in the Explanatory Notes to the Consolidated Financial Statement.

Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company's website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2020 or in similar transactions initiated during previous years and not yet concluded.

At the closing date of this financial statement, no loan existed in the favour of any member of the Board of Directors or Board of Statutory Auditors.

Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, no atypical or unusual transaction was performed during 2020.

Significant events and non-recurring transactions

Under Consob Notice of 28 July 2006, we point out that, during the financial year 2020, the Region of Tuscany granted the parent company a € 10 M subsidy for the upgrading of the Tuscan airport system and for the support of the regional economy within the framework of the market criticalities caused by the Covid-19 emergency.

Significant events occurred after 31 Dec. 2020

As part of the flight infrastructure scheduled maintenance plan, the runway of the Vespucci airport was closed to air traffic from 1st February 2021 to 4th April 2021 for the renovation of the runway pavement, strips, airfield markings and lighting, in compliance with EASA certification standards.

In January 2021, the parent company TA signed an agreement for the acquisition of 51% of Cemes Aeroporti S.r.l., a recently incorporated company operating in the building sector, which, upon the signature of the agreement, changed its name into Toscana Aeroporti Costruzioni S.r.l. ("TAC").

Due to the continuation of the global health emergency, with the consequent restrictions on people's movements, the early months of 2021 will still be adversely impacted by air transport restrictions.

With the start of the vaccination campaign, and with the first anti-COVID-19 vaccines delivered in the Pisa airport by DHL cargo flights at the end of 2020, Toscana Aeroporti hopes that we will soon get out of the health emergency and resume safe travelling.

In early March 2021, the European Commission announced that the € 10 M subsidy earmarked by the Region of Tuscany for the airports was in line with the provisions of the Treaty on the Functioning of the European Union.

Proposed allocation of the year's profits

We propose that the **operating loss of EUR 7,845,389** be covered by using the extraordinary statutory reserve for the amount.

Authorization to publication

This document was approved by the Board of Directors on 11 March 2021 and made available to the public on 5 April 2017 upon the Chairman's authorization.

For the Board of Directors
The Chairman
(Marco Carrai)

ANNEXES TO THE 2020 ANNUAL REPORT

ANNEX "A"
TABLE OF CHANGES IN INTANGIBLE ASSETS IN 2020 (€K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	199,716	14,948	19,467	1,306	235,437
Accumulated depreciation	- 50,806	- 14,071	-	- 1,041	- 65,918
A - Value at 31.12.19	148,910	877	19,467	265	169,519
<i>CHANGES FOR THE PERIOD</i>					
Purchases	400	87	8,608	1	9,096
Reclassification	117	29	(146)	-	0
Other movements	-	-	(2)	-	2
Amortization and impairment	(5,473)	(649)	(2)	(29)	- 6,152
Other provision movements	-	-	2	-	2
B - Balance of changes	(4,956)	(533)	8,460	(28)	2,944
Historical cost	200,233	15,064	27,928	1,307	244,531
Accumulated depreciation	(56,279)	(14,720)	-	(1,070)	- 72,070
Value at 30.12.2020 (A+B)	143,954	345	27,928	237	172,463

ANNEX "B"
TABLE OF CHANGES IN TANGIBLE ASSETS IN 2020 (€K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	24,624	23,186	587	793	18,121	67,310
Accumulated depreciation	- 7,835	- 17,482	- 465	-	- 14,432	- 40,214
A - Value at 31.12.19	16,789	5,704	122	793	3,689	27,096
<i>CHANGES FOR THE PERIOD</i>						
Purchases	160	890	-	1,199	365	2,614
Reclassification	658	-	-	658	-	-
Disinvestments	-	- 440	-	-	- 25	- 465
Other movements	9	-	-	-	-	9
Amortization and impairment	- 277	- 1,392	- 9	-	- 1,088	- 2,767
Reversal of previous years' accum. depr.	-	439	-	-	25	464
Other provision movements	- 9	-	-	-	-	- 9
B - Balance of changes	540	- 503	- 9	541	- 723	154
Historical cost	25,451	23,635	587	1,334	18,461	69,468
Accumulated depreciation	- 8,122	- 18,435	- 474	-	- 15,495	- 42,526
Value at 31.12.2020 (A+B)	17,329	5,200	113	1,334	2,966	26,942

ANNEX "C"

SHAREHOLDERS' EQUITY AT 31.12.2020: ORIGIN, DISTRIBUTABILITY AND PREVIOUS YEARS' USES (€K)

NATURE	AMOUNT	POSSIBILITY OF USE (*)	SHARE AVAILABLE	SUMMARY OF USES MADE IN 3 PREVIOUS YEARS (**)	
				TO COVER LOSSES	FOR OTHER REASONS
SHARE CAPITAL	30,710				
CAPITAL RESERVES:					
Share premium reserve	18,941	A, B	18,941		
Other reserves	24,585	A, B	24,585		
<i>of which:</i>					
<i>Exchange surplus reserve (AdF incorporation) (***)</i>	<i>24,084</i>		<i>24,084</i>		
<i>Revaluation reserves purs. to Law 41 3/91</i>	<i>435</i>		<i>435</i>		
<i>Other reserves for capital contributions purs. to art. 55 of DPR 91 7</i>	<i>66</i>		<i>66</i>		
RETAINED EARNINGS:					
Legal Reserve	5,368	B	5,368		
Extraordinary statutory reserve	38,784	A, B, C	38,784		
IAS ADJUSTMENT RESERVE (***)	- 3,229				
Profit (Loss) carried forward	262				
Year's profit (loss)	- 7,845	A, B, C	- 7,845		
Total	1 07,576		79,833		
<i>of which:</i>					
<i>Non-distributable reserve</i>			<i>48,895</i>		
<i>Residual distributable portion</i>			<i>30,938</i>		

(*) Possibility of use

A = capital increase

B = to cover losses

C = distribution to shareholders

(**) No uses have been made in the last 3 years.

(***) The IAS reserve deriving from AdF's S.E., which totals €1,025 K, is not available, as per art. 6 of Leg. Dec. no. 38/2005.

ANNEX "D"
TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ACCOUNTS		PREPAID / DEFERRED TAXES 31/12/2019		2020 REABSORPTION		2020 INCREASES		PREPAID / DEFERRED TAXES 31/12/2020	
		TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	5,010,296	1,202,471	2,337,557	561,014	1,540,203	369,649	4,212,942	1,011,106
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	1,415,600	458,147	1,959,480	570,601	1,571,550	457,635	1,027,670	345,181
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	597,175	143,323	-	-	87,895	21,095	685,070	164,417
SUNDRY MINORS	IRES / IRAP	383,843	110,097	564,790	164,467	361,985	86,876	181,038	32,506
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	1,116,075	296,064	439,760	105,542	-	-	676,315	190,522
ETB IAS APPLIC. DIFFERENCES	IRES	234,982	56,396	-	-	84,434	20,264	319,416	76,660
TAX LOSSES	IRES	-	-	-	-	8,933,985	2,144,156	8,933,985	2,144,156
Aggregate Total		8,757,971	2,266,497	5,301,588	1,401,623	12,580,053	3,099,676	16,036,436	3,964,550

ANNEX "E"
TABLE OF RECONCILIATION BETWEEN YEAR'S RESULT AND TAXABLE BASE
(€K)

	T.A. S.p.A.		T.A. S.p.A.	
	31/12/2020		31/12/2019	
	IRES	IRAP	IRES	IRAP
Profit before tax according to law tax	- 9,622	10,464	20,098	44,507
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	- 2,309	536	4,824	2,279
Main final differences				
- dividends collected (95% exempt)	- 55		- 790	
- analytical and lump-sum IRAP deductions	-		- 216	
- ACE	-		- 257	
- labour costs of permanent employees		- 14,229		- 19,590
- other deductible labour costs		- 500		- 756
Sundry final variations (balance)	825	1,555	1,534	- 103
Sundry temporary variations (balance)	- 83	- 5,609	- 3,094	- 1,676
Taxable base	- 8,934	- 8,319	17,276	22,383
Current taxes	-	-	4,146	1,146
Prepaid taxes on tax losses recoverable in subsequent years	- 2,144	-	-	-
Concessionaires' 3.5% additional IRES	-	-	605	-
Deferred/prepaid taxes	283	184	660	86
Income from consolidation	- 99		- 99	
Total taxes booked	- 1,960	184	5,312	1,232

CERTIFICATION OF THE 2020 FINANCIAL STATEMENT PURSUANT TO ART. 81-TER OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Roberto Naldi (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2020 Financial Statement.

2. Furthermore, it is hereby certified that the 2020 Financial Statement:

- has been prepared in accordance with applicable accounting standards recognized within the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- reflects the contents of accounting books and records;
- provides a true and fair view of the assets, liabilities, and financial situation of the issuer and of the issuer.

3. The Report on Operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer, along with a description of the primary risks and uncertainties to which it is exposed.

Florence, 11 March 2021

For the Board of Directors

Chief Executive Officer

Roberto Naldi

Financial Reporting Manager

Marco Gialletti

INDEPENDENT AUDITORS' REPORT



Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Toscana Aeroporti SpA

Financial statements as of 31 December 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Toscana Aeroporti SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toscana Aeroporti SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the income statement, statement of comprehensive income, statement of changes in in shareholders' equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Capitalised concession rights

Explanatory notes to the financial statements as of 31 December 2020: note 19 "Intangible assets". Report on operations: paragraph 10 "The Group's investments".

Concession rights were recognised in the financial statements as of 31 December 2020 for an amount of Euro 171.9 million, of which Euro 27.9 million related to intangible assets under development, representing a total of 52.4 per cent the Company's assets.

Considering the significance of the item under analysis and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession arrangements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union, we specifically focused our attention on the valuations performed by the directors.

The estimates prepared by them were mainly related to the verification of the identifiability of capitalised costs and the existence of future economic benefits deriving from the investments made and the verification of impairment indicators, if any.

To determine the recoverable value of the single cash generating units (CGU) to which such concession rights belong, management calculated the value in use utilizing the discounted cash flows method; the value in use was determined as the current value of the cash flows over the residual duration of the concession. The recoverable value of each CGU was compared with its book value, corresponding to the sum of the assets and liabilities attributable to the CGU.

We conducted an understanding, evaluation and validation of the capitalisation procedure of the concession rights adopted by the Company. In particular, we conducted an understanding and verification of the key controls underlying the capitalisation of such intangible assets.

We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreases occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession arrangements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union for the capitalisation of such intangible assets, with particular reference to the identifiability of capitalised costs and the existence of future economic benefits deriving from the investment, and to the assessment of impairment indicators, if any.

To this end, we verified the reasonableness of the assumptions used by the directors to estimate the cash flows expected in the relevant time horizon and resulting from the long-term plans. We also checked the mathematical accuracy of the calculations made by management.

We reviewed the calculation method of the discount rate of the cash flows deriving from the long-term plans approved by the Company's directors on 5 March 2021, together with the assessment of any impairment loss (impairment test).

Furthermore, we analysed the alternative scenarios prepared by the directors (sensitivity analysis) within the context of uncertainty deriving from the health emergency due to Coronavirus.

As part of our audit procedures we also carried out discussions with management and the technical managers with the aim of understanding the characteristics of the projects.

Moreover, also considering the current context of uncertainty due to the Covid-19 (Coronavirus) health emergency, the directors deemed it proper to assume alternative scenarios that take into account a possible drop in revenues and profitability deriving from a possible decrease in the traffic demand.

In our audit procedures we also involved PwC network experts in valuation.

Finally, our audit included the analysis of the explanatory notes to the financial statements in order to evaluate the adequacy and completeness of the disclosures therein.

Valuation of provisions for risks and charges and provisions for repair and replacement

Explanatory notes to the financial statements at 31 December 2020: note 38 "Provisions for risks and charges", note 39 "Provisions for repair and replacement" and paragraph "Information on the main items of the Provision for risks and charges at 31 December 2020"

The value of the provisions for risks and charges and of the provisions for repair and replacement recorded within the liabilities in the statement of financial position of the financial statements at 31 December 2020 amounted to Euro 1 million and Euro 22.2 million respectively, which represent 0.3% and 6.8% of the Company's liabilities.

Given the significance of the amounts at issue and the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretations "IFRIC 12 – Service concession arrangements" and under the international accounting standard "IAS 37 – Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid special attention to verifying the liabilities at issue.

The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.

We conducted an understanding, evaluation and validation of the procedure adopted by the Company in order to determine the accruals to provisions for risks and charges and to the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within the liabilities of the statement of financial position at 31 December 2020. In particular, we conducted an understanding and validation of the key controls underlying the determination of such provisions and the evaluation of the adequacy of the liabilities recognised. In this respect, we highlight that in relation to the more significant issues the Company is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements.

We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Company in the evaluation of the provisions for risks and charges we also sent requests for information to them and we analysed the replies obtained.

Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements to be carried out on assets under concession, we held discussions with management, the internal legal affairs office, the management control function, the internal technical managers and with the external professionals.

Impacts from the Covid-19 epidemic

Explanatory notes to the financial statements at 31 December 2020: paragraphs "Impacts from the Covid-19 epidemic", "Liquidity risk" and "Summary of the impacts from the Covid-19 epidemic on the income statement"

The air transport sector was significantly affected by the Covid-19 epidemic, an emergency that led to a significant reduction in air traffic at Florence and Pisa airports, with a consequent reduction in revenues and margins for the year and an absorption of liquidity by operations.

In this context, management has assessed the impact that the effects of the Covid-19 epidemic may have on the Company's ability to meet its obligations and operate as a going concern, including through the assumption of alternative scenarios that take into account a contraction of cash inflows.

Given the use of estimates used by management to assess the impacts of the Covid-19 outbreak on the Company, we paid specific attention to the assessments made by the directors.

We examined the assessments made by management and the actions taken by the Company's directors, as well as further initiatives planned at the date, in response to the Covid-19 pandemic and the consequent economic and financial effects.

We acquired evidence of the existing relations with the banking system, acquiring and analysing documentation and contractual clauses, the situation of credit lines and liquidity, also by obtaining data and information directly from the credit institutions.

We verified the reasonableness of the assumptions used by the directors to estimate cash flows and resulting from the long-term plans, and checked the mathematical accuracy of the calculations prepared by management, also taking into account the audit procedures described above under the Key Audit Matter "Capitalised Concession Rights".

We also examined the sensitivity analyses prepared by the directors in the context of uncertainty resulting from the Coronavirus health emergency.

As part of our audit procedures, we also conducted interviews with the Company's management and governance bodies.

Finally, our audits included an analysis of the explanatory notes to the financial statements in order to assess the adequacy and completeness of the related disclosures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements,

the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded 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 our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 3 November 2014, the shareholders of Toscana Aeroporti SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Toscana Aeroporti SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Toscana Aeroporti SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Toscana Aeroporti SpA as of 31 December 2020 and are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 22 April 2021

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report

BOARD OF AUDITORS' REPORT

Toscana Aeroporti S.p.A.
Via del Termine, 11 – 50127 Florence
R.E.A. FI-637708 - Fully paid-up Share Capital € 30,709,743.90
VAT Number and Tax Code: 00403110505

**BOARD OF AUDITORS' REPORT ON THE 2020 FINANCIAL STATEMENT
AND 2020 CONSOLIDATED FINANCIAL STATEMENT
TO THE SHAREHOLDERS
(PURSUANT TO ART.153 OF LEG.DEC. 58/1998 AND ART. 2429, PAR. 2, OF THE
ITALIAN CIVIL CODE)**

To the Shareholders of Toscana Aeroporti S.p.A.

Dear Shareholders,

during the business year ended December 31, 2020, our Board audited your accounts as required by the applicable legislation and in compliance with the Code of Conduct recommended by the Italian *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (the national Association of Chartered Accountants and Business Advisers), as well as with CONSOB provisions, supplemented with the instructions specified in the Voluntary Code of Conduct concerning corporate control and auditing activities.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on May 15, 2020, created on June 15, 2020 with the appointment of its Chairman by the Ministry of Economy and Finance, and will terminate its mandate when the Shareholders' Meeting for the approval of the December 31, 2022 financial statements will be held.

Upon accepting their assignment and subsequently during their period in office, the Board of Auditors checked their members' compliance with the applicable honourability and professional qualification requirements and checked that there was no reason for ineligibility, incompatibility or forfeiture under the applicable legislation, and that the members of the BoA met the independence requirements specified by articles 2382 and 2399 of the Civil Code and Rule Q.1.5 of the "*Standards of Conduct for the Boards of Auditors of listed companies*" issued by the Italian National Association of Chartered Accountants and Business Advisers and by art. 8 of the applicable Voluntary Code of Conduct, in order to be enabled to carry out our task in a fair and honest manner, with no conflict of interests that may compromise our independence. We also carried out the self-assessment process required by Rule Q.1.1., which revealed no failure by our Board to either fulfil member eligibility or composition requirements. The self-assessment report was prepared by the newly-created board and transmitted to the Board of Directors during the meeting of July 16, 2020, and subsequently confirmed and transmitted to the Board of Directors during the meeting of March 11, 2021.

The work of the Board of Statutory Auditors was affected by the Covid-19 outbreak, which required the meetings to be held through video-conferencing systems for most of the year, so as not to reduce supervision activities. The Board of Statutory Auditors systematically monitored the adoption by the company of the appropriate PPE to protect the health and safety of employees throughout the year. In addition to that, the Board intensified the information flows with the Management of the Company and with the Auditing Company throughout 2020, as required by CONSOB's Warning Notice no. 1/21 of 16 February 2021.

Based on the information received, the documentation acquired and the reviews carried out, we report the following:

Significant transactions

In 2020, Your Company operated in a context that was strongly impacted by the global health emergency caused by the Covid-19 outbreak.

In this respect, reference is made to what has been fully reported in the appropriate paragraph of the Management Report to the 2020 financial statement. Key highlights in 2020 include:

- On 12 March 2020, the Ministry of Infrastructure and Transport (MIT) issued measure no. 112, later extended with measure no. 153 of April 12, 2020, which considerably reduced the operation of the Pisa and Florence airports to protect the health of employees threatened by the Covid-19 outbreak.
- Temporary unemployment benefits ("CIG") have been activated starting from the end of March.
- On April 20, 2020, Corporación America Italia S.p.A. and SO.G.IM. S.p.A. notified the termination, on April 15, 2020, due to natural expiry, of the Shareholder Agreement they had signed on April 16, 2014 for the ordinary shares of Toscana Aeroporti S.p.A.
- On April 23, 2020, ENAC, to favour the recovery of air transport, ordered the suspension of the payment of the airport concession leases due in July 2020; the payment was postponed until January 2021 and the amount was adapted to the traffic actually recorded in 2020.
- On May 15, 2020, when the 2019 financial statements were approved, the Shareholders' Meeting accepted the Board of Directors' proposal not to distribute dividends, but to set aside the profit € 13,554,635 earned in 2019 to the Company's reserves, according to a prudential approach, in order to protect the solidity of the company and T.A. Group in the light of the current epidemic.
- On May 25, 2020, the Board of Directors informed the public that the CEO Ms Gina Giani resigned from all the positions held in the Company and its subsidiaries as from May 29, 2020 for personal reasons. On that date, the Board of Directors appointed Mr. Roberto Naldi as new CEO and, by co-optation, Ms. Cecilia Carriquiry as Non-Executive Director.
- In consideration of the drop in air traffic in Italian airports resulting from the restrictions imposed by the Covid-19 pandemic, the duration of concessions for the management and development of airport activities has been extended for two years.
- The Regional Council of Tuscany, with Law no. 75 of 4 August 2020, earmarked a subsidy for the Tuscan airport system, to be submitted to the European Community's approval as State aid, which was included in the year's revenues. On March 2, 2021,

Toscana Aeroporti received the European Commission's green light to receive the subsidy.

- On October 26, 2020, the Board of Directors of TA approved the request for a loan from a group of primary banks, consisting of Intesa Sanpaolo and BNL-BNP Paribas Group, for a total amount of € 85 million, assisted by a SACE collateral according to the provisions of Law Decree 23/2020. The loan has a term of 6 years and was disbursed in November 2020.
- On December 18, 2020, the Board of Directors of TA mandated the CEO to acquire 51% of the share capital of “Cemes Aeroporti s.r.l.”, later called “Toscana Aeroporti Costruzioni Sr”, a construction company to be dedicated to the planned infrastructure developments in the Florence and Pisa airports, having already received the favourable opinion of ANAC for in-house work. The acquisition agreement was signed on January 26, 2021.

Auditing of compliance with statutory requirements and the Articles of Association

The Board of Statutory Auditors monitored the compliance of the Group with the legislation, Articles of Incorporation and Bylaws. More specifically, the Board met, both in the current and previous composition, 14 times throughout 2020 and took part in 1 Shareholders' meeting, 13 Board of Directors' meetings, 1 Executive Committee's meeting, 2 Remuneration and Appointment Committees' meetings, and 7 Control and Risk Committees' meetings.

We acknowledge that the applicable disclosure obligations set forth by supervisory authorities have been met and we are not aware of any violation or complaint filed by any shareholder.

Auditing of compliance with correct management principles

On a quarterly basis, the Board obtained information from the Directors on the operations of the Company and on expected trends, as well as on the most significant economic, financial and equity transactions performed by the Company, including those conducted through its subsidiaries, so we can reasonably ensure, based on the information received, that the Company's business operations are compliant with the applicable legislation and the Articles of Association/Bylaws, have not been unwary, risky or in conflict of interest or in contrast with the resolutions made by the Shareholders' Meeting, nor such as to jeopardise the integrity of the corporate equity.

Within the scope of our task, we collected information and audited the compliance of the activities carried out by the Company with correct management principles, primarily by taking part in the meetings of the Board of Directors and corporate Committees, but also by collecting information from the Chief Finance Officer and the managers of the Accounting Department and other corporate functions, as well as by exchanging significant data and information pursuant to art. 150 of Legislative Decree no. 58/1998 with the Auditor. More specifically, as regards the resolution procedures of the Board of Directors and Executive Committee, we supervised the Company's compliance with the applicable legislation and Articles of Incorporation in connection with the operating and management decisions made by Directors.

Based on the information received from Directors and on the conversations we had with the representatives of the Auditor, no non-typical or unusual transaction seems to have been conducted during 2020.

Auditing of the appropriateness of the ownership structure

Our auditing activity revealed the existence of an appropriate ownership structure in terms of layout, procedures, competencies, and responsibilities for the size of the Company and for the nature and method of pursuing the business purpose.

We reviewed the operation of the Board of Directors and Committees, particularly as regards the applicable requirements for independent Directors, the determination of their fees, and the responsibilities connected with corporate functions.

Auditing of compliance with the internal control system

Also in our role as Internal Audit Committee, we collected information and monitored the compliance of the ownership structure of the Company and its internal control system, also by taking part in the meetings of the Control and Risk Committee. That Committee promptly disclosed all the necessary information on their activities to the Board of Auditors during the meeting and explained the contents of their interim reports, which confirmed the compliance of the internal control system and risk management activity.

The Board also monitored the activities carried out by the Internal Audit function, in compliance with the 2020 Audit Plan approved by the Board of Directors on February 5, 2020, with the proposal examined by the Control and Risk Committee during the meeting held on February 4, 2020, updated with BoD resolution of July 1, 2020; listened to their discussions during the meetings held and reviewed the contents of the interim reports, which show that the internal control and risk management systems are appropriate.

We inform Shareholders that we normally exchanged significant data and information with the various control boards of the Company.

With regard to risk assessment, we acknowledge that the present Supervisory Board of the Company was appointed on June 1, 2018 and the Board of Directors approved the Organization, Management and Control Model of the Company on May 12, 2016 in compliance with Legislative Decree no. 231/2001. The Model was subsequently updated by the Board of Directors during the meetings held on December 20, 2017 and August 6, 2019. During the meetings of August 4, 2020 and March 11, 2021, the Board of Directors acknowledged that the Supervisory Board, during the first half of 2020 and the second half of 2020, respectively, on the basis of and within the limits of the activities conducted and information received, observed no abnormalities, reprehensible actions or non-conformances which may be considered as violations of the Model 231 adopted by the Company.

Furthermore, in order to strengthen the Internal Control and Risk Management system, an Enterprise Risk Management (ERM) project was prepared in 2019, the results of which have been approved, with the favourable opinion of the Control and Risk Committee, by the Board of Directors on December 19, 2019. On December 18, 2020, the Board of Directors, after receiving a positive opinion from the Control and Risk Committee on the same date, approved the updating of the Risk Assessment process as related to the ERM.

Auditing of the compliance of the accounting system and the related statutory auditing of accounts

We audited the compliance of the accounting system and its reliability and capacity to correctly reflect and describe corporate operations by obtaining information from the responsible executive, the managers of the various competent functions, through meetings with the Auditor and through the auditing reports produced by the Auditor concerning the year's and consolidated financial statements, which have been proved to be compliant with international accounting standards.

The certification required by Art. 154-bis, paragraph 5, of TUF, signed by the CEO and CFO, has been enclosed to the year's and consolidated financial statements.

We monitored the independence of the Auditor pursuant to Art. 6, par. 2, lett. A), of European Regulation no. 537/2014 and pursuant to paragraph 17 of ISA Italia 260. During the financial year 2020, as set out in Annex F to the Consolidated Financial Statements pursuant to Art. 149 *duodecies* of CONSOB Issuers Regulation, the parent company Toscana Aeroporti S.p.A. paid PwC S.p.A. the following fees: Euro 94,000 for the auditing of the consolidated financial statements and year's financial statement of the Parent Company (including the conduction of periodic audits), and for the limited audit of the condensed consolidated interim financial statements of the Group; Euro 91,500 for the auditing of the consolidation files of the Corporación America Airports Group; Euro 12,700 for the certification of accounting reports as required by CIPE Resolution no. 38/2007; Euro 19,000 for the limited audit of the consolidated non-financial statement submitted pursuant to Leg. Dec. no. 254/2016 for the financial year 2020.

The subsidiaries Toscana Aeroporti Handling Srl, Jet Fuel S.r.l. and Parcheggi Peretola Srl paid PwC S.p.A. auditing fees of Euro 32,800.

Corporate Governance implementation

We audited the compliance of the Company with the Corporate Governance principles specified in the self-adopted Voluntary Code of Conduct for Listed Companies. On March 11, 2021, the Board of Directors approved the Report on Corporate Governance and Ownership prepared pursuant to Art. 123-Bis-bis of TUF (traditional control and management model).

Remuneration policies

The Board of Statutory Auditors audited the corporate processes that led to the definition of the Company's remuneration policies, with a special focus on the remuneration criteria adopted for the Chief Executive Officer and Executives with strategic responsibilities, and provided opinions in this regard, as required by the law. The Board of Directors met on March 11, 2021 and, on a proposal from the Appointment and Remuneration Committee, approved the "Annual Report on Remuneration", prepared in accordance with Art. 123-ter of the TUF and in compliance with the provisions of Art. 6 of the Code of Conduct.

Diversity policies

Subject to compliance with the applicable legislation, the Company did not consider it useful to adopt any diversity policy under Art. 123-Bis, par. 2, lett. d-bis, of Leg. Dec. no. 58/1998 during 2020 because the current composition of its management and control boards offers an appropriate combination of competencies and also considering that the information disclosed to Directors and Statutory Auditors is characterized by such contents and frequency as to enable them to acquire adequate knowledge of the business sector in which the company operates, its trends, and the associated corporate processes.

Auditing of relationships with subsidiaries and parent companies

We have monitored the nature of relationships with subsidiaries and parent companies, which have been promptly presented to the Committees and Board of Directors, thus confirming their compliance with the instructions given by the Company to its subsidiaries.

The characteristics of the intra-group transactions conducted during the business year considered, the parties involved and the related economic effects are adequately described in the Explanatory Notes to the year's and consolidated Financial Statements of the Company, where all the related credit/debt and cost/revenue relationships are also highlighted.

Impairment test

As regards impairment testing, as required by IAS 36, the Board of Directors, during its meeting of March 5, 2021, therefore before the approval of the draft financial statements, approved the impairment test criteria and tests conducted by Toscana Aeroporti on the consolidated financial statements and on the year's financial statements relating to the Cash Generating Units (CGUs) Florence and Pisa airports.

The results of the procedure adopted confirmed the recoverability of the assets.

Auditing of related parties

As required by Consob Regulation no. 17221 of 12 March 2010, subsequently amended with Consob Resolution no. 17389 of 27 April 2017, we acknowledged that the Company adopted measures to ensure that its transactions with related parties, conducted either directly or through subsidiaries, be inspired to transparency and compliance with substantial and procedural correctness criteria.

Intra-group transactions and transactions with other related parties referred to the financial year 2020 have been examined during the meetings of the Monitoring and Risk Committees and no issue is raised about them. These items, including the adoption of tax consolidation, are extensively described in the year's financial statement of TA S.p.A. and in the Group's consolidated financial statements.

Omissions and reprehensible actions detected, opinions and initiatives undertaken

During the financial year 2020, the Board of Auditors did not receive any report or complaint filed under Art. 2408 of the Civil Code and no complaint has been filed by third parties.

We presented the specific opinions requested by legal provisions, including the opinion on Directors' Fees (under art. 2389, paragraph 3, of the Civil Code).

No significant data or information, omissions, reprehensible actions or irregularities or other significant events worthwhile mentioning in this report have been detected during our supervisory activity and based on the information obtained by the Auditor pursuant to Art. 150, par. 3, of Leg Decree no. 58/1998, including during the periodic meetings held with the Auditor.

Proposals regarding the year's financial statement and the consolidated financial statement

The Board of Statutory Auditors carried out the necessary audits relating to compliance with the reporting legislation regarding the preparation of the year's and consolidated financial statements at March 11, 2021. More specifically, we acknowledge that the year's and consolidated financial statements have been prepared in compliance with the International Accounting Standards (IFRS) adopted by the European Union and that the Company has adopted Consob's recommendations in the preparation of its financial statements and corporate disclosures.

We audited the Company's compliance with the legislation concerning the preparation of the Report on Operations, as well as, pursuant to Legislative Decree no. 254/2016 implementing EU Directive 2014/95, the preparation of the Consolidated Non-Financial Statement ("DNF") for the business year ended December 31, 2020, approved by the Board of Directors on March 11, 2021.

On April 22, 2021, the Auditing Company issued its reports on the Company's and Group's financial statements pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) 537/2014 without raising any issue.

The Auditing Company hereby declares that, in its opinion, the Report on Operations and the information contained in the Corporate Governance and Ownership Report mentioned above, are consistent with the year's and consolidated financial statements of the Toscana Aeroporti Group at December 31, 2020.

On April 22, 2020, the Auditing Company also produced and submitted to the Board of Statutory Auditors, acting as Internal Control and Audit Committee, the Additional Report referred to in Art. 11 of EU Regulation no. 537/2014, which contains no significant remark as to potential weaknesses in the internal control system as regards the financial reporting process.

Finally, as specifically required by Toscana Aeroporti S.p.A., the Auditing Company issued a specific Compliance Report produced under Legislative Decree no. 254/2016 and Consob Regulation no. 20267 concerning the Consolidated Non-Financial Statement ("DNF") of Toscana Aeroporti S.p.A. for the financial year ended Dec. 31, 2020.

For the areas falling under their competence, the Board of Auditors hereby declares that there is no impediment to the approval of the year's financial statements and of the related proposals put forward by the Board of Directors.

Finally, we point out that the Board of Directors, during the meeting held on April 1, 2021, revoked the call of the Ordinary Shareholders' Meeting originally scheduled for April 29/30, 2021, and fixed May 18, 2021 at h 11:00 as first call and May 19, 2021 as second call for the Ordinary Shareholders' Meeting for the approval of the 2020 financial statements and for the amendment of the Bylaws.

Conclusions and proposal for the Meeting

Now, therefore, the Board of Statutory Auditors, after reviewing the reports prepared by the Auditing Company, having acknowledged the certifications jointly issued by the CEO and by the manager in charge of the preparation of the company's accounting documents, believes that there are no reasons to reject the approval by the Shareholders' Meeting of the draft financial statements for the year ended December 31, 2020, together with the proposal to cover the year's loss of Euro 7,845,389 through the use of the statutory reserve available, as proposed by the Board of Directors.

Florence, 22 April 2021

BOARD OF AUDITORS

Mr. Michele Molino, Chairman

Ms. Silvia Bresciani, Statutory Auditor

Ms. Raffaella Fantini, Statutory Auditor

Mr. Roberto Giacinti, Statutory Auditor

Mr. Antonio Martini, Statutory Auditor