Toscana Aeroporti Group

2019 FINANCIAL STATEMENT

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 Florence - www.toscana-aeroporti.com
R.E.A. FI-637708 - Fully paid-up Share Capital € 30,709,743.90
VAT Number and Tax Code: 00403110505

Summary

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**" or the "**Parent Company**") and its subsidiaries (hereinafter the "TA Group") and for the Separate Draft Financial Statement at 31 Dec. 2019, approved by the Board of Directors on 12 March 2020, 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 management trends and the most significant events that took place in 2019 and after the closing of the year on 31 Dec. 2019.

The tables provided and commented below have been prepared based in the Consolidated Financial Statements at 31 Dec. 2019, 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. 2019 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").

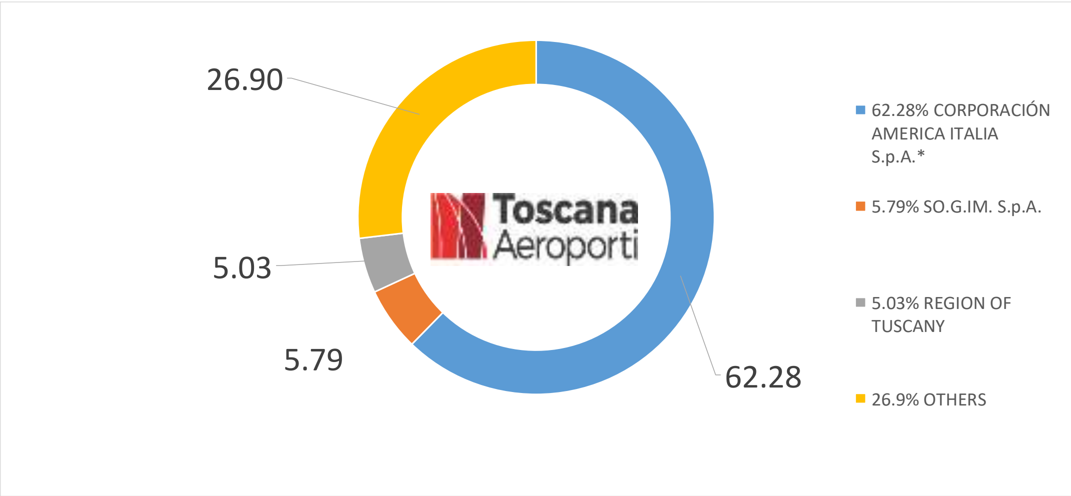
Toscana Aeroporti S.p.A. is a group incorporated to manage and develop the "Galileo Galilei" airport in Pisa and the "Amerigo Vespucci" airport in Florence in terms of air traffic, infrastructures and passenger services.

Accounting information as at 31 December 2019 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"), and "Jet Fuel Co. S.r.l.", as well as the newly-incorporated "Vola S.r.l.", consolidated according to 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 parties who, at 11 March 2020, directly or indirectly held an interest greater than 5% of the subscribed share capital of Toscana Aeroporti S.p.A. (hereinafter also briefly referred to as "TA" or the "Parent Company"), 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 held by 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 2019 as collateral to secure the debenture loan issued by the shareholder in question.

<u>Shareholder Agreements</u>

The Shareholder Agreement between Corporación America Italia S.p.A. and SO.G.IM. S.p.A. for the ordinary shares of Toscana Aeroporti S.p.A., signed by these two entities on 16 April 2014, as amended and supplemented on 13 May 2015, renewed on 10 April 2017 and subsequently amended on 29 September 2017, concerns a total of 12,669,561 ordinary shares corresponding to 68.072% of the share capital and voting rights of Toscana Aeroporti S.p.A. (of which 11,592,159 ordinary shares, corresponding to 62.283% of the share capital and voting rights of Corporación America Italia S.p.A. and 1,077,402 ordinary shares corresponding to 5.789% of the share capital and voting rights of SO.G.IM. S.p.A.) was terminated on 15 April 2020, its expiry date.

Further details and contents are available in the institutional website of the Company at www.toscana-aeroporti.com, Investor Relations/Corporate Governance/Documents section

2. THE TOSCANA AEROPORTI STOCK

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

The Toscana Aeroporti stock grew by 23% in 2019, with a closing price of € 17.4 per share at 31 December 2019. The highest price of the stock was reached on 29 October 2019 with a price per share of € 18.2, while the minimum price of € 13.7 was touched on 8 January 2019.

The main market data referred to the Toscana Aeroporti stock and a comparison with the FTSE MIB index during 2019 are provided below:

Main market information	2019	2018
Share Capital	€ 30,709,743.90	€ 30,709,743.90
Number of shares	18,611,966	18,611,966
Opening price	€ 14.15	€ 16.18
Minimum price	€ 13.70	€ 13.25
Maximum price	€ 18.20	€ 16.18
Year-end price	€ 17.40	€ 14.15
Average price	€ 15.99	€ 14.72
Average volumes	1,480	5,024
Year-end market capitalization	€ 323.8 M	€ 263.4 M

TYA trends / FTSE MIB in 2019

However, due to the effect of the Covid-19 pandemic on the stock markets, the stock had a sharp decrease since March 2020. For details, see the sections “Outlook” of this report and “Significant events occurred after 31 December 2019” in the Explanatory Notes to the financial statement (value of the stock at 20 April 2020: € 12.70 per share.

3. CORPORATE GOVERNANCE

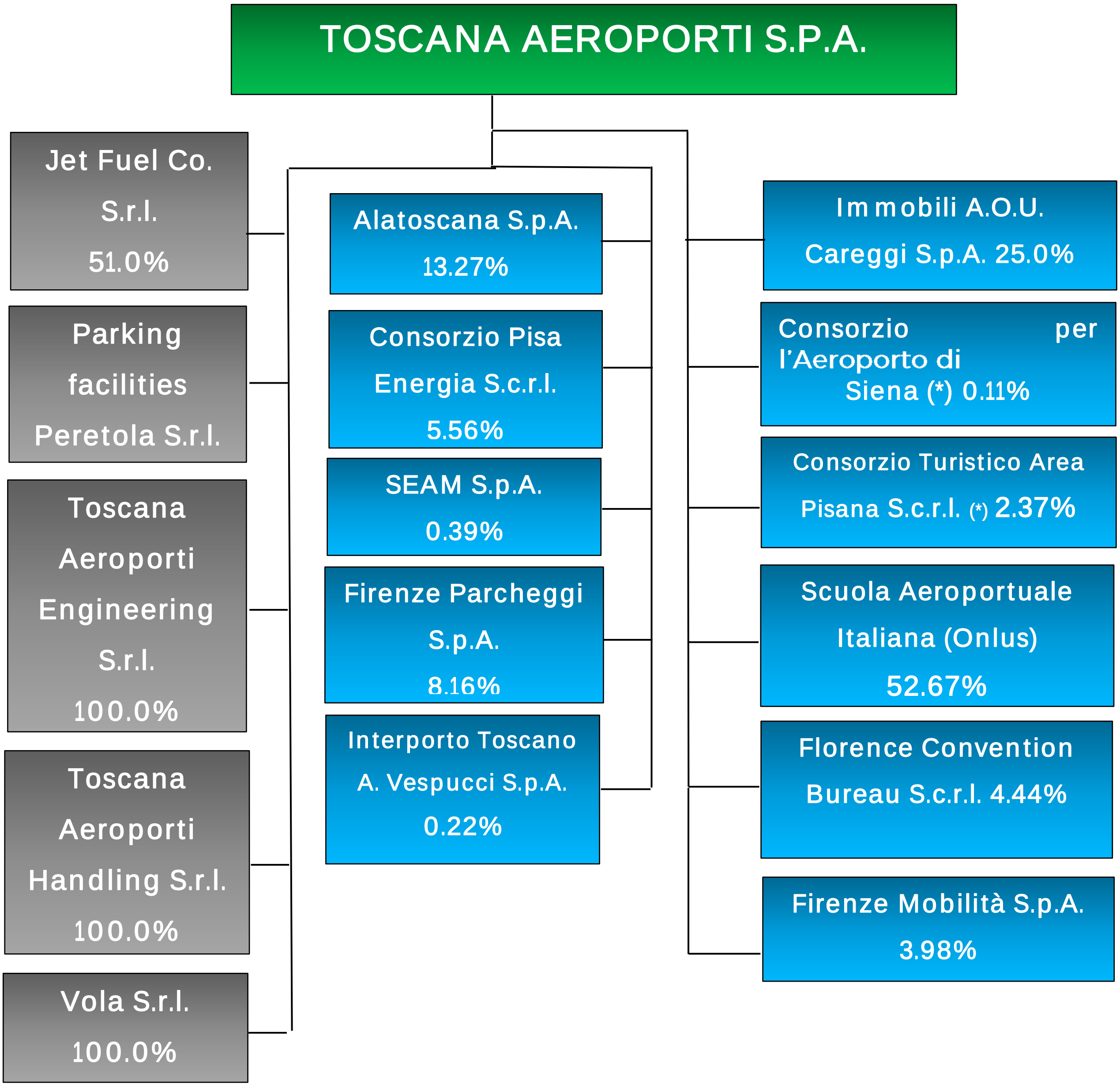
The Company adopted a Corporate Governance policy to implement the principles of the Voluntary Code of Conduct for the companies listed by Borsa Italiana S.p.A., in line with the recommendations issued by CONSOB and international best practices. A Control and Risk Committee and an Appointments and Remuneration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

Toscana Aeroporti SpA, being an “EIPR” (Ente di Interesse Pubblico Rilevante, meaning a “significant public entity”), is required to prepare and present a consolidated non-financial statement in the form of a “separated 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: Florence (Italy), Via del Termine n. 11 - Tax code/VAT no.: 00403110505.
Company Register of Florence registration and REA [Economic and Administrative Index] FI no. 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. For consolidation purposes, we point out that Toscana Aeroporti owns 33.33% of equity and dividend rights and 51% of voting rights. For further details, see section on controlled companies. Furthermore, Vola S.r.l. was not operating at 31 December 2019.

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

Line-by-line consolidation[1]

1 Data as of 31 December 2019

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Toscana Aeroporti S.p.A.	Florence	30,710	115,488	Holding
Toscana Aeroporti Engineering S.r.l.	Florence	80	437	100.00
Parcheggi Peretola S.r.l.	Florence	50	3,026	100.00
Toscana Aeroporti Handling S.r.l.	Florence	750	1,742	100.00
Vola S.r.l.	Florence	200	200	100.00
Jet Fuel Co. S.r.l.	Pisa	150	542	51.00

Full Consolidation[1]

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Immobili A.O.U. Careggi S.p.A.	Florence	200	1,013	25.00
Alatoscana S.p.A.	M. di Campo (Li)	2,910	2,820	13.27

5 COMPOSITION OF CORPORATE GOVERNING BODIES

Board of Directors	Title
Marco CARRAI	President
Gina GIANI	CEO
Roberto NALDI	Executive Vice-President
Pierfrancesco PACINI	Vice-President
Vittorio FANTI	Delegated Board Member
Elisabetta FABRI	Board Member
Giovanni Battista BONADIO	Board Member
Stefano BOTTAI	Board Member
Anna GIRELLO	Board Member
Niccolò MANETTI	Board Member
Iacopo MAZZEI	Board Member
Saverio PANERAI	Board Member
Ana Cristina SCHIRINIAN	Board Member
Silvia BOCCI	Board Member
Giorgio DE LORENZI	Board Member

Board of Auditors	Title
Paola SEVERINI	President

[1] Data as of 31 December 2018

Silvia BRESCIANI Statutory Auditor
Roberto GIACINTI Statutory Auditor
Elena MAESTRI Statutory Auditor
Antonio MARTINI Statutory Auditor

Secretary of the Board of Directors

Nico ILLIBERI[1]

Supervisory Board	**Title**
Edoardo MARRONI	President
Michele GIORDANO	Member
Nico ILLIBERI	Member

Financial Reporting Manager pursuant to Law 262/05

Marco GIALLETTI[2]

Independent Auditor

PricewaterhouseCoopers S.p.A.

6. HIGHLIGHTS

Consolidated operating and financial results at 31 December 2019	**Revenues** totalled € 130,241 K, down by € 1,693 K (-1.3%) compared to € 131,933 K of the TA Group at 31 December 2018. **Operating Revenues** totalled € 119,659 K, up by € 7,325 K (+6.5%) compared to € 112,334 K of the TA Group at 31 December 2018. The **EBITDA** totalled € 38,096 K, up by € 2,260 K (+6.3%) compared to € 35,836 K of the TA Group at 30 June 2018. If we compare the adjusted EBITDA of the two years examined, calculated by adjusting the 2018 EBITDA from income into "Other revenues" for € 4.1 M and the 2019 EBITDA from minor costs of "Airport fees" for € 2 M, we can determine a € 4,378 K increase, corresponding to +13.8% of the 2019 amount compared to 2018. The **EBIT** totalled € 23,254 K, up by 500 K (+2.2%) compared to the TA Group's EBIT of € 22,755 K at 31 December 2018. The **Profit Before Tax (PBT)** is € 21,721 K compared to a PBT of € 21,481 K for the TA Group in 2018. The **Group's net profit for the period**, totalled € 14,149 K of profits against Group period profits of € 14,596 K in 2018. The **Group's adjusted net profit for the period**, compared with the same adjusted result for 2018, i.e. by removing "Other revenues" for € 4.12 M in 2018 and adding € 2 M of "Airport fees" for 2019, net of their related taxes (by applying the Group's tax rates for the

[1] Corporate Manager qualified as Director of the Legal Affairs and Compliance area.
[2] Corporate Manager qualified as Director of the Accounting, Finance and Control areas.

	period examined), we can detect an increased result of € 1,056 K compared to 2018 (+9%). **Net borrowing** totalled € 33,077 K at 31 December 2019, compared to € 28,151 K at 31 December 2018.
Group investments at 31 December 2019	Investments totalled **€ 16,004 K** in 2019, of which € 2,950 K for studies and design relating to the development of the Florence Airport Master Plan; € 3,152 K for the purchase of operating assets (equipment, motor vehicles, operating systems and machinery); € 2,013 K for the requalification and expansion of parking lots in the Palagio degli Spini area; € 880 K for the new first flush rainwater harvesting and treatment system at the Florence airport; € 608 K for the improvement of the BHS and baggage carousels; € 556 K for the expansion of the passenger terminal (Phase 1); and € 437 K relating to the expansion of the car parking system at the Pisa airport.
Traffic	In 2019, the Tuscan Airport System carried approx. **8.3 million passengers**, with an overall growth of **1%** for the Passenger component, +2.1% for the Flights component, +2.6% for the Tonnage component, and +11% for the Cargo & Mail component compared to the aggregate 2018 data on passengers, flights, tonnage and cargo of the Pisa and Florence airports.
Outlook	The criticalities already highlighted for 2019, such as the effects of Brexit, the Alitalia crisis, and the absence of flights with Boeing 737-800 MAX aircraft, are expected to continue in 2020. Since February 2020, we also have to consider the impact of the Coronavirus outbreak on the global economy, on global transports, and particularly on air transport, conditions that deeply affect domestic and international tourism in Italy. In a potential scenario where the spreading of the virus is not stopped within a short period of time, the pandemic could have a major impact on future global growth perspectives and affect the general macro-economic picture and financial markets. Considering the continuous evolution of the situation, it is difficult to predict the size of the phenomenon at the moment and its effects on the Company and the Group. However, the limitations imposed on airport services and flight cancellations at March 2020 lead us to assume that the impact of the present scenario on the economic and financial results of 2020 will be significant, particularly in the first six months of the current year. Toscana Aeroporti, which has demonstrated a marked resilience over its five years of life, has undertaken and will continue to implement all the possible measures to protect the profits of the Group and to fulfil its obligations by variabilizing its costs as much as possible as a function of traffic trends.

7. PROFILE OF THE BUSINESS YEAR 2019

7.1 THE MACROECONOMIC AND AIR TRANSPORT INDUSTRY SCENARIO

The global economic growth had restarted growing in 2019, but the international scenario underwent a significant number of changes, the effects of which are rather difficult to determine at the moment. In fact, while the trade war between United States and China was heading towards a solution and the Brexit process was starting to be clarified, increased bearish risks were being seen due to tension in the Middle East around the controversy between Iraq and the United States.

In Italy, the economic activity was showing a slight growth in the third quarter 2019, while it remained unchanged in the last quarter of the year, mainly due to the weakness of the manufacturing sector.

In European airports, the growth of passenger traffic was lower than that of the last 5 years in 2019. This deceleration was due to a decrease in domestic traffic, to the bankruptcy of a few airlines, and to a limited EU market capacity associated with the halt and failed delivery of Boeing 737-800 MAX aircraft.
As to Italy, the Alitalia crisis remained unresolved throughout 2019. In spite of this, according to Assaeroporti data, air traffic in Italian airports reached 193.1 million passengers in 2019, with a 4% growth compared to 2018. This result has been mainly driven by the growth in international traffic (+5.8%), while domestic traffic grew by +0.7% compared to 2018. Aircraft movements increased (+2.7%) and the cargo sector decreased (-3.2%).

7.2 TUSCAN AIRPORT SYSTEM TRAFFIC TRENDS

In 2019, the Tuscan Airport System carried 8.3 million passengers, for an aggregate 1% growth, corresponding to an additional 79,630 transiting passengers compared to 2018.

We recall the constantly high percentage of cancellations/rerouting to the Florence airport (over 48% of which due to adverse weather conditions), although decreasing compared to 2018.
A total of 842 aircraft movements (-32.5% compared to 2018) have been cancelled or rerouted, with an estimated loss of approx. 84,000 passengers (only partially, approx. 46%, rerouted to Pisa). Without considering cancellations, Toscana Aeroporti's passenger traffic would have grown by 1.7%.

Cargo traffic grew by 11% in the Pisa airport in 2019 (with +1,310,699 kg of cargo and mail carried). This result is due to the additional flights operated by DHL to fulfil the growing demand of the Tuscan market, as well as to the operation of some all-cargo charter flights for the transport of Nuovo Pignone turbines and humanitarian flights to Africa. Please remember that cargo charter flights for the international event Endurance Lifestyle, scheduled by the International Equestrian Federation, have also been confirmed in 2019.

The different traffic components for 2019 are detailed below compared to 2018:

TOSCANA AEROPORTI TRAFFIC				
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
Commercial Passengers	**8,239,232**	**8,160,079**	**79,153**	**1.0%**
Domestic (Scheduled + Charter)	1,796,886	1,823,313	-26,427	-1.4%
International (Scheduled + Charter)	6,442,346	6,336,766	105,580	1.7%
General Flight Passengers	**22,559**	**22,082**	**477**	**2.2%**
TOTAL PASSENGERS	**8,261,791**	**8,182,161**	**79,630**	**1.0%**
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
Commercial Flights	**67,164**	**66,120**	**1,044**	**1.6%**
Domestic (Scheduled + Charter)	14,031	14,157	-126	-0.9%
International (Scheduled + Charter)	51,452	50,519	933	1.8%
Cargo	1,681	1,444	237	16.4%
General Flights	**11,787**	**11,215**	**572**	**5.1%**
TOTAL FLIGHTS	**78,951**	**77,335**	**1,616**	**2.1%**
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
Commercial Tonnage	**4,185,519**	**4,089,392**	**96,127**	**2.4%**
Domestic (Scheduled + Charter)	839,208	851,502	-12,294	-1.4%
International (Scheduled + Charter)	3,217,150	3,136,348	80,802	2.6%
Cargo	129,161	101,542	27,619	27.2%
General Aviation Tonnage	**176,894**	**161,726**	**15,168**	**9.4%**
TOTAL TONNAGE	**4,362,413**	**4,251,118**	**111,295**	**2.62%**
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
Air cargo (kg)	12,743,904	11,319,323	1,424,581	12.6%
Ground cargo (kg)	379,495	501,764	-122,269	-24.4%
Mail (kg)	60,458	71,952	-11,494	-16.0%
TOTAL CARGO AND MAIL	**13,183,857**	**11,893,038**	**1,290,818**	**10.9%**
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
TOTAL TRAFFIC UNITS	**8,393,630**	**8,301,091**	**92,538**	**1.1%**

* Air cargo – Final 2018 recalculated data

Below is the comparison with the Italian Airport System, which shows an average 4% growth:

January - December 2019			
No.	**Airport**	**Passengers**	**%**
	Rome (system)	49,412,069	*1.2*
	Milan (system)	49,349,547	*5.1*
	Venice (system)	14,816,325	*2.2*
1	Napoli	10,860,068	*9.3*
2	Catania	10,223,113	*2.9*
3	Bologna	9,405,920	*10.6*
4	Palermo	7,018,087	*5.9*
5	Bari	5,545,588	*10.2*
6	Pisa	5,387,558	*-1.4*
7	Cagliari	4,747,806	*8.6*
8	Turin	3,952,158	*-3.3*
9	Verona	3,638,088	*5.2*
10	Olbia	2,978,769	*-0.7*
11	Lamezia Terme	2,978,110	*8.1*
12	Florence	2,874,233	*5.7*
13	Brindisi	2,697,749	*8.8*
14	Genoa	1,536,136	*5.5*
15	Alghero	1,390,381	*1.8*
Italian Airport System		**193,102,662**	***4.0***
Tuscan Airport System		**8,261,791**	***1.0***

Note: The Rome airport system includes the Fiumicino and Ciampino airports, the Milan airport system includes the Malpensa, Linate, Bergamo Orio al Serio and Parma airports, and the Venice airport system includes the Venice and Treviso airports.

In 2019, Tuscan airports have been connected with 96 - 11 domestic and 85 international - destinations (21 operated in both airports) and served by 34 airlines (8 of which operating in both airports), including 18 IATA and 16 Low-Cost (hereinafter briefly "LC") airlines.
The table below provides details on these destinations and airlines.

No. of destinations served January-December 2019 Tuscan Airport System*					
Domestic destinations:		32	Cologne - Bonn	65	Malta
1	Alghero	33	Copenhagen	66	Manchester
2	Bari	34	Corfu	67	Marrakech
3	Brindisi	35	Krakow	68	Munich
4	Cagliari	36	Gdańsk	69	Moscow (Domodedovo)
5	Catania	37	Doha	70	Moscow (Vnukovo)
6	Comiso	38	Dublin	71	Mykonos
7	Lamezia Terme	39	Düsseldorf	72	Nantes
8	Olbia	40	Dusseldorf (Weeze)	73	NewCastle
9	Palermo	41	EastMidland	74	Nuremberg
10	Roma (Fiumicino)	42	Edinburgh	75	Oslo
11	Trapani	43	Eindoven	76	Palma de Mallorca
International destinations		44	Fez	77	Paris (Beauvais)
12	Amsterdam	45	Frankfurt (Hahn)	78	Paris (Charles de Gaulle)
13	Antwerp	46	Frankfurt (Main)	79	Paris (Orly)
14	Athens	47	Fuerteventura	80	Prague
15	Barcelona	48	Geneva	81	Rhodes
16	Barcelona (Girona)	49	Glasgow (Prestwick)	82	Rotterdam
17	Berlin Schönefeld	50	Goteborg	83	Saint Petersburg
18	Berlin Tegel	51	Gran Canaria	84	Santorini
19	Bilbao	52	Helsinki	85	Seville
20	Billund	53	Ibiza	86	Stuttgart
21	Birmingham	54	Istanbul	87	Stockholm (Arlanda)
22	Bordeaux	55	Kalamata	88	Stockholm (Skavsta)
23	Bristol	56	Leeds-Bradford	89	Tenerife
24	Brussels (Charleroi)	57	Lisbon	90	Tel Aviv
25	Brussels (Zavantem)	58	Liverpool	91	Tirana
26	Bucharest	59	London (City)	92	Toulouse
27	Budapest	60	London (Gatwick)	93	Valencia
28	Casablanca	61	London (Heathrow)	94	Warsaw (Modlin)
29	Kephalonia	62	London (Luton)	95	Vienna
30	Chania	63	London (Stansted)	96	Zurich
31	Chisinau	64	Madrid		

Airlines that operated from January to December 2019 Tuscan Airport System*			
1	Aegean Airlines	18	KLM
2	Aer Lingus	19	Laudamotion
3	Air Arabia Maroc	20	Lufthansa
4	Air Dolomiti	21	Norwegian Air Shuttle
5	Air France	22	Pobeda Airlines
6	Air Moldova	23	Qatar Airways
7	Albawings	24	Ryanair
8	Alitalia	25	SAS
9	Austrian Airlines	26	S7 Airlines
10	Blue Air	27	Swiss
11	British Airways	28	TAP
12	Brussels Airlines	29	Transavia
13	easyJet	30	TuiFLy Belgium
14	Eurowings	31	Turkish Airlines
15	Ernest Airlines	32	Volotea
16	Iberia	33	Vueling Airlines
17	Jet2.com	34	Wizz air

* Destinations and airlines are listed alphabetically.

7.2.1 Traffic trends in the Pisa "Galileo Galilei" airport

The table provided below compares 2019 traffic trends against 2018, broken down into its different components:

PISA AIRPORT TRAFFIC				
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Commercial Passengers	**5,377,531**	**5,453,331**	**-75,800**	**-1.4%**
Domestic (Scheduled + Charter)	1,417,247	1,441,546	-24,299	-1.7%
International (Scheduled + Charter)	3,960,284	4,011,785	-51,501	-1.3%
General Flight Passengers	**10,027**	**9,749**	**278**	**2.9%**
TOTAL PASSENGERS	**5,387,558**	**5,463,080**	**-75,522**	**-1.4%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Commercial Flights	**37,969**	**38,512**	**-543**	**-1.4%**
Domestic (Scheduled + Charter)	10,205	10,314	-109	-1.1%
International (Scheduled + Charter)	26,083	26,754	-671	-2.5%
Cargo	1,681	1,444	237	16.4%
General Flights	**4,846**	**4,597**	**249**	**5.4%**
TOTAL FLIGHTS	**42,815**	**43,109**	**-294**	**-0.7%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Commercial Tonnage	**2,547,760**	**2,549,888**	**-2,128**	**-0.1%**
Domestic (Scheduled + Charter)	614,456	619,972	-5,516	-0.9%
International (Scheduled + Charter)	1,804,143	1,828,374	-24,231	-1.3%
Cargo	129,161	101,542	27,619	27.2%
General Aviation Tonnage	**85,862**	**78,573**	**7,289**	**9.3%**
TOTAL TONNAGE	**2,633,622**	**2,628,461**	**5,161**	**0.20%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Air cargo (kg)	12,688,808	11,236,599	1,452,209	12.9%
Ground cargo (kg)	255,907	336,091	-80,184	-23.9%
Mail (kg)	60,441	71,747	-11,306	-15.8%
TOTAL CARGO AND MAIL	**13,005,156**	**11,644,437**	**1,360,719**	**11.7%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
TOTAL TRAFFIC UNITS	**5,517,610**	**5,579,524**	**-61,915**	**-1.1%**

A total of 5.4 million passengers transited in the Pisa airport in 2019, down by 1.4% compared to 2018.

The decrease in the number of seats offered on scheduled flights (-0.7%) has been accompanied by a 0.9% increase in scheduled passenger traffic compared to 2018, with a slightly decreased Load Factor in the two periods (87.1% in 2018 and 86.9% in 2019).

The number of passengers on rerouted flights, included in commercial traffic, equals 0.5% of total traffic (with 27,850 passengers: -12.0% compared to 2018). The percentage coming from Florence is approx. 75%.

General Aviation flights increased in 2019 (+2.9%) compared to 2018 (+278 passengers).

The table below shows the main factors that affected scheduled passenger traffic trends in the Pisa Galilei airport during 2019:

- **Air Dolomiti/Lufthansa**: Air Dolomiti replaced Lufthansa in operating flights to/from Munich since the start of the summer. The two daily flights have been mainly operated with 120-seat E195 aircraft, reflecting increased capacity (Lufthansa alternated between 120-seat E195 and 90-seat CRJ aircraft).
- **Ernest Airlines**: increased flights to/from Tirana: from 3/4 flights per week in 2018 to 1 daily flight.
- **Air Arabia Maroc**: new connection with Casablanca operated since April with two flights per week.

- **Norwegian Air Shuttle**: the Norwegian airline operated summer connections with Oslo, Copenhagen, and Stockholm, plus a new connection with Helsinki, operated since April, which replaced Finnair in the Finnish capital city (2 weekly flights mid-June/mid-August in 2018).
- **Pobeda Airlines**: this Russian low-cost airline, due to customs service problems in Saint Petersburg airport, suspended all its international flights to this airport starting from the beginning of the summer. In addition, Pobeda reduced flights to Moscow Vnukovo (from 7 to 4 weekly flights) due to the lack of aircraft due to the non-use of B737/800 MAX aircraft. In 2019, the overall reduction in Pobeda traffic reached approx. 54,000 passengers, equalling 37% of the Pobeda traffic recorded in 2018.
- **Ryanair**: In general, the development of the Ryanair network has been adversely affected by the non-delivery of Boeing 737-800 MAX aircraft to the airline. More specifically, Ryanair reduced the German market (with the suspension of the Frankfurt Hahn connection and flights to/from Frankfurt Main partially offset by the introduction of the new seasonal flight for Nuremberg), reduced the Italian market (reduction in flights to/from Alghero, Brindisi and Catania, and suspension of flights to/from Crotone and Trapani), and also reduced summer tourist destinations. More specifically, the Greek market (starting its operations in August and not in June as last year) and the Spanish market (reductions on Barcelona, Tenerife, Fuerteventura, and Ibiza). We also recall the non-confirmation of the connection for Sofia. However, we should mention the full operation, in 2019, of the flight for Vienna (4 flights per week against 3 in 2018 – operated by Laudamotion), the new flight to/from Prague operated since the winter 2018/2019, and the new flight for Brussels operated in the summer 2019. A new connection with Bucharest Otopeni was started in the winter. In 2019, the overall reduction in Ryanair traffic reached approx. 8,600 passengers, equalling ca. 0.3% of the airline's traffic recorded in 2018.
- **easyjet**: This airline decreased its traffic in Pisa due to the suspension of Swiss routes in 2019 (Basel and Geneva) operated in 2018.
- **British Airways**: the British airline focused its operations on London Heathrow (and suspended operations on London Gatwick), thus ensuring a better connection capacity with its global network and reducing the total number of flights operated in Pisa during the summer from 22/23 in 2018 (operated on Gatwick and Heathrow) to 18 in 2019 (only on Heathrow).

In 2019, the Pisa airport has been connected with 84 scheduled destinations operated by 24 airlines, 10 of which were Full-Service Carriers (FSC) and 14 Low-Cost Carriers (LCC).

No. of destinations served January-December 2019 Pisa Airport*					
Domestic destinations:		27	Kephalonia	56	London (Luton)
1	Alghero	28	Chania	57	London (Stansted)
2	Bari	29	Cologne - Bonn	58	Madrid
3	Brindisi	30	Copenhagen	59	Malta
4	Cagliari	31	Corfu	60	Manchester
5	Catania	32	Krakow	61	Marrakesh
6	Comiso	33	Gdańsk	62	Munich
7	Lamezia Terme	34	Doha	63	Moscow (Domodedovo)
8	Olbia	35	Dublin	64	Moscow (Vnukovo)
9	Palermo	36	Dusseldorf (Weeze)	65	Nantes
10	Roma (Fiumicino)	37	EastMidlands	66	NewCastle
11	Trapani	38	Edinburgh	67	Nuremberg
International destinations		39	Eindhoven	68	Oslo
12	Amsterdam	40	Fez	69	Paris (Beauvais)
13	Athens	41	Frankfurt (Main)	70	Paris (Orly)
14	Barcelona	42	Frankfurt (Hahn)	71	Prague
15	Barcelona (Girona)	43	Fuerteventura	72	Rhodes
16	Berlin Schönefeld	44	Glasgow (Prestwick)	73	Rotterdam
17	Berlin Tegel	45	Goteborg	74	Saint Petersburg
18	Billund	46	Gran Canaria	75	Seville
19	Birmingham	47	Helsinki	76	Stuttgart
20	Bordeaux	48	Ibiza	77	Stockholm (Arlanda)
21	Bristol	49	Istanbul	78	Stockholm (Skavsta)
22	Brussels (Charleroi)	50	Kalamata	79	Tenerife
23	Brussels (Zavantem)	51	Leeds-Bradford	80	Tirana
24	Bucharest	52	Lisbon	81	Toulouse
25	Budapest	53	Liverpool	82	Valencia
26	Casablanca	54	London (Gatwick)	83	Warsaw (Modlin)
		55	London (Heathrow)	84	Vienna

Airlines that operated from January to December 2019 Pisa Airport*			
1	Aegean Airlines	13	Lufthansa**
2	Aer Lingus	14	Norwegian Air Shuttle
3	Air Arabia Maroc	15	Pobeda Airlines
4	Air Dolomiti**	16	Qatar Airways
5	Albawings	17	Ryanair Limited
6	Alitalia	18	SAS
7	British Airways	19	S7 Airlines
8	Easy Jet	20	Transavia
9	Eurowings	21	Turkish Airlines
10	Ernest Airlines	22	Volotea
11	Jet2.com	23	Vueling Airlines
12	Laudamotion	24	Wizzair

* Airlines are listed alphabetically.
** Starting from the summer season, Air Dolomiti replaced Lufthansa in Munich operations.

Scheduled passenger traffic by Country

A total of 25 markets have been regularly connected with the Pisa airport with scheduled flights during 2019.

The international market accounts for 73.6% of the total scheduled passenger traffic of the Galilei airport, while domestic traffic accounts for 26.4%.

The table below shows the percentage incidence of each European country over the total number of scheduled traffic passengers recorded by the Galilei airport during 2019 and the difference, both in absolute and percentage terms, compared to 2018.

Scheduled pax traffic	2019	2018	Diff.	Diff. %	% over TOT
Italy	1,408,569	1,434,154	-25,585	-1.8%	26.4%
United Kingdom	1,098,845	1,130,474	-31,629	-2.8%	20.6%
Spain	536,043	555,068	-19,025	-3.4%	10.1%
Germany	359,356	384,614	-25,258	-6.6%	6.7%
France	288,911	278,373	10,538	3.8%	5.4%
The Netherlands	280,824	276,150	4,674	1.7%	5.3%
Belgium	203,938	157,092	46,846	29.8%	3.8%
Albania	161,513	138,533	22,980	16.6%	3.0%
Russian Federation	134,259	165,853	-31,594	-19.0%	2.5%
Poland	85,101	87,983	-2,882	-3.3%	1.6%
Ireland	82,641	70,306	12,335	17.5%	1.5%
Morocco	80,725	60,393	20,332	33.7%	1.5%
Sweden	72,816	71,295	1,521	2.1%	1.4%
Qatar	65,851	64,931	920	1.4%	1.2%
Denmark	55,985	56,693	-708	-1.2%	1.0%
Portugal	54,883	49,642	5,241	10.6%	1.0%
Czech Republic	54,254	14,029	40,225	286.7%	1.0%
Romania	50,735	42,543	8,192	19.3%	1.0%
Hungary	48,259	52,127	-3,868	-7.4%	0.9%
Malta	46,399	55,881	-9,482	-17.0%	0.9%
Greece	46,365	78,771	-32,406	-41.1%	0.9%
Norway	45,017	42,999	2,018	4.7%	0.8%
Austria	38,394	19,476	18,918	97.1%	0.7%
Turkey	22,906	21,065	1,841	8.7%	0.4%
Finland	10,431	4,141	6,290	151.9%	0.2%
Svizzera		45,230	-45,207	-99.9%	0.0%
Bulgaria		20,441	-20,441	-100.0%	0.0%
TOTAL	**5,333,043**	**5,378,257**	**-45,214**	**-0.8%**	**100.0%**

In 2019, domestic traffic decreased by 1.8% compared to 2018, mainly due to the reduction of Ryanair flights to/from Alghero, Brindisi and Palermo, as well as to the suspension of the connections with Crotone and Trapani.

The British market, which is the leading foreign market (with approx. 1.1 million passengers; 20.6% of total markets), decreased by 2.8%. Remember, in this regard, the aforesaid reductions by British Airways, which focused on London Heathrow with 18 flights per week in 2019 against 22/23 in 2018. Ryanair has been operating extensively on London Stansted, which had been reduced due to cancellations caused by crew and pilot strikes in 2018. Other Ryanair UK routes have also been slightly reduced (Leeds-Bradford, in particular) due to Brexit uncertainties at the beginning of the year, which led the carrier to review its capacity in the British market.

The Spanish market decreased by 3.4%, accounting for 10.1% of the total traffic. The reduction of Ryanair flights to/from Barcelona, Tenerife, and Fuerteventura are only partially offset by increased connections with Seville (from 2 to 3 flights during the winter), Valencia (from 3 to 4 flights in the winter), and Ibiza (with increased flights in August and September).

The German market decreased by 6.6%. Ryanair's flight to Frankfurt Main, which became a seasonal flight in 2019, and the suspension of flights to/from Frankfurt Hahn starting from the summer, have only partially been offset by the increased capacity and flight frequency of Air Dolomiti on Munich (2 daily flights with 120-seat E195 aircraft). Furthermore, we remine the opening of the new seasonal flight for Nuremberg operated by Ryanair and the increased easyjet flights to/from Berlin (Schoenfield/Tegel).

We also point out the decrease of the Greek market (-41.1%) due to the delayed start of the seasonal connections with Rhodes, Chania and Corfu, which were operated only since August 2019, partially offset by the opening of the new flight for Kalamata.
The Bulgarian and Swiss markets have not been served in 2019 due to the suspension of the flight to/from Sofia, operated by Ryanair in 2018, and of the flights to/from Basel and Geneva, operated by easyJet in 2018.

The Russian market decreased by 19% as Pobeda reduced its scheduled flights to/from Moscow Vnukovo and Saint Petersburg, totalling a 36.6% reduction if this data is added to charter traffic (always operated by Pobeda in 2018).

It is important to highlight the strong growth of the Czech market (+286.7%) after the operation of a new Ryanair flight to/from Prague (3 flights per week starting from the winter 2018/2019), of the Albanian market (+16.6%), with Albawings and Ernest Airlines flights to/from Tirana, and of the Belgian market, with a new Ryanair flight to/from Brussels Zaventem (+29.8%).

In addition, the following markets also recorded a growth:
- Morocco (+33.7%), with increased Ryanair flights to/from Marrakesh (from 2 to 3 flights per week) and the start of flights to/from Casablanca operated by Air Arabia Maroc (2 weekly flights since April);
- Austria (+97.1%), with full operations and increased frequencies (from 3 to 4 per week) of the Ryanair flight to Vienna (through the carrier Laudamotion);
- Finland (+151.9%), thanks to the new Norwegian connection with Helsinki, which replaces and increases Finnair's flight operated in Pisa in 2018. The Norwegian airline has operated 1 weekly flight to the capital city of Finland throughout the summer against Finnair's end of June-start of August operations.
- Ireland (+17.5%), with the continued winter Ryanair flight for Dublin.

Cargo & Mail Traffic

Cargo traffic data recorded in the Pisa airport in 2019 show an 11.7% growth, with +1,361 tons of cargo and mail carried. This result is due to the additional flights operated by DHL to fulfil the growing demand of the Tuscan market and to the operation of some all-cargo charter flights for the transport of Nuovo Pignone turbines and humanitarian flights to Africa. Please remember that cargo charter flights for the international event Endurance Lifestyle, scheduled by the International Equestrian Federation, have also been confirmed in 2019.

7.2.2 Traffic trends in the Florence "Amerigo Vespucci" airport

The table below provides 2019 yearly traffic trends, with the related comparison with 2018, broken down into their different components:

FLORENCE AIRPORT TRAFFIC				
	YTD at 31-12-19	YTD at 31-12-18	2019/18 DIFF.	2019/18 % DIFF.
Commercial Passengers	**2,861,701**	**2,706,748**	**154,953**	**5.7%**
Domestic (Scheduled + Charter)	379,639	381,767	-2,128	-0.6%
International (Scheduled + Charter)	2,482,062	2,324,981	157,081	6.8%
General Flight Passengers	**12,532**	**12,333**	**199**	**1.6%**
TOTAL PASSENGERS	**2,874,233**	**2,719,081**	**155,152**	**5.7%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Commercial Flights	**29,195**	**27,608**	**1,587**	**5.7%**
Domestic (Scheduled + Charter)	3,826	3,843	-17	-0.4%
International (Scheduled + Charter)	25,369	23,765	1,604	6.7%
General Flights	6,941	6,618	323	**4.9%**
TOTAL FLIGHTS	**36,136**	**34,226**	**1,910**	**5.6%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Commercial Tonnage	**1,637,759**	**1,539,504**	**98,255**	**6.4%**
Domestic (Scheduled + Charter)	224,752	231,530	-6,778	-2.9%
International (Scheduled + Charter)	1,413,007	1,307,974	105,033	8.0%
General Aviation Tonnage	**91,032**	**83,153**	**7,879**	**9.5%**
TOTAL TONNAGE	**1,728,791**	**1,622,657**	**106,134**	**6.54%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
Air cargo (kg)	55,096	82,724	-27,628	-33.4%
Ground cargo (kg)	123,587	165,672	-42,085	-25.4%
TOTAL CARGO AND MAIL	**178,700**	**248,601**	**-69,901**	**-28.1%**
	YTD at 31-12-19	**YTD at 31-12-18**	**2019/18 DIFF.**	**2019/18 % DIFF.**
TOTAL TRAFFIC UNITS	**2,876,020**	**2,721,567**	**154,453**	**5.7%**

In 2019, approximately 2.9 million passengers transited through the Florence airport, with a 5.7% increase (+155,152 passengers) compared to 2018.

The higher number of seats offered (+6.8%) brought about a growth in passenger traffic (+5.7%). The load factor increased by 0.8 percentage points for scheduled flights (79.6% in 2019 against 78.8% in 2018).

General Aviation flights increased by 1.6% in 2019 compared to 2018 (+199 passengers).

The main factors that contributed to 2019 traffic results are described below:

- **TAP**: full operation of the Lisbon connection since June 2018, with 9 weekly flights in the winter and up to 10 in the summer.
- **Iberia**: increased operations on Madrid, from 4 to 6/7 weekly flights in January-March and from 7 to 10 weekly flights in November-December. During the summer, Iberia operated 11 weekly flights (up to 13 in August).
- **Air France**: full operations on Paris Charles de Gaulle. We remind readers that this carrier had frequently cancelled flights in the first quarter of 2018 due to pilot and flight crew strikes. Furthermore, during the summer Air France operated additional movements on the route (up to 2 additional weekly flights). Since September 2019, Air France introduced the use of 143-seat A319 aircraft on two flights and kept using the 131-seat A318 aircraft on the remaining four flights.

- **Brussels Airlines**: the Belgian carrier anticipated its seasonal operations on Brussels compared to 2018 by resuming its flights since 27 February 2019. It also increased summer flights passing from 7-8 flights to a maximum of 10.
- **Eurowings**: this German carrier suspended its direct winter connection with Dusseldorf in 2018, and restarted it in 2019 with the start of the summer, with up to one daily flight. The connection continued during the winter with two weekly flights.
- **Scandinavian Airlines**: new seasonal connection for Copenhagen operated since April with 3 flights per week.
- **Vueling Airlines**: since mid-September 2019, this Spanish airline established its third aircraft in the Florence airport and opened 4 new destinations: Bilbao (2 weekly flights), Munich (5 weekly flights), Vienna (daily flight), and Prague (4 weekly flights), and increased operations on some existing routes.
- **CityJet**: suspension of operations on London City since the winter 2018/2019. However, this destination has remained in the Florence airport network thanks to British Airways' operations.
- **Air Moldova**: the Moldavian carrier suspended its flights to Chişinău since mid-May (last flight on 14 May).

During 2019, the Florence airport has been connected with 33 scheduled destinations operated by 18 airlines, of which 13 Full-Service Carriers (FSC) and 5 Low-Cost Carriers (LCC).

No. of destinations served January-December 2019 Florence Airport*			
Domestic destinations:		16	Lisbon
1	Catania	17	London (City)
2	Palermo	18	London (Gatwick)
3	Rome FCO	19	London (Luton)
International destinations		20	London (Stansted)
4	Amsterdam	21	Madrid
5	Antwerp	22	Manchester
6	Barcelona	23	Munich
7	Bilbao	24	Mykonos
8	Brussels	25	Palma de Mallorca
9	Bucharest	26	Paris (Charles de Gaulle)
10	Chisinau	27	Paris (Orly)
11	Copenhagen	28	Prague
12	Düsseldorf	29	Santorini
13	Edinburgh	30	Tel Aviv
14	Frankfurt	31	Tirana
15	Geneva	32	Vienna
		33	Zurich

Airlines that operated from January to December 2019 Florence Airport*			
1	Air Dolomiti	10	Eurowings
2	Air France	11	Iberia
3	Air Moldova	12	KLM
4	Albawings	13	Lufthansa
5	Alitalia	14	SAS
6	Austrian Airlines	15	Swiss
7	Blue Air	16	Tap-Air Portugal
8	British Airways	17	Tui Fly Belgium
9	Brussels Airlines	18	Vueling

* Airlines are listed alphabetically.

Scheduled passenger traffic by Country

A total of 17 markets have been regularly connected with scheduled flights with the Florence airport in 2019.

The international market accounts for 86.8% of the total scheduled passenger traffic of the Vespucci airport, while the domestic traffic accounts for 13.2%.

The table below shows the percentage incidence of each European country over the total number of scheduled traffic passengers recorded by the Vespucci airport during 2019 and the difference, both in absolute and percentage terms, compared to 2018:

Scheduled pax traffic	2019	2018	Diff.	Diff. %	% over TOT
France	583,073	534,763	48,310	9.0%	20.4%
Germany	512,895	504,465	8,430	1.7%	17.9%
Italy	378,792	380,798	-2,006	-0.5%	13.2%
Spain	352658	305240	47,418	15.5%	12.3%
The Netherlands	268,802	270,870	-2,068	-0.8%	9.4%
United Kingdom	223,361	234,500	-11,139	-4.8%	7.8%
Switzerland	183,321	193,530	-10,209	-5.3%	6.4%
Portugal	77,189	45,420	31,769	69.9%	2.7%
Belgium	73,072	64,029	9,043	14.1%	2.6%
Austria	52,979	34,004	18,975	55.8%	1.9%
Romania	47,288	43,541	3,747	8.6%	1.7%
Albania	43,431	44,631	-1,200	-2.7%	1.5%
Denmark	32,398	13,384	19,014	142.1%	1.1%
Czech Republic	11,713	0	11,713	100.00%	0.4%
Greece	9847	13495	-3,648	-27.0%	0.3%
Israel	6,032	5,308	724	13.64%	0.2%
Republic of Moldova	3,522	14,209	-10,687	-75.2%	0.1%
Croatia	0	2668	0	-100.00%	0.0%
TOTAL	**2,860,373**	**2,704,855**	**158,186**	**5.7%**	**100.0%**

* Listed alphabetically

As shown in the table above, the French market is the first in the Florence airport, with over 580,000 passengers, for a 9.0% growth obtained with full Air France operations in 2019, after the cancellations ordered by the carrier due to pilot and flight crew strikes in 2018 and increases (in frequencies and capacity) made during 2019.

The second international market is the German market, which decreased by +1.7%, with over 513,000 passengers. The increase is due to the new flight for Munich operated by Vueling since mid-September and to the flight for Dusseldorf operated by Eurowings starting from April.

The Italian market (380,000 passengers) has been confirmed as the third market for the Florence airport, in spite of a slight decrease compared to 2018 (-2,000 passengers)

The Spanish market grew by 15.5% in connection with Iberia operations on Madrid. We also mention the opening of a new Vueling connection for Bilbao starting from mid-September 2019.

The strong growth recorded by the Portuguese market (+31,769 passengers) is due to the new TAP operations on Lisbon operated since June 2018.

Another important data to be recorded is the growth of the Danish market grew (+142.1%) with the new 3 seasonal Scandinavia Airlines weekly flights to/from Copenhagen starting from April 2019 and the growth of the Austrian market (+55.8%) after the start of the new flight to/from Vienna operated by Vueling since mid-September 2019.

The British market decreased by 4.8% due to the cancellation of City Jet flights on London City (suspended at the start of the 2018/19 winter). This destination has remained in the Vespucci airport network thanks to British Airways' flights.
The Moldavian market decreased due to the cancellation of the Air Moldova flight to Chişinău in mid-May.

We also highlight the new development of the Czech market with the introduction of the flight for Prague operated by Vueling since mid-September 2019.

8. SIGNIFICANT EVENTS OCCURRED IN 2019

A project for the expansion of the Pisa airport terminal and related flight infrastructure was presented on 26 January 2019 within the framework of the 2018-2028 Master Plan, detailing the programme of works required to expand the entire Pisa airport infrastructure system, from the secondary runway to aircraft parking areas, up to the development of an aircraft maintenance hub.

Simultaneously, the strengthening of the partnership with Ryanair has been announced, with the airline being confirmed as the leading European carrier by number of passengers carried per year. The partnership, started in 1998, was confirmed with the signature of a new agreement valid until 2023, to create the conditions for the development of further traffic and new destinations starting from the Pisa airport.

The works of the Conference of Services were concluded on 6 February 2019 with a positive outcome and the favourable opinion of the approx. 40 attending parties, with the sole exclusion of the 3 Municipalities of Sesto Fiorentino, Prato and Campi Bisenzio, concerning the town-planning compliance of the new 2014-2029 Masterplan project for the Florence airport, which includes the development of a new 2,400 metre runway and a new terminal.

On 9 February 2019, the new Line 2 of the tramway connecting the Florence airport with the Santa Maria Novella railway station was opened at the Florence airport.

On 4 March 2019, due to the limited operating spaces available in the Pisa airport, TA obtained from ENAC (with prot. 886/B2 of 4 March 2019) 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. More specifically, a maximum number of two handlers was established for Commercial Aviation, one of whom (the Airport Operator) should provide both Commercial Aviation and General Aviation services, and a maximum number of two handlers was established for General Aviation.

On 16 April 2019, the Ministry of Infrastructure and Transports signed the Director's Decree [Decreto Direttoriale] that ratified the positive conclusion of the Conference of Services regarding the 2014-2029 Master Plan of the Florence Amerigo Vespucci Airport.

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[1] Baggage Assistance and runway operations.

On 8 May 2019, the Transport Regulation Authority [Autorità di Regolazione dei Trasporti (ART)] issued Resolution no. 50/2019 for final compliance with the Tariff Models for the Pisa airport for the years 2019-2022.

On 27 May 2019, the Regional Administrative Court (TAR) of Tuscany accepted the petitions lodged by some committees and Municipalities of the Florence Plain ("Comuni della Piana") and cancelled the law decree that approved the Environmental Impact Assessment ("VIA") for the construction of the new runway of the Florence airport, consequently forcing TA to restart the procedures to address the gaps identified by the TAR.

An agreement was signed on 12 July 2019 between the Municipality of Pisa and Toscana Aeroporti for accessibility in the Galileo Galilei airport plot. The agreement includes the concession by Toscana Aeroporti of the parking slots located in the airport plot for passenger shuttle bus operations in the conditions specified in the agreement, otherwise the buses will keep using the People Mover's park-and-ride area.

The MIT adopted the suspension measure regarding Director's Decree that ratified the conclusion of the Conference of Services regarding the Florence airport.

On 25 July 2019, Toscana Aeroporti S.p.A. notified the Council of State about the appeal filed against the Tuscan TAR decision of 27 May 2019, which cancelled the favourable opinion of the Decree on the environmental impact of the new Florence Airport 2014-2019 Master Plan.

On 31 July 2019, the Transport Regulation Authority (ART) issued Resolution no. 94/2019 for final compliance with the Tariff Models for the Florence airport for the years 2019-2022.

The new service area dedicated to car rental services called "Palagio degli Spini", adjacent to the Florence airport, was inaugurated on 21 November 2019.

9. TOSCANA AEROPORTI GROUP'S OPERATING RESULTS

9.1 Consolidated Income Statement

The table below compares the data of the 2019 Consolidated Income Statement against the same document of 2018.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	97,445	94,514	2,931	3.1%
Non-Aviation revenues	34,939	31,213	3,726	11.9%
Network development expenses	-12,725	-13,393	668	-5.0%
Total operating revenues	**119,659**	**112,334**	**7,325**	**6.5%**
Other revenues	2,185	6,084	-3,899	-64.1%
Revenues from construction services	8,396	13,515	-5,119	-37.9%
TOTAL REVENUES (A)	**130,241**	**131,933**	**-1,693**	**-1.3%**
COSTS				
Operating Costs				
Consumables	1,411	1,192	219	18.4%
Cost of personnel	42,567	42,907	-340	-0.8%
Costs for services	34,237	30,982	3,256	10.5%
Sundry operating expenses	2,584	2,456	127	5.2%
Airport leases	4,470	6,506	-2,036	-31.3%
Total operating costs	**85,269**	**84,044**	**1,225**	**1.5%**
Costs for construction services	6,876	12,054	-5,178	-43.0%
TOTAL COSTS (B)	**92,145**	**96,098**	**-3,953**	**-4.1%**
GROSS OPERATING MARGIN (A-B)	**38,096**	**35,836**	**2,260**	**6.3%**
% incid. over total revenue	29.3%	27.2%		
% incid. over operating revenue	31.8%	31.9%		
Amortization and impairment	11,195	10,116	1,079	10.7%
Provision for risks and repairs	3,062	2,618	444	16.9%
Value write-ups (write-downs) net of trade receivables	585	347	238	68.8%
OPERATING EARNINGS	**23,254**	**22,755**	**500**	**2.2%**
% incid. over total revenue	17.9%	17.2%		
% incid. over operating revenue	19.4%	20.3%		
ASSET MANAGEMENT				
Financial income	26	46	-20	-43.6%
Financial expenses	-1,591	-1,355	-236	17.4%
Profit (loss) from equity investments	32	36	-4	-11.7%
TOTAL ASSET MANAGEMENT	**-1,533**	**-1,273**	**-260**	**20.4%**
PROFIT (LOSS) BEFORE TAX	**21,721**	**21,481**	**240**	**1.1%**
Taxes for the period	-7,330	-6,720	-611	9.1%
PROFIT/(LOSS) FOR THE PERIOD	**14,391**	**14,761**	**-371**	**-2.5%**
Minority Interest's loss (profit) for the period	-242	-165	-77	46.8%
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	**14,149**	**14,596**	**-448**	**-3.1%**
Earnings per share (€)	0.760	0.784	-0.0241	-3.1%

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 Consolidated Financial Statement TA will provide, in addition to the financial indicators required by the IFRS, some indicators 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.

For a better evaluation of its operating results, the Group considered it useful to provide in this financial statement a comparison between certain interim results of the two business years called **"Adjusted GOM (EBITDA)"** and **"Adjusted Group's profit/(loss) for the period"**. For details on the determination of the aforesaid results, see the following sections.

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

REVENUES

Total consolidated revenues decreased by 1.3%, passing from € 131.9 M in 2018 to € 130.2 M in 2019. This difference is the result of the € 7.3 M increase in operating revenues (up by +6.5%) and of the simultaneous € 3.9 M decrease in the other revenues (mainly due to the presence, in 2018, of the greater revenues earned after the decision of the Ministry of Transport - Toscana Aeroporti for an amount of € 4.1 M) and € 5.1 M 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 € 668 K reduction compared to 2018.

OPERATING REVENUE

Consolidated operating revenues totalled € 119.7 M in 2019, up by +6.5% compared to 2018.

Aviation revenues

Aviation revenues totalled € 97.4 M in 2019, up by 3.1% compared to 2018, when they totalled € 94.5 M.
More specifically, revenues from duties, fees and airport taxes slightly increased by 4.7% as a consequence of the greater traffic managed in 2019 (+1.8% for passenger traffic, aircraft movements, and tonnage) and of the positive impact of regulated tariffs on the two airports (+2.9%).
Handling revenues totalled € 30.2 M, slightly down by 0.3% as a consequence of lower revenues relating to extra handling services (GPU, ASU, ACU services).

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 sub-concessions);
ii. through direct control (Advertising, Parking Lots, Business Centre, Welcome Desk and VIP Lounge, Air Ticket Office and Cargo Agency).

At 31 December 2019, revenues deriving from subcontracted activities accounted for 59.8% of Non-Aviation revenues, while those deriving from directly managed activities accounted for the remaining 40.2%. In 2018, these percentages were 58.8% and 41.2%, respectively.

Year-to-date non-aviation revenues totalled € 34.9 M at 31 December 2019, up by 11.9% compared to 2018, when they totalled € 31.2 M.

The € 3,726 K increase, which exceeds the increased passenger traffic recorded in 2019 (+1%), confirms the positive results of the non-aviation strategies implemented by the Group.

More specifically, the revenues that show excellent performances during the year examined have been car rental services (€ +1,523 K, +30.2%), particularly in connection with the new Palagio degli Spini area near the Florence airport, retail (€ +549 K, +10.1%), VIP lounges (€ + 566 K, +20%), and food (€ +509 K, +14.5%).

Network development expenses

Network development expenses totalled € 12.7 M at 31 December 2019, down by € 668 K (-5%) compared to 31 December 2018, when they totalled € 13.4 M.

OTHER REVENUES

Year-to-date "Other revenues" totalled € 2,185 K at 31 December 2019, a lower amount compared to 2018, when they totalled € 6.1 M. The difference of approx. € 3.9 M mainly stems from the presence, in 2018, of income earned after the decision of the Ministry of Transport - Toscana Aeroporti for € 4.1 M.

REVENUES FROM CONSTRUCTION SERVICES

In 2019, revenues from construction services amounted to € 8.4 M, down by € 5.1 M (-37.9%) compared to 2018 as a consequence of the Group's investments.

COSTS

Total costs of € 92.1 M have been recognized in 2019, with a 4.1% decrease compared to 2018, when they totalled € 96.1 M. This result has been obtained with a +1.5% decrease in operating costs (which passed from € 84 M in 2018 to € 85.3 M in 2019), as well as with the simultaneous € 5.2 M decrease in costs for construction services.

OPERATING COSTS

Operating costs totalled € 85.3 M in 2019, up by 1.5% compared to € 85.3 M reported at the end of 2018.

"Consumables" totalled € 1,411 K, up by € 219 K compared to 2018, increase mainly due to fuel (€ +124 K) and clothing (€ +97 K).

The Group spent a total of € 42.6 M for personnel in 2019, down by € 340 K compared to 2018 (-0.8%).
The Group's staff increased by +2.4% particularly in connection with the traffic managed (and the consequent operating activities) and with the spin-off of the subsidiary TAH. The overall reduction in the cost of labour (personnel) is mainly due to the exit of some

executives and to the positive effect of the re-negotiation of performance bonuses and second-level agreements.

"Costs for services" totalled € 34.2 M in 2019, up by 10.5% compared to 2018, when they totalled € 31 M (€ +3.2 M). The higher costs of the period examined are mainly related to the increased costs paid for operating services (€ +1,638 K), maintenance (€ +292 K) and utilities (€ +775 K) related to the greater traffic managed during the period, and to increased communication costs (€ +586 K).

"Sundry management expenses" totalled € 2.58 M, up by € 127 K (5.2%) compared to 2018.

Airport fees totalled € 4.47 M, down by 31.3% compared to € 6.5 M in 2018. The main change is due to the impact of the release of the € 2 M provision for liabilities for the Fire Brigade airport service dispute[1].

COSTS FOR CONSTRUCTION SERVICES

"Costs for construction services" totalled € 6.9 M at mid-2019, reflecting a decrease with respect to 2018, when they totalled € 12 M.

YEAR'S RESULT

The 2019 EBITDA is € 38.1 M in 2019, up by € 2,260 K (+6.3%) compared to 2018, when it was € 35.8 M.

As reported in the summary table below, if we compare the adjusted EBITDAs of the two business years examined, calculated by adjusting the EBITDA with the income described in the sections "Other revenues" (€ 4.1 M) for 2018 and "Airport fees" (€ 2 M) for 2019, respectively, we see a positive period deviation of approx. € 4.4 M (+13.8%).

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	% Diff.
Gross Operating Margin (GOM)	38,096	35,836	2,260	6.3%
Adjustments	-2,000	-4,117	2,117	-51.4%
Adjusted GOM (EBITDA)	**36,096**	**31,718**	**4,378**	**13.8%**

Amortization and Provisions totalled € 14.8 M, down by € 1,760 K compared to 2018. This is mainly due to the amortization of fixed assets (€ +508 K) and rights of use (+570 K and zero at 31 December 2018)[2], provision for impairment of receivables (€ +238 K), and provisions for liabilities (€ +263 K).

The 2019 EBIT is € 23.3 M, down by € 500 K compared to 2018, when it was € 22.8 M.

[1] More specifically, judgement 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.

[2] In compliance with the new accounting standard IFRS 16 "Leases" effective from 1 January 2019, published by IASB in January 2016, which replaced IAS 17. The main change concerns the accounting of lease agreements by leaseholders, as, based on IAS 17, a distinction had to be made between finance leases (booked by using the financial method) and operating leases (booked by using the equity method). With IFRS 16, the accounting of operating leases will be the same as that required for finance leases. According to the new standard, a financial asset - the right to use the leased asset - and a financial liability - the payment of rents - must be booked. The IASB established optional exemptions for certain lease agreements and low-value / short-term leases. For further details, see section "New accounting standards, amendments and interpretations effective from 1 January 2018" in the Explanatory Notes.

Financial operations passed from a positive amount of € 1,273 K in 2018 to a negative amount of € 1,533 K in 2019. The € 260 K difference is mainly due to higher finance costs determined on the provision for repair (€ +120 K), IFRS 16 expenses for € 103 K, and higher interests for € 20 K.

The Profit Before Tax (PBT) for 2019 is € 21.7 million, up by € 240 K compared to the final PBT of 2018, which was € 21.5 M.

Taxes for the year total € 7.33 M. The 2019 tax burden equals 33.7% of the PBT 31.3% in 2018). The increased tax rate of 2019 has been affected by a 3.5% additional IRES rate that was introduced by the last State Finance Law for certain concessionaires of public infrastructures, including airports.

Therefore, based on the data disclosed above, the business year considered, 2019, was closed with a net Group profit of € 14.15 M, down by € 448 K (-3.1%) compared to 2018, when it was closed with € 14.6 M.

As reported in the summary table below, if we compare the two adjusted Group net profits for the periods examined, calculated by adjusting the Group net profits mentioned in the comment to the adjusted EBITDA in "Other revenues" (€ 4.12 M) and "Airport fees" (€ 2 M), after deducting the related taxes (by applying the Group tax rates for the period examined), we obtain increased profits for € 1,056 K in 2019 compared to 2018 (€ +9%).

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	% Diff.
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	14,149	14,596	-448	-3.1%
Adjustments	-2,000	-4,117	2,117	-51.4%
Taxation	675	1,288	-613	-47.6%
Adjusted GROUP'S PROFIT/(LOSS) FOR THE PERIOD	**12,823**	**11,767**	**1,056**	**9.0%**

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 2019 and the same value at 31 December 2018.

ASSETS	31 DEC. 2019	31 Dec. 2018	DIFFERENCE
NON-CURRENT ASSETS			
Intangible assets	174,880	172,956	1,924
Property, plant and equipment	30,310	26,853	3,457
Rights of use	4,619	0	4,619
Equity investments in other entities	2,945	2,945	0
Investments in associated companies	570	596	-26
Other financial assets	3,220	3,207	12
Trade receivables due beyond the year	308	382	-74
Deferred tax assets	1,716	2,221	-504
TOTAL NON-CURRENT ASSETS	**218,569**	**209,160**	**9,409**
CURRENT ASSETS			
Trade receivables	17,525	19,035	-1,510
Tax assets for current taxes	280	2	278
Other Tax Assets	1,497	2,353	-856
Receivables from others, due within the year	10,014	9,050	964
Cash and cash equivalents	19,863	14,270	5,593
TOTAL CURRENT ASSETS	**49,179**	**44,710**	**4,470**
TOTAL ASSETS	**267,749**	**253,870**	**13,879**

The difference in total assets, which grew by € 13,879 K compared to total assets at 31 December 2018, mainly derive from increased non-current assets (€ +9.4 M) and, to a lesser extent, current assets (€ +4.5 M).

More specifically, non-current assets increased by € 4.6 M after the application of the new IFRS 16 adopted from 1 January 2019, with the consequent recognition of license rights, and for the positive change in intangible and tangible assets determined by investments net of depreciation/amortization for the period (€ +5.4 M).

Current assets are mainly affected by increased cash and cash equivalents (€ +5.6 M).

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
TOTAL SHAREHOLDERS' EQUITY	**119,518**	**118,528**	**990**
NON-CURRENT LIABILITIES			
Provisions for liabilities and charges	2,458	4,164	-1,705
Provisions for repair and replacement	17,834	18,939	-1,106
Provisions for employee benefits	5,767	5,782	-15
Financial liabilities due beyond one year	23,352	28,164	-4,812
Financial liabilities for rights of use beyond one year	4,239	0	4,239
Other payables due beyond the year	338	202	137
TOTAL NON-CURRENT LIABILITIES	**53,988**	**57,251**	**-3,263**
CURRENT LIABILITIES			
Financial liabilities due within one year	24,940	14,256	10,683
Financial liabilities for rights of use within one year	410	-	410
Tax liabilities for current taxes	2,174	2,227	-53
Other tax liabilities	11,987	10,299	1,688
Trade Payables	31,643	28,606	3,036
Payables to social security institutions	2,611	2,955	-344
Other payables due within the year	12,568	13,274	-706
Provisions for repair and replacement (current portion)	7,911	6,473	1,438
TOTAL CURRENT LIABILITIES	**94,243**	**78,091**	**16,152**
TOTAL LIABILITIES	**148,231**	**135,342**	**12,889**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**267,749**	**253,870**	**13,879**

The Shareholders' equity increased by approx. € 1 M, mainly due to the recognition of a year operating profit of € 14.1 M, partially offset by the distribution of € 13.2 M of dividends.

Non-current liabilities at 1 January 2019 include financial liabilities for rights of use (€ 4.2 M), recognized as required by the new IFRS 16. Decreased non-current financial liabilities for approx. € 4.8 M derive from the short-term reclassification of the loan instalments due within the following year. The reduction of approx. € 1.7 M in the Provision for liabilities and charges is mainly due to the release of funds after the positive conclusion of the airport Fire Brigade service dispute (€ 2 M).

Current liabilities (€ +16.5 M) include short-term bank loans (€ +10.7 M), increased tax liabilities (€ +1.7 M), and increased trade payables (€ +3 M).

INVESTED CAPITAL

The table below offers a brief comparison between invested capital amounts at 31 Dec. 2019 and at 31 Dec. 2018, followed by comments on the main differences shown.

Amounts shown in € K	CONSOL. F.S. 31-DEC-2019	CONSOL. F.S. 31-DEC-2018	Diff. Abs. 2019/2018
NON-CURRENT ASSETS	218,569	209,160	9,409
NET WORKING CAPITAL	-39,577	-33,395	-6,182
MEDIUM/LONG-TERM LIABILITIES	-26,398	-29,087	2,689
INVESTED CAPITAL	**152,595**	**146,679**	**5,916**
SHAREHOLDERS' EQUITY	119,518	118,528	990
NET FINANCIAL INDEBTEDNESS	33,077	28,151	4,926

Fixed assets increased by € 9.4 M, essentially reflecting the recognition of rights of use (€ +4.6 M) and increased intangible (€ +1.9 M) and tangible assets (€ +3.5 M) created by the year's investments (€ +16 M) and net of the related amortization/depreciation (€ -10.6 M).

The negative net working capital of € -39,6 M at 31 December 2019 increased by € 6.2 M at 31 December 2019 as a consequence of increased tax liabilities (€ +1.7 M), other and sundry trade payables € (+2.3 M), the short-term provision for repair (€ +1.4 M), and the simultaneous reduction in trade and sundry receivables (€ -1.1 M).

Medium-/long-term non-financial liabilities decreased after the short-term reclassification of the loan instalments due within the following business year
As a result of the data provided, the Invested Capital of the TA Group at 31 December 2019 increased by € 5.9 M compared to 31 December 2018, with a balance of approx. € 152.6 M.

9.3 Analysis of financial flows

The consolidated cash flow statement illustrated below has been prepared by using the indirect method as defined by IAS 7 which shows the main determining factors of movements in cash and cash equivalents occurred during the reporting periods.

STATEMENT OF CASH FLOWS (amounts in €K)		
Euro K	**FY 2019**	**FY 2018**
OPERATING ACTIVITY		
Net result for the period	**14,391**	**14,761**
Adjusted for:		
- Amortization/depreciation of intangible/tangible assets, and rights of use	11,195	10,116
- Difference in provision for liabilities and charges	(1,705)	166
- Net difference in provisions for employee benefits	(418)	(620)
- Net difference in provisions for repair	(526)	(536)
- Financial expenses for rights of use	107	0
- Other net financial expenses (income)	1,457	1,360
- Other provisions and impairment losses	0	0
- Net changes in (prepaid)/deferred taxes	571	263
- Year's current taxes	6,759	6,457
- (Increase)/decrease in trade receivables	1,510	9,467
- (Increase)/decrease in other current assets	(297)	(1,372)
- Increase/(decrease) in payables to suppliers	3,034	69
- Increase/(decrease) in other current payables	(173)	(1,014)
Cash flow generated by operating activities	*35,905*	*39,117*
- Financial expenses paid	(462)	(513)
- Paid income taxes	(5,865)	(6,116)
Cash flow generated by operating activities	**29,578**	**32,489**
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(6,951)	(3,575)
- Investments in intangible assets	(9,055)	(14,545)
- Investments in equity and other financial assets	0	(3,978)
- Disinvestments in equity and other financial assets	14	0
Cash flow generated (used) from investment activities	**(15,992)**	**(22,098)**
FINANCIAL ASSETS		
- Dividends paid	(13,188)	(9,993)
- Short-/long-term loans taken out	18,500	18,500
- (Repayment of) short-/long-term loans	(12,666)	(17,987)
- (Repayment of) financial liabilities for rights of use	(639)	0
Cash flows generated (used) by financing activities	**(7,993)**	**(9,480)**
Net increase/(decrease) in available cash Cash equivalents	**5,593**	**911**
Cash and cash equivalents at beginning of period	14,270	13,360
Cash and cash equivalents at end of period	**19,863**	**14,270**

At 31 December 2019, primary liquidity is positive for approx. € 19.9 M, up by approx. € 5.6 M compared to the primary liquidity at 31 December 2018, which totalled approx. € 14.3 M.

More specifically, the items of the Consolidated Financial Statement at 31 December 2019 include:

- A positive cash flow from operations of approx. € 29.6 M;

- The repayment of principal for approx. € 4.7 M for the medium/long-term loans obtained by the Group;
- The payment of approx. € 13.2 M in dividends;
- Investments for approx. € 16 M;
- Short-term loans ("hot money") obtained by TA for € 18.5 M, of which € 8 M repaid during the year.

9.4 Consolidated Net Financial Position

To complete the disclosure, we are providing the Consolidated Net Financial Position at 31 December 2019 and at 31 December 2018, in compliance with the provisions set forth in CONSOB's Notice prot. no. 6064293 of 28 July 2006.

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
Euro K	**31 Dec. 2019**	**31 Dec. 2018**	**Abs. diff.**
A. Cash on hand and at banks	19,863	14,270	5,593
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**19,863**	**14,270**	**5,593**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	20,010	9,501	10,509
G. Current portion of non-current indebtedness	4,930	4,755	175
H. Other current financial payables due to leasing companies	410	-	410
I. Current financial indebtedness (F) + (G) + (H)	**25,349**	**14,256**	**11,093**
J. Net current financial indebtedness (I) - (E) - (D)	**5,486**	**(13)**	**5,500**
K. Non-current bank payables	23,352	28,164	(4,812)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,239	-	4,239
N. Non-current financial indebtedness (K) + (L) + (M)	**27,590**	**28,164**	**(574)**
O. Net Financial Position (J) + (N) (NFP)	**33,077**	**28,151**	**4,926**

The Group's cash and cash equivalents at 31 December 2019 total € 19.9 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 obtained by the Florence airport from the banking pool led by MPS Capital Service.

At 31 December 2019, current bank payables reached € 24.9 M, increased compared to 31 December 2018 (€ +10.7 M) as a consequence of the events mentioned in the comments to the Cash Flow Statement.

Non-current bank payables, totalling € 23.4 M, include the non-current portion of the existing loans obtained by the Holding for the investments specified in the Group's Business Plan.

Finally, starting from 1 January 2019, current and non-current financial liabilities also include "Other non-current payables to leasing companies" for € 410 K and € 4.2 M, respectively, after the application of the new IFRS 16 "Leases" effective from 1 January 2019.

Therefore, the consolidated net financial indebtedness at the closing date of 31 December 2019 is € 33.1 M, up by € 4.9 M compared to 31 December 2018, when it was € 28.2 M.

At 31 December 2019, the debt-to-equity ratio was 0.28 (0.24 at 31 Dec. 2018). Please note that data at 31 December 2019 is affected by the adoption of the new IFRS 16 from 1 January 2019 (0.24 net of said effect).

9.5 Trends of key consolidated 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, in its Report on Operations, is submitting 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):

Profitability Ratios	31.12.2019 Cons. F.S.	31.12.2018 Cons. F.S.
ROE Net Income / Shareholders Equity	11.84%	12.31%
ROE lordo Profit Before Tax / Shareholders Equity	18.17%	18.12%
ROI Operating Income / Net Invested Capital (1)	15.24%	15.51%
ROS Operating Income / Revenues (2)	17.85%	18.98%
FINANCIAL EXPENSES / REVENUES RATIO Financial income/charges (2)	1.22%	1.13%
EBITDA / FINANCIAL EXPENSES RATIO EBITDA/Financial expenses	23.9	26.4

Equity Ratios	31.12.2019 Cons. F.S.	31.12.2018 Cons. F.S.
STOCK TO LIABILITIES RATIO Current assets / Current liabilities	0.52	0.57
DEBT TO EQUITY RATIO Debt (NFP) / Shareholders Equity	0.28	0.24
NET DEBT TO EBITDA RATIO Debt (PFN) / EBITDA	0.87	0.79
EQUITY TO NON-CURRENT ASSET RATIO Shareholders Equity / Non-current Assets	0.55	0.57

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 2019 total **€ 16 M**, of which € 9.06 M regarding intangible assets and € 6.95 M tangible assets.

Amounts shown in € K	*Airport*	*Sub-tot*	*Sub-tot*	*Sub-tot*	*TOTAL*
Total Investments of Toscana Aeroporti Group in 2019					**16,004**
A) Amortization of intangible assets				**9,055**	
- Software			**625**		
Management of accesses transaction log	PSA/FLR	128			
New IT security system	PSA/FLR	87			
Others	PSA/FLR	410			
- concession rights (royalties)			**2,310**		
Correction of State property borders	PSA	319			
Expansion of the parking system	PSA	282			
Sanitary services in non-Schengen boarding area	FLR	289			
Airport terminal/tramway covered path	FLR	255			
Passenger terminal expansion (Phase 0)	PSA	197			
Self-service bag drop system	PSA	159			
Others	PSA/FLR	809			
- Assets under construction			**6,095**		
Development of 2014-2029 Master Plan	FLR	2950			
First flush rainwater harvesting and treatment system	FLR	880			
Passenger terminal expansion (Phase 1)	PSA	556			
Adjustment of BHS and baggage carousels	PSA	608			
Construction of fixed GPU 400 Hz alongside aircraft systems	PSA	205			
Others	PSA/FLR	896			
- Current software:			**24**		
B) Tangible assets				**6,950**	
- Land and Buildings			**1,570**		
Revamping of Palagio degli Spini parking lot infrastructure	FLR	1501			
Others	PSA	69			
- motor vehicles			**127**		
- Plant and machinery			**3,025**		
Ground Power Unit (GPU)	PSA	428			
Airport sweeper	PSA	314			
Tractors	PSA/FLR	546			
Ambulift	PSA/FLR	543			
Air Start Unit (ASU)	PSA/FLR	350			
Shuttle bus	PSA/FLR	125			
Others	PSA/FLR	719			
- Assets under construction			**669**		
Remote parking lot (P4), Sector C	PSA	155			
Revamping of Palagio degli Spini parking lot infrastructure	FLR	512			
Others	PSA/FLR	2			
- Other assets			**1,559**		
electronic machines (HW)	PSA/FLR	1229			
Furniture and fittings	PSA/FLR	181			
Others (corporate cars)	PSA/FLR	149			

Investments in **intangible assets** concerned € 2.95 M for studies and design relating to the development of the Florence Airport Master Plan[1]; € 1,501 K for the requalification and

[1] That amount also includes costs for in-house and outsourced design, consulting engineering and outsourced technical work, also connected with the VIA procedure, regarding the new runway, the new terminal and other airport infrastructure development projects in the Florence airport.

expansion of the Palagio degli Spini parking area; € 880 K for the new first flush rainwater harvesting and treatment system at the Florence airport; € 608 K for the improvement of the BHS and baggage carousels; € 556 K for the expansion of the passenger terminal (Phase 0); and € 437 K relating to the expansion of the car parking system at the Pisa airport.

We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter the "Master Plan"), which includes the development of the new 2,400 metre runway and the new terminal, has been approved from a technical perspective by ENAC on 3 November 2014. The Master Plan is required to undergo an Environmental Impact Assessment procedure ("Valutazione di Impatto Ambientale", "VIA") pursuant to Legislative Decree no. 152/2006 and must comply with town planning schemes ("Conformità Urbanistica") 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, signed VIA Decree no. 377 for the new 2014-2029 Florence Airport Master Plan, thus defining 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 had been 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. We also point out that, on 16 February 2017, a framework agreement had been signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator had confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, had committed to contribute their own financing portion, as required for the implementation of the Plan, for a total amount of € 150 M in favour of TA, of which € 134 M for the Florence airport and € 16 M for the Pisa airport. 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.

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 judgement 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.

The decision made by the Council of State on 13 February 2020 rejected the appeal lodged by TA and by, *inter alia*, the Ministry of the Environment and Protection of the Territory and the Sea (MATTM), the Ministry of Cultural Heritage and Activities and Tourism (MIBACT), ENAC, the Municipality of Florence, the Regional Government of Tuscany (Regione Toscana), the Metropolitan City of Florence, and Toscana Aeroporti, concerning decision no. 723/2019 of the Tuscan Regional Administrative Court (TAR).

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

While fully complying with the decision, but in the firm belief that the Florence airport strongly needs a new runway and a new terminal to meet the evident criticalities of the infrastructure, the Company has already started working to arrange the actions to be undertaken, together with the competent bodies, primarily ENAC, to further develop the project in the awareness that the work done has complied with the requirements expressed in the opinions and indications of the competent Ministries and with the related VIA based on the positive opinions obtained by the National VIA Commission, by the Ministries of the Environment, of Cultural Assets, and of the Infrastructures and Transport.

In this context, on 20 February 2020 the Board of Directors of TA acknowledged and reviewed the content of the decision of the Council of State and approved the renewal of the VIA procedure and the adoption of any further measure that might be required for the Florence airport development plan in accordance with the terms emerged in the Council of State's decisions, also taking into account the letter received from ENAC, which asked us to continue in our analysis, study and design activities, thus confirming ENAC's interest in the development of the new airport runway.

Finally, we remind readers that TA has already completed most of the design activities regarding the major works required for the implementation of the Master Plan approved by ENAC for a total investment in intangible fixed assets of approx. € 14.5 million. In addition to that, the Company has continued its design work throughout 2019 and reached a final and executive stage, connected with the incorporation of the prescriptions specified in the VIA and town-planning compliance procedure. Considering the design level of detail reached to date, as well as the territorial development framework defined in the decisions of the competent Local Authorities (Region, Province, Municipalities involved), and based on the technical analyses conducted by TA, we believe that all the specialized analyses and design work completed to date and recognized as Construction In Progress in our accounts can be fully used in spite of the negative outcome of the above-mentioned appeal, which - as we said - did not question the technical validity of the plan, and in the light of the forthcoming initiation of a new approval process.

Based on the considerations above and on the assessments completed, even with the support of independent advisors, TA did not deem it necessary to impair its investments in question, also considering the results of the impairment test performed by the Company's Directors, for the details of which we refer the reader to Note 20 of the Explanatory Notes to the Consolidated Financial Statements.

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.

As to investments in **tangible assets**, these mainly concerned the purchase and requalification of operating assets (equipment, motor vehicles, operating systems and machinery) for € 3.152 K.

Pursuant to art. 10 of Law 72/83, the Group informs the public that no revaluation was made to its assets pursuant to any special law during 2019.

11. HUMAN RESOURCES

THE GROUP'S STAFF

The average number of employees working for the TA Group in 2019 has been € 780.6 FTEs, up by 18.5 (+2.4%) FTEs in absolute terms compared to 2018. This change is partially affected by 2019 traffic trends in the two airports and by the completion of certain functions for the Airport Operator (TA) after the transfer of the handling company branch to the subsidiary TAH last July 2018.

The number of employees of the subsidiary Jet Fuel, the company that manages the fuel storage facility in the Pisa airport, is 13.0 FTEs, up by 2.0 FTEs compared to the same period of 2018 (10.9 FTEs) because interim contracts had been used in 2018 that were not included in the employee headcount.

The subsidiary TAE increased its staff by 1 unit, for a total of 6.0 FTEs. For the infrastructure development contemplated in the 2015-2019 Florence and Pisa Master Plans, TAE also benefits from the support of technical staff (engineers, land surveyors, etc.) seconded by the parent company TA.

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

For a better understanding of staff trends in the two periods, in the light of the transfer of handling staff from TA into TAH effective from July 2018, the following table shows the pro-forma average number of employees:[1]

TA Group FTE Table	2019	2018 Proforma	Diff.	Diff. %
Toscana Aeroporti	336.1	330.0	6.1	1.9%
Toscana Aeroporti Handling	425.4	415.9	9.5	2.3%
Jet Fuel	13.0	10.9	2.0	18.7%
TAE	6.0	5.2	0.8	16.1%
Group	**780.6**	**762.0**	**18.5**	**2.4%**

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

[1] The number of employees existing in the six months January-June 2018 extrapolated from the TA handling BU have been added to the final TAH number of employees existing in the six months July-December 2018.

The Group's Cost of Personnel totalled € 42.6 M in 2019, down by € 360 K compared to 2018 (-0.8%).

In spite of the increased number of employees in the Group, the overall reduction in the cost of labour is mainly due to the exit of some executives and to the positive effect of the re-negotiation of performance bonuses and second-level agreements finalized at the end of December 2018.

Technical training and education

The Group continued delivering its training programme throughout 2019, in line with the corporate policies and objectives already outlines in previous years. More specifically, a total of 25,418 training hours have been delivered to employees and subcontractors of the Group in 2019, of which 2,125 hours of cross-training.

12. OCCUPATIONAL HEALTH & SAFETY

In 2019, TA's Prevention and Protection Service (PPS) kept monitoring the main occupational health and safety issues in the Pisa and Florence airports.

The activities concerning occupational health and safety, the prevention and mitigation of hazards, and the protection of employees are carried out in synergy and cooperation with the subsidiaries TAH and TAE in the light of their nature and presence in the same workplaces, buildings and areas, as well as in connection with their staffs and common tasks.

The same coordination is adopted as a policy by the Airport Operator with the Handlers, who started operating in the two airports during 2019.

The following roles are provided in each company – TA, TAH and TAE:
- Employer
- Occupational Safety Officers (TA)
- RSPP (Responsabile Servizio Prevenzione e Protezione)
- Prevention & Protection Service Manager
- Executives / Managers / Employees;
- RLS (Rappresentante dei Lavoratori per la Sicurezza – Worker Safety Representative);
- Competent Physician
- Emergency care managers (all trained on high fire hazard)
- Corporate primary care managers

Prevention and Protection activities are carried out in TA, TAH and TAE based on Intercompany Service Agreements, similarly to other activities of the safety management system, such as health surveillance, procurement and delivery of PPEs, training, and so on.

Workers' Representatives (RLS) have been appointed in each site by TA, TAH and TAE and are regularly involved by the RSPP in inspections, reporting of events or any aspect to be monitored, in the assessment of risks and in the associated prevention measures, as well as in the periodic meetings held (under Art .35 of Leg.Dec. 81/08).

More specifically, the following significant events not included in the due diligence process took place during 2019:

- Specific activities in coordination with third parties (contractors, sub-concessionaires), including during the preparation of building yards for the expansion of the Pisa and Florence terminal infrastructures, in synergy with the relevant technical staff and based on the documentation required by the applicable legislation;
- Coordination with TAH Srl and Consulta Srl as main handlers operating in the Pisa airport for the emergency procedures specified in the Internal Emergency Plan (Italian acronym "PEI" for Piano di Emergenza Interno);
- Revision and issuance of new Internal Emergency Plans for TA and information and coordination with all the third parties operating in the airport, in order to harmonize and supplement emergency procedures;
- Preparation of Risk Assessment Reports by TA and TAE, preparation of Internal Emergency Plans for TA and TAH, both for the Pisa and the Florence airports.

BS OHSAS 18001:2007 certification and migration to ISO 45001:2018

In October 2019, TA and TAH confirmed their compliance with the BS OHSAS 18001:2007 standard and maintained their certification. In December, both companies migrated to the new standard and received the ISO 45001:2018 certification.

This makes the Company 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 a specific audit approach regarding the tasks of the Employer and Officers, with important positive implications on the administrative responsibility of companies for occupational health and safety crimes, as specified in the Organizational Model produced pursuant to Leg. Dec. no. 231/2001.

Risk assessment and protection devices

For the reasons described above, the hazard/risk identification and assessment process is constantly changing, so the respective reference documents are continuously being updated.

This may sometimes cause the operating procedures or prevention and mitigation measures to be updated or modified/supplemented, and this requires a formalization by the issuing of specific hazard information notices called "INFO Sicurezza", which focus on and highlight important issues for the health and safety of workers and employees.

The criteria adopted for the identification of hazards and risks are based on the individual hazard categories identified in workplaces and on those related to the activities carried out by the workers/employees, which are grouped by tasks, also considering the simultaneous presence of third parties and the use of equipment and systems.
Collective or individual protection equipment (PPE) is therefore adopted based on the outcome of the aforesaid assessments.

Emergency and evacuation drills

The annual emergency and evacuation drills required by D.M. 10/03/98 have been performed in the two airports, in collaboration with the Fire Brigade and the Prevention & Protection Service of the Border Police ("Polizia di Frontiera").

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

1) Pisa airport – December 12 – scenario: crash between two tank trucks in the apron with subsequent start of a fire due to the spilling of fuel/flammable fluid);

2) Florence airport – November 29 – scenario: starting fire caused by short-circuit in TAH land-side foreman's office).

The drills involved all the employees in the terminal and the management of the emergency is led by TA and TAH staff, designated for first aid measures and the management of emergencies and fire-fighting operations.

Training and awareness

During 2019, the scheduled training programme, which includes the training required by the State-Regions Agreement (also by using an e-learning platform), training for Executives, Managers and Employees, as well as training for the SPP staff, has continued with the purpose of focusing even more effectively on specific hazards, the management of emergencies and issues related to operating procedures.
The number of staffs designated for the management of "high risk" emergencies has been significantly increased both in TA and TAH, with the delivery of the related 16-hour course and qualifying exam held in the Fire Department site, in order to ensure full coverage during airport operations.
Compulsory training updates have been delivered to the resources identified by the law.
During 2019, the SPP directly delivered 288 hours of training on occupational health and safety to the companies of the Group.

Labour accidents

A significant reduction has been recorded in the number of labour accidents, with the consequent decrease in work days lost, both in TA and TAH.
Reported accidents have been mainly due to absent-mindedness or inexperience (the so-called "human factor"), and not to events associated with vehicles, equipment or failure of work processes.
Training focused on the human factor has been delivered by the Prevention and Protection Service (SPP) and is, in general, included in TA/TAH training plans.
See the 2019 Non-Financial Consolidated Statement for more details.

13. IT SECURITY LEGISLATION AND EUROPEAN PRIVACY REGULATION 2016/679

Law no. 35 of 2012 repealed the requirement of the Safety Plan by eliminating point 19, and the related sub-points contained in Annex B to the Consolidated Act ("Testo Unico") on privacy. Within the framework of the monitoring activities regarding the Compliance function, Toscana Aeroporti has adopted the necessary measures to process personal data in compliance with the applicable legislation, taking into account the measures introduced by Regulation (EU) 2016/679 ("GDPR").

14. RESEARCH & DEVELOPMENT

TA innovated and improved its processes throughout 2019 by using technology to improve its hardware infrastructure and corporate software applications, specifically by:

- Implementing solutions for the control of restricted accesses, tracking of System Administrator activities and storage of logs, in compliance with the instructions received from the Corporación America Airports Group;
- Completing the process for the harmonization of employee clock-in/out systems;
- Installing two E-gates in the Arrivals areas of the Florence and Pisa airports and three E-Gates in the Departures area of the Pisa airport;
- Creating a new rent-a-car parking area in the vicinity of the Florence airport with centralized remote management of accesses and an entryphone system, while also renewing the network infrastructure and the video-surveillance system to cover the area;
- Developing a new dedicated wireless network for the baggage reconciliation area of the Florence airport;
- Implementing a new Arrival Tracking system in the Florence and Pisa airports in compliance with IATA Resolution 753;
- Implementing a new Wi-Fi infrastructure in the Florence and Pisa airports by extending the radio coverage to the most critical areas in the terminals and allowing a higher number of users to be simultaneously connected, with an increased performance compared to the previous Wi-Fi infrastructure;
- Installation of a new last generation antivirus on client and server to harmonize TA security systems.

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

Revenues, costs, receivables and payables at 31 December 2019 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.

At 31 December 2019, the TA Group holds interests in the following **associated companies**:

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

a company incorporated to manage the commercial facilities installed in the new entrance of the Careggi Hospital in Florence ("NIC"). The stake held by TA equals 25.00% of the share capital (25% at 31 December 2018), while the remaining 75% is held 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 2019, TA has a service agreement in place with this Associate for administrative/management staff activities, that are provided as a service for a period value of € 36 K and a variable payment based on revenues of € 126 K.

- **Alatoscana S.p.A.**

- the company that manages the Elba Island airport. TA owns a 13.27% share of Alatoscana (13.27% at 31 Dec. 2018), while the majority of its share capital is owned by Regione Toscana (51.05%) and the Maremma and Tirreno Chamber of Commerce (34.36%).

A service level agreement is in place with this associated company at 31 December 2019, continuing from previous years, for staff activities, for a global value of approx. € 63 K.

The main relationships with the other **related parties** at 31 December 2019 are:

- Delta Aerotaxi S.r.l.

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

- the sub-concession of premises in the Florence airport for a value of € 107 K in revenues for TA;
- the sub-concession of offices and other types of spaces in the Pisa airport for a value of € 144 K in revenues;
- Aviation revenues for € 288 K for the invoicing of airport fees and taxes, and Pisa airport General Aviation handling fees, plus approx. € 0.6 K regarding the provision of extra-handling services upon request.

Furthermore, revenues for an additional € 18.5 K have been booked in connection with said 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 2019, 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:

- € 650.5 K Aviation revenues for the invoicing of airport fees and taxes, handling and centralised infrastructure expenses concerning general aviation in the Florence airport, € 39 K for the same services in the Pisa airport, and approx. € ,10.5 K for the provision of extra-handling services upon request and for the supply of de-icing liquid to the Florence airport;
- the sub-concession of offices and other types of spaces in the Pisa airport for a value of € 33 K in revenues for TA;
- Non-aviation revenues for € 42 K regarding the sub-concession of 130 square metres in the air-side area in the Florence airport.

Furthermore, revenues for an additional € 4 K have been booked in connection with said 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.

- Delifly S.r.l.

On 13 September 2007, AdF (today TA) and Delifly S.r.l. (related party through SO.G.IM. S.p.A) signed an agreement by which AdF (today TA) committed to sub-lease Delifly an area of approx. 122 sq.m. that Delifly would use exclusively to install a removable object to be used for the delivery of General Aviation food services in the Florence airport (€ 32 K of revenues for TA at 31 December 2019).

Lastly, the Group accrued a further € 1 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 sub-leased a room of approx. 40 square metres in the Florence airport to ICCAB for the conduction of its business activities (which generated € 45 K od revenues for TA in 2019).
In addition, an agreement is in place for the sub-concession of premises located in an air-side area of the Pisa airport used by ICCAB for retail activities, for a value of € 71 K in revenues at year-end.
Finally, during 2019, the Group accrued a further € 13 K in revenues from ICCAB S.r.l. for the charge-back of common services of the two airports.

- **Corporación America Italia S.p.A.**

We point out that, 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 Italy 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 option has been renewed for the three-year period 2019-2021. The consolidating entity recognized 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 DPR 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 2019, TA owes € 1,474 K to the subsidiary CAI generated by the IRES accrued on the result of the period. As a consequence of tax consolidation, Corporación America Italia Spa recognized income for approx. € 99 K from TA ì, which has been reported as a minor current tax.

Finally, we specify that no non-typical transaction was performed with related parties in 2019 and that Toscana Aeroporti S.p.A. does not own and did not purchase or transfer treasury stock or stock of parent companies, including through the intermediary of trust companies or other persons.

Stakes of the members of the management and control boards

At the date of this report, the following stakes are held in the Holding TA:
- board member Saverio Panerai with 2,403 shares;
- the statutory auditor Roberto Giacinti with 4,885 shares.

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

16.1 Toscana Aeroporti SpA

As regards the 2019 economic, equity and financial situation of the parent company Toscana Aeroporti (TA), the Income Statement, the Balance Sheet, and the Net Financial Position compared with 2018 values, please see the Explanatory Notes to the year's financial statement.

16.2 Parcheggi 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. A summary of the main items of that financial statement is provided 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	2019	2018	Diff. Abs.	DIFF. %
REVENUES				
Non-Aviation revenues	1,874	1,702	173	10.2%
Other revenues and proceeds	176	138	38	27.3%
TOTAL REVENUES (A)	**2,051**	**1,840**	**211**	**11.4%**
COSTS				
Consumables	2.9	0.0	3	N.S.
Costs for services	770	726	45	6.2%
Sundry operating expenses	61	69	-8	-11.9%
TOTAL COSTS (B)	**834**	**795**	**40**	**5.0%**
GROSS OPERATING MARGIN (A-B)	**1,216**	**1,045**	**171**	**16.4%**
% incid. over total revenue	59%	57%		
Amortization and impairment	112	69	43	61.8%
OPERATING EARNINGS	**1,104**	**976**	**128**	**13.1%**
% incid. over total revenue	54%	53%		
ASSET MANAGEMENT	0.00	0.04	0	-100.0%
PROFIT (LOSS) BEFORE TAX	**1,104**	**976**	**128**	**13.1%**
Taxes for the period	-316	-282	-34	12.1%
PROFIT/(LOSS) FOR THE PERIOD	**788**	**694**	**94**	**13.5%**

Profit and loss items for 2019 include revenue accounts (value of production) of € 2,051 K, up by € 211 K compared to 2018, mainly due to the increase in the number of passengers transiting the Florence airport in 2019, and consequently of customers using the parking lot managed by the company.

On the cost side, the most important component is the cost for the management and maintenance of the parking lot, a service provided by SCAF S.r.l., which totalled € 834 K We also remind readers of the 7% drawback of parking lot revenues from the Municipality of Florence under an agreement that also allowed the entity to readjust the Holding's parking rates.

The 2019 gross operating margin (EBITDA) totalled € 1,216 K, up by € 171 K, and the year's net profit totalled € 788 K, up by € 94 K compared to 2018.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	**31 DEC. 2019**	**31 Dec. 2018**
NON-CURRENT ASSETS	1,995	2,102
CURRENT ASSETS	1,315	1,010
TOTAL ASSETS	3,310	3,112
SHAREHOLDERS' EQUITY AND LIABILITIES	**31 Dec. 2019**	**31 Dec. 2018**
SHAREHOLDERS' EQUITY	3,026	2,932
CURRENT LIABILITIES	284	180
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,310	3,112

Parcheggi Peretola has a positive net financial position of € 1,013 K at 31 Dec. 2019 (against € 677 K at 31 Dec. 2018).

16.3 Toscana Aeroporti Engineering Srl

Toscana Aeroporti Engineering (hereinafter "TAE"), incorporated on 15 January 2015, has started operations in the month of August of that year 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 airports - Florence and Pisa.

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

1. Secondment of technical/engineering staff by TA (12 units at 30 Dec. 2019);
2. in-house staff (6 units at 31 December 2019);
3. specialized service contractors.

In continuity with the last business year, the design activities carried out by TAE on behalf of TA during 2019 concerned the readjustment and development of the 2014-2029 Florence and Pisa Master Plan, in addition most of the scheduled and unscheduled maintenance work included in TA's core business.

As a matter of fact, today TAE has already completed most of the planning of the major works required for the implementation of the Master Plan approved by ENAC.
In addition, TAE has worked at the design of infrastructure in both airports, namely:

- First flush rainwater harvesting and treatment system (Florence);
- Improvement of BHS and baggage carousels (Florence and Pisa);
- Expansion of passenger terminal - Phase 0 and Phase 1 – (Pisa);
- Construction of fixed GPU 400 Hz alongside aircraft systems (Pisa);
- Correction of State property borders (Pisa);
- Construction of sanitary services in the Non-Schengen boarding area (Florence);
- Covered path connecting the airport terminal with the tramway (Florence).

At 31 December 2019, the Company has 6 direct employees and, in continuity with 2018, 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. A summary of the main items of that financial statement is provided 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.

T. A. ENGINEERING - INCOME STATEMENT

Amounts in €K	2019	2018	Diff. Abs.	DIFF. %
REVENUES				
Other revenue and income	3,714	5,212	-1,498	-29%
TOTAL REVENUES (A)	**3,714**	**5,212**	**-1,498**	**-29%**
COSTS				
Consumables	0.0	0.1	-0.1	N.S.
Cost of personnel	411	329	82	25%
Costs for services	3,054	4,606	-1,552	-34%
Sundry operating expenses	5	13	-8	-63%
TOTAL COSTS (B)	**3,470**	**4,948**	**-1,478**	**-30%**
GROSS OPERATING MARGIN (A-B)	**244**	**264**	**-20**	**-8%**
% incid. over total revenue	6.6%	5.1%		
Amortization and impairment	58	32	27	85%
Provision for risks and repairs	0	4	-4	N.S.
OPERATING EARNINGS	**186**	**229**	**-43**	**-19%**
% incid. over total revenue	5.0%	4.4%		
ASSET MANAGEMENT	-1.9	0.0	-1.9	N.S.
PROFIT (LOSS) BEFORE TAX	**184**	**229**	**-45**	**-20%**
Taxes for the period	-59	-79	20	-26%
PROFIT/(LOSS) FOR THE PERIOD	**125**	**150**	**-25**	**-17%**

Revenues totalled € 3,714 K in 2019, reflecting the year's portion of the projects commissioned by TA, as better described above.

Total 2019 costs amount to € 3,464 K and mainly include € 411 K of Cost of personnel, € 2,114 K of outsourced survey and design costs, and € 687 K of TA seconded staff cost.

The EBITDA of the period is € 186 K and the net profit for the period is € 125 K.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	31 DEC. 2019	31 Dec. 2018
NON-CURRENT ASSETS	88	114
CURRENT ASSETS	2,748	3,520
TOTAL ASSETS	2,836	3,634
SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2019	31 Dec. 2018
SHAREHOLDERS' EQUITY	442	317
MEDIUM-LONG TERM LIABILITIES	49	35
CURRENT LIABILITIES	2,346	3,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,836	3,634

TAE has a positive net financial position of € 207 K at 31 December 2019 (against € 41 K at 31 Dec. 2018).

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 by the other shareholders, Refuelling S.r.l. and Air BP Italy S.p.A. So, for consolidation purposes, said equity investment has been considered as a 33% share and portion of profits pertaining to the TA Group.

A total of 104,132 cubic metres of jet fuel passed through the storage facility during 2019, with a 1.5% volume increase compared to the 102,569 cubic metres of 2018. The company provided into-plane services for 69,159 cubic metres of fuel, with a 1.5% increase compared to the 70,178 cubic metres of 2018.

At 31 Dec. 2019, Jet Fuel has a sub-concession agreement in place with TA for the management of the centralized fuel storage facility, for a global value of € 704 K in 2018 (JF airport fee), an administrative services agreement for a value of € 20 K, and cost recoveries for approx. € 3 K.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. A summary of the main items of that financial statement is provided 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	**2019**	**2018**	**Diff. Abs.**	**% Diff.**
REVENUES				
Aviation revenues	2,564	2,499	65	2.6%
Other revenues and proceeds	15	27	-12	-45.2%
TOTAL REVENUES (A)	**2,579**	**2,527**	**52**	**2.1%**
COSTS				
Consumables	63	61	2	3.5%
Cost of personnel	842	813	29	3.6%
Costs for services	298	448	-149	-33.4%
Sundry operating expenses	20	21	-1	-3.3%
Airport leases	704	723	-19	-2.6%
TOTAL COSTS (B)	**1,927**	**2,064**	**-137**	**-6.6%**
GROSS OPERATING MARGIN (A-B)	**652**	**462**	**189**	**41.0%**
% incid. over total revenue	25%	18%		
Amortization and impairment	130	138	-7	-5.2%
OPERATING EARNINGS	**521**	**325**	**197**	**60.5%**
% incid. over total revenue	20%	13%		
Asset management	- 8	- 10	2	-16.9%
PROFIT (LOSS) BEFORE TAX	**513**	**315**	**198**	**63.0%**
Year's taxes	- 147	- 75	-73	97.4%
PROFIT/(LOSS) FOR THE PERIOD	**366**	**240**	**126**	**52.3%**

Total 2019 revenues for Jet Fuel (Aviation) reached € 2,564 K (€ 2.499 K at 31 Dec. 2018) and mainly concerned the fuel storage service for € 1,477 K and the into-plane service for € 879 K.

The main costs of 2019 totalled € 1,927 K (€ 2,064 K at 31 Dec. 2018) and include the cost of labour (€ 841 K), the airport sub-lease (€ 704 K), tank truck maintenance and fuel (€ 77 K), professional services (€ 95 K), and industrial insurance (€ 46 K).

Consequently, the 2019 result shows an EBITDA of € 652 K (€ 462 K at 31 Dec. 2018) and year's profits for € 366 K, compared to the profit of € 240 K reported in 2018.

STATEMENT OF FINANCIAL POSITION (amounts in € K)			
ASSETS	31 DEC. 2019	31 Dec. 2018	DIFFERENCE
NON-CURRENT ASSETS	993	1,043	-50
CURRENT ASSETS	705	751	-46
TOTAL ASSETS	1,698	1,794	-96
SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
SHAREHOLDERS' EQUITY	585	460	126
MEDIUM-LONG TERM LIABILITIES	593	807	-214
CURRENT LIABILITIES	519	527	-8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,698	1,794	-96

At 31 Dec. 2019, Jet Fuel has a positive net financial position of € 499 K (€ 499 K at 31 Dec. 2018).

16.5 Toscana Aeroporti Handling S.r.l.

Toscana Aeroporti Handling S.r.l. Is a 100% subsidiary of Toscana Aeroporti S.p.A. incorporated on July 1st, 2018 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 conducting further activities related to said handling activities or to its core business. activities consisting in airport ground aircraft, passenger and cargo handling services.

During 2019, TAH globally managed 66,293 Commercial Aviation movements in the two airports, which corresponds a 98.7% market share. In each individual airport, the 2019 Commercial Aviation market share is 97.7% for the Pisa airport and 100% for the Florence airport.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. A summary of the main items of that financial statement is provided 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.

Please, remember that TAH started its operations on 1 July 2018, so the difference between the two business years are not yet comparable.

TOSCANA AEROPORTI HANDLING - INCOME STATEMENT

Amounts in €K	2019	2018 (July-December)
REVENUES		
Operating income		
Aviation revenues	28,990	15,673
Non-Aviation revenues	161	9
Total operating revenues	**29,151**	**15,683**
Other revenues and proceeds	1,423	1,122
TOTAL REVENUES (A)	**30,575**	**16,804**
COSTS		
Consumables	493	318
Cost of personnel	20,655	10,754
Costs for services	6,669	3,572
Sundry operating expenses	590	361
TOTAL COSTS (B)	**28,406**	**15,004**
GROSS OPERATING MARGIN (A-B)	**2,169**	**1,800**
% incid. over total revenue	7.1%	10.7%
% incid. over operating revenue	7.4%	11.5%
Amortization and impairment	797	459
Provision for liabilities and repairs	400	157
Value write-ups (write-downs) net of trade receivables and other receivables	218	18
OPERATING EARNINGS	**754**	**1,166**
% incid. over total revenue	2.5%	6.9%
% incid. over operating revenue	2.6%	7.4%
TOTAL ASSET MANAGEMENT	**0.08**	**0.09**
PROFIT (LOSS) BEFORE TAX	**754**	**1,166**
Taxes for the period	-306	-470
PROFIT/(LOSS) FOR THE PERIOD	**448**	**695**

The main revenues of 2019 consist of € 29 M of handling services and approx. € 1.4 M of other revenues and proceeds, substantially related to operating services charged to TA.
The main costs of 2019 are the cost of labour (€ 20.7 M) and outsourced services (€ 6.7 M).
The EBITDA of the period is € 2,169 K and the net profit for the period is € 448 K.

The balance sheet and financial details of the Company at 31 December 2019 are given below.

STATEMENT OF FINANCIAL POSITION (amounts in € K)		
ASSETS	31.12.2019	31.12.2018
NON-CURRENT ASSETS	2,474	2,714
CURRENT ASSETS	9,742	9,587
TOTAL ASSETS	12,217	12,301
SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2019	31 Dec. 2018
SHAREHOLDERS' EQUITY	1,894	1,445
MEDIUM-LONG TERM LIABILITIES	3,628	3,526
CURRENT LIABILITIES	6,695	7,329
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,217	12,301

TAH has a positive net financial position of € 4,433 K at 31 Dec. 2019 (against € 3,795 K at 31 Dec. 2018).

16.6 Vola S.r.l.

On 9 December 2019, TA (single director) incorporated a new company (Vola) to manage, either directly or indirectly, its food service business.

The new company will therefore conduct the following activities, *inter alia*:

- management of restaurants, bars, food lounges, confectionery's shops, markets and points of sale, also in service areas, railway stations, ports and airports;
- serving to the public, retailing and supply of food and beverage, including in service areas, railway stations, ports and airports;
- purchase and sale, and operation of businesses and shops.

At year-end, the Company has a share capital of € 200 K fully paid up and is not operating at the date of this financial statement.

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

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.

The global economy restarted growing in 2019, but the international scenario underwent a significant number of changes, the effects of which are rather difficult to determine at the moment. In fact, while the trade war between United States and China was heading towards a solution and the Brexit process was starting to be clarified, increased bearish risks were being seen due to tension in the Middle East around the controversy between Iraq and the United States. Another macroeconomic instability factor to be considered is the outbreak of the Covid-19 ("Coronavirus") pandemic, which initially impacted the economic activity in China in the first weeks of 2020 and subsequently in other countries. In a scenario where the spreading of the virus is not stopped within a short period of time, the pandemic could have a major impact on future global growth perspectives, thus impacting the general macroeconomic scenario, as well as the financial and real estate markets, even in the light of the decisions that will be made by government authorities to curb the spreading of the pandemic. We may not exclude that the Coronavirus pandemic may adversely affect the global economy, Italy and the entire air transport sector in 2020. To mitigate the risk described above, we will leverage on the resilience already shown by TA in terms of traffic growth and development of margins, as well as of effective cost control. In spite of this, we may hypothesize that the continuation of the present health emergency could determine a loss of profits in the short term, with a consequent significant impact, caused by the limitations to airport services and by the flight cancellations at March 2020, on the economic and financial results of 2020, particularly in the first half of the year.

- 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 recognized 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 2018.

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 2018), 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. 18/99[1]. 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.

In 2019, revenues generated by the handling business accounted for 23.2% over total revenues (24.8% 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 hand, could adversely affect TA's economic situation, equity and financial standing. The site agreement subscribed for the Pisa airport will possibly mitigate that risk, as it allows for a variabilization of the cost of personnel in connection with changes in the customer portfolio.

- 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 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,

[1] Baggage Assistance and runway operations.

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 planned investments, as defined in the Plan approved by ENAC, due to unpredictable events or delays, also due to legal disputes connected with authorization or implementation procedures, which will negatively impact the applicable tariff amount and the general economic, equity and financial situation of the Group.
As regards investments, see Section 10 "Group investments".

- 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, after approximately one year of negotiations with trade unions, three agreements were signed with all the unions representing all levels of employees - executives, clerical staff and workers - of the two airports, to regulate important rationalization and simplification projects regarding labour costs, second level wage arrangements, and the stabilization of the labour contracts and working hours of some operating employees who passed to permanent employment. Furthermore, in order to increase the well-being of our employees, TA implemented a corporate welfare services platform, which is also presented in the Non-Financial Statement enclosed with the Financial Statement.

A Site Protocol has been signed at the Pisa airport during 2019 between TA, TAH and Consulta, also signed by trade unions, to regulate the transfers of personnel between handlers.

Finally, the Company holds regular meetings with the trade unions with the purpose of keeping a continuous and constructive relationship with them.

- RISKS ASSOCIATED WITH DECREASING AIRPORT TRAFFIC IN THE TWO AIRPORTS AND WITH THE CONCENTRATION OF CERTAIN CARRIERS

Like the other operators of the sector, a possible reduction or interruption of flights by one or more carriers due to an economic/financial crisis in their business organizations which might adversely impact the bottom line of the TA Group.

During 2019, TA recorded approx. 8.3 million passengers. The total incidence of the first three airlines is 56.4%. In detail, the incidence of the first carrier is 39.1%, with the second and third carriers at 9.7% and 7.6%, respectively.

Based on past experience, although there can be no certainty in this regard, the Group believes that the risk of a reduction or interruption of the service by one or more carriers is generally offset by the probable redistribution of passenger traffic among the other airlines operating in the airport and by its overall capacity to attract new carriers.

In addition to that, the Group signed multi-year agreements with said carriers, with which they agree to promote marketing and advertising campaigns, and achieve pre-established objectives in terms of passengers and flights, in exchange for the Group's commitment to contribute to the related expenses and grant economic incentives for the achievement of the aforesaid objectives.

However, we may not exclude the likelihood that, notwithstanding the implementation of the aforesaid remedial measures, a certain amount of time might elapse between the interruption of flights and their replacement by other carriers and that this interruption might, in any case, negatively impact the operations and earnings of the Group.

In order to minimize the risk of traffic concentration on some carriers, the Group, albeit in the context of the air traffic sector, which is characterised by integration and merger processes between carriers, is pursuing an airline diversification strategy in the two airports.

Furthermore, the Company constantly monitors the situation of the national airline, Alitalia, which is presently under receivership, as well as the potential effects of Brexit and of the recent Coronavirus outbreak, although it is difficult today to be able to predict the economic and social repercussions of these events, as described in detail above and in the Sections "Outlook" and "Significant events occurred after 31 December 2019" of this report.

- 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. Furthermore, the Group started a process of development of human resources in view of a Succession Plan. 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.

- 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.

- FINANCIAL RISK

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

18. SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2019

The end of 2019 marked the conclusion of the first 5-year period of life of TA, a period during which the company proved to be capable of achieving excellent results, as proved in the table below.

GRUPPO TOSCANA AEROPORTI 2015-2019 - HIGHLIGHTS

AMOUNTS IN € MILLION	2015	2016	2017	2018	2019	CAGR
REVENUES	132.6	127.7	120.8	131.9	130.2	*-0.4%*
COSTS	107.0	98.4	90.6	96.1	92.1	*-3.7%*
EBITDA	25.5	29.3	30.2	35.8	38.1	***10.5%***
REVENUE %	*19%*	*23%*	*25%*	*27%*	*29%*	
NET GROUP RESULT	8.5	9.8	10.6	14.6	14.1	***13.6%***
REVENUE %	*6%*	*8%*	*9%*	*11%*	*11%*	
PASSENGERS (MILLION)	7.2	7.5	7.9	8.2	8.3	***3.4%***

The next business year, 2020, already presents some criticalities - such as Alitalia, Brexit, the block of 737-800 MAX aircraft -, with the addition of the unpredictable impact of the Coronavirus outbreak on air transport.
This is an event that occurred after the closing of the financial statement, so, in compliance with accounting standard IAS 10 "Events occurred after the reporting period", it does not require any adjustment to our balance figures. in fact, although the Coronavirus outbreak has started in the Popular Republic of China around the end of 2019 and the beginning of 2020, only at the end of January 2020 did the World Health Organization announce a global emergency and only at the end of January 2020 Covid-19 cases have been diagnosed also in other countries, thus requiring the adoption of specific control measures both in China and in other countries, including Italy. Precisely in our Country, said measures have become even stricter since the beginning of March 2020, involving first certain area in northern Italy and then the rest of the peninsula. The Decree of the President of the Council of Ministers of 11 March 2020 ordered the closure of all the food service activities and shops in the national territory, with the sole exception of shops selling absolutely necessary products or providing personal services. Specifically referring to the transport sector, on 12 March 2020 (with extension decree no. 153 of 12 April 2020), the Ministry of the Infrastructure and Transport, in order to limit the spreading of the Coronavirus and protect the health of workers, issued decree no. 112 to order that airport service operations be restricted to a specific list of airports, which includes the Pisa airport. As a consequence, the Florence airport will limit its operations from 14 March 2020 to 3 May 2020, being allowed only to process cargo, mail, and State flights, and any emergency and health-related operations.
The suspension of activities in the Florence airport followed a decrease in passengers that had already started at the end of February, so the total traffic decrease in the two airports compared to the same period of the previous year is of approx. 417,500 passengers (data at 31 March 2020). The increasingly restrictive quarantine measures, also adopted in several other European countries, led to the cancellation of flights at least until the end of April 2020. To date, we are not yet in the condition to exclude that, should the pandemic continue, airport service limitations and/or further flight cancellations may be decided even for the subsequent months.

Considering the continuous evolution of the situation, it is difficult to predict the size of the phenomenon at the moment and its effects on the Company and the Group. However, the limitations imposed on airport services and flight cancellations at March 2020 lead us to assume that the impact of the present scenario on the economic and financial results of 2020 will be significant, particularly in the first six months of the current year.

TA will leverage all its capacities to promptly control and variabilize its costs based on traffic to protect the Group's profits and ensure the fulfilment of its obligations, as demonstrated in the table of historical results provided above.
In such a context, in order to protect the financial standing of the Company, on 31 March 2020 the Board of Directors reconsidered the allocation of the 2019 profit and changed

the proposal to distribute dividends, thus amending the resolution passed during the last meeting of 12 March 2020, when dividends for approx. € 9.4 M had been allocated to distribution.

For details on the measures undertaken, see sections "Liquidity risk" and "Significant events occurred after 31 December 2019" in the Explanatory Notes.

At present, after the necessary considerations developed on the basis of the information available, although it is not possible to predict, with a sufficient degree of reliability, what the potential impact of the pandemic will be over the next few months on the Company's and Group's operations, on the economy and on the air transport sector - and in the hope that the emergency will be effectively managed and resolved with the countermeasures adopted by the governments, competent authorities, and central banks of the countries affected by the virus outbreak - we believe that, in view of the countermeasures developed by the Management, as well as of the economic measures adopted by the government in support of households, workers and businesses, this circumstance will neither adversely impact the estimates of the Management concerning the financial statements at 31 December 2019, nor represent a factor of uncertainty regarding the capacity of the company to continue operating on a going-concern basis.

The table below provides the flights scheduled by the carriers, not considering the Coronavirus effect, for the summer 2020:

Main news on the operations of the Pisa airport

Sky Up: new flight operated by the Ukrainian carrier that will start next season to/from Kiev with due weekly flights.
Ryanair: The Irish carrier resumed its daily connection with Trapani from the summer and has already opened sales of the new connection with Manchester (3 weekly flights).
Wizz Air: starting from next summer, this carrier will operate 3 weekly flights to/from Tirana to cover the FlyErnest flight suspended since mid-January 2020.
Air Albania: the new Albanian carrier will operate a daily flight for Tirana starting from the summer to cover the FlyErnest flight suspended since mid-January 2020
Silver Air: this Czech carrier was awarded the operation of a connection flight with the Elba Island since March 2.
British Airways: the British carrier will also operate high-density configuration A320 aircraft and increase its offer to cover the slight reduction in the flights operated in April, May and October (- 4 weekly flights).
Volotea: the Spanish airline will operate the new seasonal connection for Olbia with 3 weekly flights (end of May - start of October).
Pobeda Airlines: will operate one daily flight in the summer 2020 (against 4 flights in the summer 2019).
FlyErnest: starting from 13 January 2020, ENAC temporarily suspended the operating licence of the Albanian carrier. The reduction in flights has been offset by another carrier operating in the airport, Albawings, which increased its flights to meet the requirements of the rooted Albanian community living in Tuscany.
Alitalia: reduced its flights in the winter passing from 26 to 21 weekly flights.

Main news on the operations of the Florence airport

Luxair: this carrier will operate 2 weekly flights to Luxembourg in the summer.
Air Serbia: starting June 2020, the Serbian carrier will start a new connection with Belgrade with 2 weekly flights.

Eurowings: will operate a new connection with Stuttgart in the summer, with 4 weekly flights.
Austrian: starting mid-June, this airline has already selling a double number of daily flights, with an overnight stop to ensure a better connection from its base in Vienna.
Silver Air: this Czech carrier was awarded the operation of a connection flight with the Elba Island since March 2.
Scandinavian Airlines: this carrier will operate a flight to/from Copenhagen by using larger A320neo aircraft.
BlueAir: increased its operations on Bucharest Otopeni with up to a 6 weekly flights.
British Airways: the British carrier increased its operations on London City and London Stansted.
Austrian Airlines: increased its operations by introducing, since June and for the rest of the summer, another daily flight with overnight stop to provide its passengers a better connection with the rest of the network and also morning-to-evening journeys.
Alitalia: reduced the frequency of its flights during the winter (from 4 daily flights to 24 weekly flights).

<u>Other significant events</u>

- On 13 February 2020, the Council of State rejected the appeal lodged by Toscana Aeroporti against decision no. 723 of 2019 of the Administrative Court (TAR, *Tribunale Amministrativo Regionale per la Toscana*).
- On 20 February 2020, the Board of Directors of Toscana Aeroporti S.p.A. passed the decision to continue with the necessary actions to further advance the Florence airport Master Plan.
- On 28 February 2020, an agreement was signed between the Italian Military 46th Air Brigade (hereinafter "AM") and Toscana Aeroporti, under Leg. Dec. no. 66/2010 of the Military Code, to set general rules for the relationships between TA and AM within the Pisa airport area. The agreement is intended to regulate the mutually paid staff and vehicle assistance, support and collaboration activities conducted by the two entities for the supply of airport services, as described in the agreement letters that defined the various responsibilities in the provision of the individual services, as well as the terms and operating conditions of their implementation.
- On 15 April 2020, the Shareholder Agreement between signed by Corporación America Italia S.p.A. and SO.G.IM. S.p.A. on 16 April 2014 (and subsequent amendments) for the ordinary shares of Toscana Aeroporti S.p.A. was terminated because its natural expiry date was reached.

19. DISCLOSURE PURSUANT TO ART. 149-*duodecies* OF CONSOB'S ISSUER REGULATIONS

Annex F to the Consolidated Financial Statement, prepared pursuant to art. 149-*duodecies* of CONSOB Issuers Regulations, shows the fees paid for the auditing of the 2019 financial statement and for other services by TA to the Independent Auditor and any other entity of its network.

20. OUTLOOK ON OPERATIONS

In the first three months of 2020, the Tuscan Airport System recorded a total traffic of approx. 1 million passengers.
This result reflects the combined effect of the January and February 2020 demand, which grew by 2.7% compared to the same period of 2019, and the limitations imposed to

operations most significantly in March, which caused a 82.9% decrease in passenger traffic compared to the same month of 2019.
In this regard, we point out that the suspension of activities in the Florence airport and the cancellation of flights in both airports due to the Coronavirus outbreak since the end of February and until the first 10 days of March have already reduced traffic in the two airports by approx. 147,500 passengers (data at 31 March 2020), an 83.5% reduction with respect to the estimated total number of passengers foreseen in the Company's 2020 Business Plan before the Coronavirus.

The year 2020, in addition to the persistent criticalities already highlighted in 2019, such as the effects of Brexit, the Alitalia crisis and the non-resumption of Boeing 737-800 MAX aircraft, will be characterized by the consequences of the Coronavirus pandemic on the global economy, on global transport networks, and particularly in air transport, a factor that will significantly impact domestic and international tourism in Italy.
Considering the continuous evolution of the situation, it is difficult to predict the size of the phenomenon at the moment and its effects on the Company and the Group. However, the limitations imposed on airport services and flight cancellations at March 2020 lead us to assume that the impact of the present scenario on the economic and financial results of 2020 will be significant, particularly in the first six months of the current year.
The effects of the CoViD-19 impact on the Tuscan airport system will be better assessed and measured in the next few months. Toscana Aeroporti, which has demonstrated a marked resilience over its five years of life, has undertaken and will implement all the possible measures to protect the profits of the Group by variabilizing its costs as much as possible as a function of traffic trends and also by taking into account the mitigation measures adopted by the governments, competent authorities, central banks of the countries hit by the virus outbreak, as well as relying on the hope that the emergency may come to an end in the next few months.

For further details on the measures undertaken, see sections “Liquidity risk” and “Significant events occurred after 31 December 2019” in the Explanatory Notes.

21. PROPOSED ALLOCATION OF THE YEAR’S PROFITS

Dear Shareholders,

We invite you to approve the Financial Statement for the year 2019 prepared by Toscana Aeroporti S.p.A. based on the valuation criteria described in the Explanatory Notes.

We propose that the **net year profits of € 13,554,635** be allocated as follows:
- **€ 677,732** to the **legal reserve** based on statutory provisions;
- **€ 12,876,903** to the extraordinary reserve.

For the Board of Directors
Marco Carrai
Chairman

CONSOLIDATED FINANCIAL STATEMENTS – REPORTS AT 31 DEC. 2019

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	Notes	31 DEC 2019	of which Related Parties	31 DEC 2018	of which Related Parties
REVENUES					
Operating income	1-2	119,659	1,590	112,334	1,513
Other revenues	3	2,185	136	6,084	139
Revenues from construction services	4	8,396		13,515	
TOTAL REVENUES (A)		**130,241**	1,726	**131,933**	1,653
COSTS					
Operating Costs					
Consumables	5	1,411		1,192	
Cost of personnel	6	42,567		42,907	
Costs for services	7	34,237		30,982	
Sundry operating expenses	8	2,584		2,456	
Airport leases	9	4,470		6,506	
Total operating costs		**85,269**	0	**84,044**	0
Costs for construction services	10	6,876		12,054	
TOTAL COSTS (B)		**92,145**	0	**96,098**	0
GROSS OPERATING MARGIN (A-B)		**38,096**	1,726	**35,836**	1,653
Amortization and impairment	11	11,195		10,116	
Provision for risks and repairs	12	3,062		2,618	
Value write-ups (write-downs) net of trade receivables and other receivables	13	585		347	
OPERATING EARNINGS		**23,254**	1,726	**22,755**	1,653
ASSET MANAGEMENT					
Financial income	14	26		46	
Financial expenses	15	-1,591		-1,355	
Profit (loss) from equity investments	16	32		36	
TOTAL ASSET MANAGEMENT		**-1,533**	0	**-1,273**	0
PROFIT (LOSS) BEFORE TAX		**21,721**	1,726	**21,481**	1,653
Taxes for the period	17	-7,330	-99	-6,720	-98
PROFIT/(LOSS) FOR THE PERIOD		**14,391**	1,627	**14,761**	1,554
Minority Interest's loss (profit) for the period	18	-242		-165	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD		**14,149**	1,627	**14,596**	1,554
Earnings per share (€)	19	0.7602		0.7843	
Diluted earnings per share (€)		0.7602		0.7843	

GRUPPO TOSCANA AEROPORTI - COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Amounts in €K	Notes	31 DEC 2019	of which Related Parties	31 DEC 2018	of which Related Parties
PROFIT (LOSS) FOR THE PERIOD (A)		**14,391**		**14,761**	
Other comprehensive profits/(losses) that will not be subsequently reclassified to the Income Statement:					
- Profit (loss) arising from the determination of the Termination Benefit after tax	43	-212	0	178	0
Total other profit (loss) before tax (B)		*-212*	0	*178*	0
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		**14,178**		**14,939**	
Minority Interest's comprehensive profit (loss) for the period	40	-230	0	-181	0
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		**13,949**	0	**14,759**	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in € K)

ASSETS	Notes	31 Dec. 2019	31 Dec. 2018
NON-CURRENT ASSETS			
Intangible assets	20	174,880	172,956
Property, plant and equipment	21	30,310	26,853
Rights of use	22	4,619	0
Equity investments in other entities	23	2,945	2,945
Investments in associated companies	24	570	596
Other financial assets	25	3,220	3,207
Trade receivables due beyond the year	26	308	382
Deferred tax assets	27	1,716	2,221
TOTAL NON-CURRENT ASSETS		218,569	209,160
CURRENT ASSETS			
Trade receivables	28	17,525	19,035
Tax assets for current taxes	29	280	2
Other Tax Assets	30	1,497	2,353
Receivables from others, due within the year	31	10,014	9,050
Cash and cash equivalents	32	19,863	14,270
TOTAL CURRENT ASSETS		49,179	44,710
TOTAL ASSETS		267,749	253,870

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec. 2019	31 Dec. 2018
CAPITAL AND RESERVES			
Share Capital	33	30,710	30,710
Capital reserves	34	74,124	73,405
IAS adjustments reserve	35	-3,229	-3,229
Profit/(Loss) carried forward	36	3,403	2,754
Group's profit (loss) for the period	37	14,149	14,596
TOTAL GROUP SHAREHOLDERS' EQUITY		119,156	118,236
MINORITY INTEREST	38	361	292
TOTAL SHAREHOLDERS' EQUITY		119,518	118,528
NON-CURRENT LIABILITIES			
Provisions for liabilities and charges	39	2,458	4,164
Provisions for repair and replacement	40	17,834	18,939
Provisions for employee benefits	41	5,767	5,782
Financial liabilities due beyond one year	42	23,352	28,164
Financial liabilities for rights of use beyond one year	43	4,239	0
Other payables due beyond the year	44	338	202
TOTAL NON-CURRENT LIABILITIES		53,988	57,251
CURRENT LIABILITIES			
Financial liabilities due within one year	42	24,940	14,256
Financial liabilities for rights of use within one year	43	410	-
Tax liabilities for current taxes	45	2,174	2,227
of which to Related Parties		*1,473*	*1,571*
Other tax liabilities	46	11,987	10,299
Trade Payables	47	31,643	28,606
Payables to social security institutions	48	2,611	2,955
Other payables due within the year	49	12,568	13,274
Provisions for repair and replacement (current portion)	40	7,911	6,473
TOTAL CURRENT LIABILITIES		94,243	78,091
TOTAL LIABILITIES		148,231	135,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		267,749	253,870

Toscana Aeroporti

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

	SHARE CAPITAL	SHARE PREMIUM RESERVE	REVALUATION RESERVES PURS. TO LAW 413/91	LEGAL RESERVE	STATUTORY 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 2017	**30,710**	**18,941**	**0**	**3,475**	**25,876**	**24,585**	**-3,229**	**13,002**	**113,360**	**221**	**113,581**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	-	12,980	**12,980**	177	**13,157**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-	279	**279**	6	**285**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	-	***13,260***	**13,260**	***183***	**13,442**
PROFIT ALLOCATION	-	-		528	0	-	-	-528	-	-	-
DIVIDENDS	-	-	-	-	-	-	-	-9,883	-9,883	- 110	**-9,993**
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	-	***528***	***0***	-	-	***-10,411***	***-9,883***	***- 110***	***-9,993***
S.E. AT 31 December 2018	**30,710**	**18,941**	**0**	**4,003**	**25,876**	**24,585**	**-3,229**	**17,351**	**118,236**	**292**	**118,528**
											#RIF!
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	-	14,149	**14,149**	242	**14,391**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-	-200	**-200**	-12	**-212**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	-	***13,949***	**13,949**	***230***	**14,178**
PROFIT ALLOCATION	-	-		687	31	-	-	- 718	**0**	-	**0**
DIVIDENDS	-	-	-	-	-	-	-	- 13,028	-13,028	- 160	**-13,188**
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	-	***688***	***31***	-	-	***-13,747***	***-13,028***	***- 160***	***-13,188***
S.E. AT 31 December 2019	**30,710**	**18,941**	**0**	**4,691**	**25,906**	**24,585**	**-3,229**	**17,552**	**119,156**	**361**	**119,518**

STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	**FY 2019**	**FY 2018**
OPERATING ACTIVITY		
Net result for the period	**14,391**	**14,761**
Adjusted for:		
- Amortization/depreciation of intangible/tangible assets, and rights of use	11,195	10,116
- Amortization of intangible assets	*7,132*	*6,643*
- Depreciation of tangible assets	*3,493*	*3,473*
- Amortization of rights of use	*570*	*0*
- Difference in provision for liabilities and charges	(1,705)	166
- Net difference in provisions for employee benefits	(418)	(620)
- Net difference in provisions for repair	(526)	(536)
- Financial expenses for rights of use	107	0
- Other net financial expenses (income)	1,457	1,360
- Financial expenses for banks	*499*	*555*
- Financial expenses for Employee Benefits	*124*	*116*
- Financial expenses for provision for repair	*859*	*739*
- Financial management for foreign currency exchange	*3*	*(2)*
- Financial income (interests receivable)	*(7)*	*(36)*
- Other minor financial expenses (income)	*(20)*	*(12)*
- Other provisions and impairment losses	0	0
- Net changes in (prepaid)/deferred taxes	571	263
- Year's current taxes	6,759	6,457
- (Increase)/decrease in trade receivables	1,510	9,467
- (Increase)/decrease in other current assets	(297)	(1,372)
- Increase/(decrease) in payables to suppliers	3,034	69
- Increase/(decrease) in other current payables	(173)	(1,014)
Cash flow generated by operating activities	*35,905*	*39,117*
- Financial expenses paid	(462)	(513)
- Paid income taxes	(5,865)	(6,116)
Cash flow generated by operating activities	**29,578**	**32,489**
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(6,951)	(3,575)
- Investments in intangible assets	(9,055)	(14,545)
- Investments in equity and other financial assets	0	(3,978)
- Disinvestments in equity and other financial assets	14	0
Cash flow generated (used) from investment activities	**(15,992)**	**(22,098)**
FINANCIAL ASSETS		
- Dividends paid	(13,188)	(9,993)
- Short-/long-term loans taken out	18,500	18,500
- (Repayment of) short-/long-term loans	(12,666)	(17,987)
- (Repayment of) financial liabilities for rights of use	(639)	0
Cash flows generated (used) by financing activities	**(7,993)**	**(9,480)**
Net increase/(decrease) in available cash Cash equivalents	**5,593**	**911**
Cash and cash equivalents at beginning of period	14,270	13,360
Cash and cash equivalents at end of period	**19,863**	**14,270**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DEC. 2019

FOREWORD

The Toscana Aeroporti Group (hereinafter also briefly referred to as the "Group" or the "TA Group") consists of the parent company Toscana Aeroporti S.p.A. (hereinafter also referred to as the "Parent Company" or "TA"), a joint-stock company having its registered office at the Register of Companies of Florence, and its subsidiaries Toscana Aeroporti Handling s.r.l., Toscana Aeroporti Engineering s.r.l., Parcheggi Peretola s.r.l., Jet Fuel Co. s.r.l., and Vola s.r.l., incorporated by TA in December 2019 for the direct management of food services in the airport, not yet operating to date.

The parent company is the result of the merger by incorporation of Società Aeroporto Toscana Galileo Galilei S.p.A. (Aeroporto di Pisa) with Aeroporto di Firenze S.p.A. For the sake of completeness, we inform readers that the merger has been configured as a combination of businesses under the common control of Corporación America Italia SpA. Since "business combinations involving entities under common control" are explicitly excluded from the scope of accounting standard IFRS 3, the merger has been reflected in the financial statement of the entity resulting from the merger by recognising the assets and liabilities of the purchased entity at the values resulting from the financial statement of the incorporated entity - an accounting method that allows the Management to provide both relevant and reliable information in compliance with paragraph 10 of IAS 8. 10.

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, as this is the currency used by TA and its subsidiaries for most of their transactions.

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 2019 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. 2019, see the specific section of the "Report on Operations" in this document.

Compared to 31 December 2018, the Group structure now also includes the company Vola S.r.l. (100% owned by TA), which, at the date of this report, has not yet started operating.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

The 2019 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").

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", 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 recognized 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. 2019 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 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 recognized to the Income Statement after redetermining the fair value of the assets, liabilities and identifiable potential liabilities of the acquiree.

d) Once the control of the subsidiary has been acquired, any acquisition of further shares will be accounted for by booking the difference between the price paid and the value of the corresponding share of the book value of the Shareholders' Equity of the subsidiary as a direct reduction of 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 recognized 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 recognized 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. This interest is determined based on the percentage held in the fair values of the assets and liabilities booked at the original acquisition date and in the changes made to the Shareholders' equity 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. 2019 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 regards the consequences of the Coronavirus outbreak and the measures undertaken by the Management, which are extensively described in the Report on Operations and in the section "Significant events occurred after 31 December 2019" of these Explanatory Notes, having assessed the situation based on the information available and in the awareness that it is not possible to predict with a sufficient degree of reliability the potential impact of the pandemic onto the operations of the Company and the Group, on the economy and on the air transport sector over the next few months - and in the hope that the emergency will be effectively managed with the measures adopted by the governments, competent authorities, and central banks of the countries affected by the virus outbreak, including the economic measures that will be adopted to support households, workers and businesses - we believe that , considering the countermeasures developed by the Management, as well as the economic support that will be provided by the Government to the households, workers and businesses, this circumstance is neither one that may affect the Management's process of estimate relating to the financial statements at 31 December 2019, nor an uncertainty factor relating to the capacity of the company to continue operating on a going-concern basis.

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) cannot be determined reliably, the revenue is calculated based on the fair value of the services provided (fair value of constructions services provided).
Construction services in progress at year-end are valued 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 Italian Air Force "Aeronautica Militare" (Ministry of Defence).
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 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 2046 for the Pisa airport, expiry 2043 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)
- Vehicles: 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, CGU) 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 recognized in the Income Statement.
For completeness, we highlight that the Group identified the Florence airport and the Pisa airport 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 (leaseholder side)

Starting from 1 January 2019, after the first application of IFRS 16, the Group recognized a use right at the commencement date of the lease, i.e. the date when the underlying asset is available for use, for all the lease agreements where the Group is the leaseholder, except for those that are short-term (with a duration of 12 months or less and that do not contain a purchase option) and those with assets of a moderate value (i.e. a unit value below € 5 K).
The rents of short-term and low-value agreements are recognized as costs in the income statement on a straight-line basis for the whole duration of the lease.
Rights of use are valued at cost, net of accumulated depreciation and impairment losses, and adjusted after each re-measurement of lease liabilities. The value assigned to rights of use corresponds to the amount of lease liabilities recognized, in addition to the direct initial costs incurred, rents settled at the commencement date of the contract or before, and improvement costs, net of any lease incentive received. The discounted value of the liability so determined increases the use right of the underlying asset, with a dedicated

provision as contra-entry. Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease agreement, rights of use are amortized on a straight-line basis based on the estimated useful life or duration of the agreement, if shorter.
The duration of the lease is calculated considering the period of the lease that cannot be cancelled, together with the periods covered by an option of extension of the agreement, if it is reasonably certain that it will be exercised, or any period covered by an agreement termination option, if it is reasonably certain that it will not be exercised. The Group considers whether it is reasonably certain to exercise or not to exercise the extension or termination options, taking into account all the relevant factors that create an economic incentive linked to those decisions.
The financial liability for the lease is recognized at the commencement date of the agreement for an aggregate value corresponding to the present value of the rents to be paid during the agreement, discounted by using incremental borrowing rates (IBR), when the implicit interest rate of the lease agreement cannot be easily determined. Variable lease payments remain accounted for in the income statement as cost of the period.
IFRS 16 requires the Management to make estimates and assumptions that may affect the valuation of the use right and lease financial liability, including the determination of: contracts for the application of the new rules for the measurement of assets/liabilities with the financial method; terms of the agreement; interest rate used for the discounting back of future rents.

Leases (lessor side)

The leasing agreements where the Group is the lessor are classified as operating or finance leases. In particular, sub-concessions belong to this category.
A lease is classified as a finance lease if it transfers substantially all the risks and benefits associated with the ownership of an underlying asset. A lease is classified as operating lease if it does not substantially transfer all the risks and benefits deriving from the ownership of an underlying asset.
For finance leases, at the expiry date, the Group recognises the assets leased in the balance sheet as a receivable, at a value corresponding to the net investment made. The net lease investment is valued by using the implicit interest rate of the lease.
For operating leases, the Group will recognize the payments due for the lease as income, with a straight-line approach or according to another systematic criterion,
and the costs, including amortization, incurred to realize the income of the leases, as a cost.

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 valuation of financial assets is done by considering both the management model of the financial asset and the contractual characteristics of the cash flows that can be obtained from the asset. Depending on the features of the instrument

and of the business model adopted for the related management, the following three categories are distinguished:
(I) financial assets valued at amortized cost; (ii) financial assets valued at fair value with recognition of the effects among the other components of the aggregate profit (hereinafter also "OCI"); (iii) financial assets valued at fair value with recognition of the effects to the income statement.
The financial asset is valued with the amortized cost method when both the following conditions are met:
- the management model of the financial asset consists in holding the asset with the sole purpose of cashing the generated cash flows; and
- the financial asset generates, at predefined dates indicated in a contract, cash flows that exclusively represent the yield of the same financial asset.
According to the amortized cost method, the initial book value is subsequently adjusted to take into account the repayment of principal, any impairment, and the amortization of the difference between the repayment value and the initial book value.
The amortization is determined based on the internal effective interest rate that represents the rate that equals, at the time of the initial booking, the present value of the expected cash flows and the initial book value.
Receivables and the other financial assets valued at amortized cost are presented in the balance sheet net of the related provision for impairment.
Financial assets that represent debt instruments, whose business model contemplates both the option to collect contractual cash flows and the option to obtain capital gains from the transfer (the so-called "hold to collect and sell business model"), are valued at fair value with recognition of the effects to the OCI (asset valued aa FVtOCI).
In this case, changes in the fair value of the instrument are also recognized in the Shareholders' Equity, among the other components of comprehensive income. The accumulated amount of fair value changes, recognized in the shareholders' equity reserve that includes the other components of comprehensive income, is reversed to the income statement upon the elimination of the instrument from the accounts. The interests receivable calculated by using the effective interest rate, exchange rate differences and impairment are recognized in the income statement.
A financial asset that is representative of a debt instrument that is not valued at amortized cost or FVtOCI is valued at fair value, with recognition of the effects in the income statement (asset valued at FVTPL).

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 losses of the Group in an associated company 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 recognized 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), even with a share smaller 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.

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 calculates the value of certain impairment of receivables by adopting an expected loss approach. For trade receivables, the Group adopts a simplified approach that does not require the recognition of the periodic changes of the credit risk, but rather the accounting of an expected credit loss (ECL) calculated on the entire life of the receivable, called lifetime ECL. More specifically, the policy implemented by the Group consists in stratifying trade receivables by days outstanding, defining the allocation based on past experience with credit losses, adjusted to take into account specific anticipatory factors referred to creditors and to the economic environment.
Trade receivables are fully impaired in the absence of a reasonable recovery expectation, i.e. in the presence of non-operating trade counterparties.
The carrying amount of the asset is reduced by using a provision for impairment and the loss amount is recognized in the income 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 recorded in this 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 finance costs, which include advances paid on the assignment of receivables, as well as other financial liabilities, including derivative financial instruments and liabilities against the assets booked as finance leases.
They also include trade payables and sundry payables.
Financial liabilities are recognized at fair value, net of ancillary charges relating to the transaction. After
said initial recognition, loans are recognized according to the amortized cost criterion by using the effective interest method. In case of renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount of the liability before the change and ii) the current cash flows of the amended debt, discounted back at the original internal rate of return (IRR), is booked in the income statement.

Provisions for liabilities and charges
The TA Group recognizes provisions for liabilities 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.

In accordance with the obligations established by individual concession agreements, the "Provision for repair or replacement" includes the greater estimated present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functionality, operation and safety of all the assets under concession based on the information available at the balance sheet date.

Provisions for employee 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 interest 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 assets and liabilities, and their tax value, and are classified as non-current assets. Deferred tax assets are booked only to the extent that adequate future taxable bases are

likely to exist, against which that credit balance can be used. The value of deferred taxes to be recognized 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 the five-step model introduced by IFRS 15, the Group recognises its revenues after identifying the contracts existing with its customers and the related performance obligations to be fulfilled (transfer of assets or services), after determining the consideration to be received against the fulfilment of such performance (transaction price) and assessing the fulfilment of said performances (fulfilment at a given moment in time versus fulfilment over time).
More specifically, the Group recognises revenues only when the following requirements for the identification of the agreement with the customer are met:
a) the parties to the agreement have approved the agreement (in writing, orally or according to other customary commercial practices) and have committed to fulfil the respective obligations, thus establishing an agreement between the parties that creates rights and obligations that are binding regardless of the form with which the agreement is made;
b) the Group may identify the rights of each party as regards the assets or services to be transferred;
c) the Group may identify payment conditions for the assets or services transferred;
d) the agreement has a commercial substance; and
e) the Group is likely to receive the price to which it is entitled in exchange for the assets or services that will be transferred to the customer.

If the requirements above are not met, the related revenues are recognized when: (i) the Group has already transferred the control of assets and/or delivered services to the customer and the whole, or almost the whole of the, price promised by the customer has been received and cannot be reimbursed; or (ii) the agreement has been terminated and the price the Group has received from the customer cannot be reimbursed.
If the requirements above are met, the Group will apply the recognition rules described below.

Aviation revenues

The Group fulfils its "obligations to do" in connection with the airport fees by making the airport infrastructure available for the carriers for landing, take-off, lighting and aircraft parking, passenger and cargo boarding and disembarking, as well as for the use of centralized infrastructure. Furthermore, in connection with handling activities, the Group fulfils its obligations by providing ground assistance services for passengers and aircraft.
The revenues generated by the services described above are recognized when said services are provided, following their progress and considering that the Group delivers said services to carriers and passengers along a given period of time as a function of the use of the infrastructure.

Non-Aviation Revenues

- Revenues generated by sub-concessions / business rents consist in the prices paid for the use of spaces and retail and operating areas both inside and outside the airport structure. This category includes sub-concessions / rents determined at commercial rates (i.e. retail facilities, car parks, etc.) and at managed rates (prices for the use of assets under exclusive use or for the use of the airport infrastructures dedicated to individual carriers or operators, such as check-in desks, office premises, operating rooms, and so on). Revenues generated by this category of intakes are recognized on a straight-line basis for the entire term of the contract and/or as a function of the accrual period, according to the applicable agreements, as required by IFRS 16.
- Revenues generated by parking lots are the prices paid for the car park spaces made available inside and outside the airport structure based on public rates, which is applied to all the sales made. The Group fulfils its "obligations to do" in connection with this service by making car parks available to its customers. The revenues generated by the services described above are recognized when said services are provided, following their progress and considering that the Group delivers the service to customers over a given period of time (the parking time).

Revenues from construction services
Revenues from construction services express the value of the construction services performed by the Group in favour of the grantor for the investments concerning concession rights and are recognized at their fair value. The fair value of the price of construction and expansion services relating to the assets under concession provided 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, of internal and external design costs, and of the internal costs incurred for the planning and coordination activity carried out by a special internal structure. These revenues are recognized when they are generated in connection with the progress of works, considering that the grantor simultaneously receives and uses the benefits deriving from the service provided as long as the entity of the grantor completes it.

Other Revenues
Revenues from the sale of assets are recognized when the control of the asset involved in the transaction is transferred to the buyer or when the customer acquires the full capacity to decide about how to use the asset, as well as to substantially obtain all the benefits.
Revenues generated by other services provided by the Group (administrative services, consulting services, etc.) are recognized when they are provided based on the progress of works/completion state.
Revenues are presented net of any discount, including, but not limited to, sales incentive plans and bonuses for customers, network development charges (qualified as prices paid to customers regulated by IFRS 15), as well as taxes directly connected to the sale of goods or provision of services.

Contributions
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. It includes interest receivable on invested funds, exchange gains and income deriving from financial instruments, when they are not offset in hedging operations. Interest receivable is booked in the income statement at the time of its accrual, considering the 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, Other 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 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.

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 and net finance costs 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 valuation are detailed in the section “Termination Benefits and other personnel provisions”.

Provision for impairment of receivables

The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. The Group adopts the simplified approach recommended by IFRS 9 and recognises expected losses on all its trade receivables based on their residual duration, by defining the allocation based on past experience with credit losses, adjusted to take into account specific anticipatory factors referred to creditors and to the economic environment. (expected credit loss, ECL).

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.

New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019

IFRS 16 "Leases"
During January 2016, the IASB published IFRS 16 "Leases". This new standard replaced IAS 17. The main change concerns the accounting of lease agreements by leaseholders, as, based on IAS 17, a distinction had to be made between finance leases (booked by using the financial method) and operating leases (booked by using the equity method). IFRS 16 established that operating leases should be accounted for as finance leases. According to the new standard, the financial asset corresponding to the right to use the leased asset and the financial liability corresponding to the future payment of rents must be booked simultaneously. The IASB established optional exemptions for certain lease agreements and low-value / short-term leases.
So, the principle mainly affected the accounting of operating leases that involve the Group as leaseholder.
The Group decided to apply the simplified transition approach or modified retrospective approach, and therefore did not amend the comparative amounts of the year before the first adoption. The assets booked for the right of use are measured for the lease amount due upon adoption, determined by discounting the lease rentals due. At 31 December 2018, the Group's non-cancellable operating leases amounted to € 6.2 M, referred to short-term lease agreements for approx. € 0.1 M and to moderate-value leases for € 0.1 M, for which the Group decided to adopt the optional exemption permitted by the IASB, which consists in recognising the cost incurred for the use of the leased assets on a straight-line basis. For the remaining existing leases for which the Group adopted the simplified transition approach, approx. € 4.8 M of right-of-use assets and an equal amount of liabilities were recognised at 1 January 2019, determined by discounting the value of the lease rentals due. The assets for which the Group is the lessor had no significant effects on the financial statement.

IFRS 9 "Financial instruments"
In October 2017, the IASB published an amendment to IFRS 9 concerning the "Prepayment features with negative compensation". The amendment confirms that, when a financial

liability accounted for at amortized cost is amended without involving a de-recognition, the related profit or loss must be immediately recognised in the Income Statement. The profit or loss are measures as difference between the previous financial flow and the flow re-determined as a function of the amendment. Said amendment, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 28 "Investments in Associates and Joint Ventures"
In October 2017, the IASB published some amendments to IAS 28 that provide clarifications on those associates or joint ventures for which, according to IFRS 9, the equity method should not be adopted. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23)
In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved introduced amendments to: (i) IFRS 3 "Business combinations"; (ii) IFRS 11 "Joint arrangements"; (iii) IAS 12 "Income taxes"; (iv) IAS 23 "Borrowing costs" regarding the accounting of loans originally connected with the development of an asset. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 19 "Employee Benefits"
In February 2018, the IASB published some amendments to IAS 19 that require companies to review their assumptions for the determination of current service cost and net interest at each change to the plan. Said amendments, effective from 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IFRIC 23 "Uncertainty over income tax treatments"
In June 2017, the IASB published interpretation IFRIC 23 to provide indications on how to reflect the uncertainties related to the tax treatment of a certain transaction or circumstance in the accounting of current or deferred income taxes. IFRIC 23 became effective on 1 January 2019 and had no significant impact on the financial statement or on the disclosure.

Accounting standards, amendments and interpretations not yet adopted

At the date of this financial statement, the competent bodies of the European Union have not yet concluded the ratification process required for the adoption of the following accounting standards and amendments:

- In May 2017, the IASB issued the new principle IFRS 17 "Insurance contracts". The new standard will replace IFRS 14 and will apply from 1st January 2021.
- In October 2018, the IASB published some amendments to IAS 1 and to IAS 8, which provide clarifications concerning the definition of "materiality". These changes will apply from 1 January 2020.
- In October 2018, the IASB published some amendments to IFRS 3, which amend the definition of "business". These changes will apply from 1 January 2020.
- In March 2019, the IASB published the revised version of the Conceptual Framework for Financial Reporting, with the first application expected for 1 January 2020. The main changes concern: a new chapter concerning valuation; better definitions and

guidance, particularly referring to the definition of liability; clarification of important notions, such as stewardship, prudence and uncertainty in valuation.
- In September 2019, the IASB published some amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and imply that the IBOR reform should not generally cause hedge accounting to terminate. However, the effects of each ineffective hedging should continue to transit to the income statement. These changes will apply from 1 January 2020.

The Group will adopt said new principles, 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

A description of the main financial risks and of the mitigating actions implemented by the TA Group is given below.

1) Credit risk

Over the last few years, the effects of the crisis of financial markets and the consequent recessive economy in the main industrialized Countries negatively affected the balance sheets of the airlines - 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 point out that the Holding took out an excess-of-loss type of insurance on credit positions to cover collection risks should insolvency proceedings be opened against the assets of any customer. The insurance covers the total receivables of the parent company for the period between 2016 and 30 September 2019 and has a coverage limit and a deductible. To date, that policy is being renewed in relation to newly maturing receivables. Furthermore, the Holding hired a company for its long-term debt collection activities.
Also see the contents of section “Trade and sundry receivables”.
Finally, we may not exclude that the Coronavirus pandemic will cause an increased credit risk as a consequence of the general scenario for the sector; therefore, the Management will carefully monitor the financial situation of its main customers, particularly airlines, in order to mitigate any adverse impact on its equity and profits.

2) Liquidity risk

At 31 December 2019, the Group has a negative Net Financial Position of € 33.1 M (€ 28.2 M at 31 December 2018). This is the result of a negative current NFP of about € 5.5 M (€ +13 K at 31 Dec. 2018) and of a negative non-current NFP of € 27.6 M (€ 28.2 M at 31 Dec. 2018) mainly regarding two loans (expiring in 2022 and in 2027) granted to the parent company by the banks Intesa San Paolo and MPS Capital Service for the infrastructural development of the two airports. Two medium-term loans for a nominal amount of € 500 K have also been disbursed by the banking group Banco Popolare di Milano to the subsidiary Jet Fuel to support the purchase of four new airplane fuel supply trucks required for into-plane activities at the Pisa airport.

The Group pays 6-month EURIBOR interest rates on its loans, which also include certain commitments, including financial covenants that showed no criticality at 31 December 2019. If necessary, the Group also uses short-term bank loans to meet short-term requirements.
Also see the contents of section “Financial liabilities”.
Specifically referring to the effects of the Coronavirus pandemic that we described more extensively in the section “Significant events occurred after 31 Dec. 2019” in these Explanatory Notes, although it is difficult to predict its effects, we may estimate that the impact of the limitations imposed on airport services since March 2020 will be significant on the economic-financial results of 2020, particularly for the first half of the year at issue. More specifically, the continuation of the present situation of significant air traffic reduction may cause a considerable increase in the bank indebtedness of the Company Società and Group in the short term, with a consequent decrease in cash and cash equivalents compared to 31 December 2019 data. Although our business has a seasonal nature, already in the first 3 months of 2020 the Management had to find the financial resources required to cover our major current requirements as a consequence of the present Coronavirus emergency, so we have increased the use of short-term loans compared to the same period of 2019 (€ 21 M for the loans obtained in the first three months of 2020 against € 6 M at 31 March 2019). Considering these uses, the amount of the facilities available at 31 March 2020 is approx. € 17 M.
Furthermore, in order to protect the financial standing of the Company, the Board of Directors made a new resolution on 31 March 2020 to reconsider the proposal for the allocation of the 2019 profit and cancel the distribution of dividends, thus amending the resolution passed during the last meeting of 12 March 2020, when dividends for approx. € 9.4 M had been allocated to distribution.
Finally, we point out that the Government issued and published in the Official Journal on 9 April 2020 a “Liquidity Decree” (Decreto Liquidità) containing measures for businesses to obtain State secured credit with a simplified procedure. Toscana Aeroporti applied to access that secured facility for the applicable amounts in connection with its specific features.
In response to the events described above, the Management promptly initiated a number of specific countermeasures aimed to volte ad adapt its cost structure to the reduced traffic demand (use of the temporary unemployment fund, amendments to non-strategic service agreements, and other initiatives with suppliers, correction of investment timing, renegotiations with the grantor, and so on), all actions that, together with the continuing renegotiations with credit institutions, also based on the aforesaid “Liquidity Decree”, may allow Toscana Aeroporti to fulfil its commitments and obligations.
Based on the assumptions identified, the Management estimated that, in spite of the significant reduction in the demand for traffic for the entire business year 2020, the implementation of the aforesaid cost containment measures, the use of the liquidity obtained with short-term loans and the further credit facilities made available by the Government with the Liquidity Decree may allow Toscana Aeroporti to fulfil its obligations in the short term.
Finally, we point out that the reduction in air traffic and revenues may cause a reduction in our profit margin that may lead to the failure for the Group to comply with its financial parameters for existing loans for 2019. Even in this case, the Group will promptly initiate the necessary negotiations with the credit institutions involved to mitigate that risk.

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 December 2019, our net financial position is € 33.1 M and the debt-to-equity ratio (NFP/Shareholders' Equity) is 0.28 (vs 0.24 at 31 Dec. 2018), which confirms the financial soundness of the Group.
Based on the NFP at 31 Dec. 2019, 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 € +/-483 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. € +545 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. € -582 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, food services, 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	
TA Group - Income Statement	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Operating income and other revenues	96,324	94,514	22,665	18,323	2,856	5,582	121,844	118,418
of which Pisa	*54,055*	*54,926*	*8,382*	*7,048*	*1,649*	*1,124*	*64,086*	*63,098*
of which Florence	*42,268*	*39,587*	*14,283*	*11,275*	*1,207*	*4,458*	*57,758*	*55,320*
Revenues from construct. serv	6,452	11,578	505	469	1,439	1,467	8,396	13,514
of which Pisa	*2,779*	*4,397*	*413*	*35*	*0*	*10*	*3,192*	*4,442*
of which Florence	*3,673*	*7,181*	*93*	*435*	*1,439*	*1,457*	*5,205*	*9,073*
Total Segment Income	**102,776**	**106,092**	**23,170**	**18,792**	**4,295**	**7,050**	**130,241**	**131,933**
Operating Costs (*)	62,910	63,290	4,690	5,273	17,665	15,482	85,265	84,044
of which Pisa	*37,043*	*38,743*	*2,583*	*2,801*	*7,937*	*7,751*	*47,564*	*49,296*
of which Florence	*25,866*	*24,546*	*2,107*	*2,472*	*9,728*	*7,730*	*37,701*	*34,748*
Cost of construct. serv.	5,284	10,326	414	419	1,178	1,309	6,876	12,054
of which Pisa	*2,276*	*3,922*	*338*	*31*	*0*	*9*	*2,614*	*3,961*
of which Florence	*3,008*	*6,405*	*76*	*388*	*1,178*	*1,300*	*4,262*	*8,092*
Amortization and provisions	8,454	6,792	1,739	2,226	4,653	4,062	14,846	13,081
of which Pisa	*4,383*	*3,555*	*1,105*	*1,150*	*2,268*	*2,305*	*7,756*	*7,010*
of which Florence	*4,071*	*3,238*	*634*	*1,076*	*2,385*	*1,757*	*7,090*	*6,071*
Operating Earnings	**26,128**	**25,683**	**16,328**	**10,874**	**-19,202**	**-13,803**	**23,254**	**22,755**
of which Pisa	*13,132*	*13,103*	*4,768*	*3,100*	*-8,552*	*-8,927*	*9,348*	*7,276*
of which Florence	*12,996*	*12,580*	*11,559*	*7,774*	*-10,649*	*-4,876*	*13,906*	*15,478*
Asset management	*0*	0	*0*	0	*-1,533*	-1,273	*-1,533*	-1,273
Profit before tax	**26,128**	**25,683**	**16,328**	**10,875**	**-20,735**	**-15,077**	**21,721**	**21,481**
Year's taxes	*0*	0	*0*	0	*-7,330*	-6,720	*-7,330*	-6,720
Net year's result	**26,128**	**25,683**	**16,328**	**10,875**	**-28,065**	**-21,796**	**14,391**	**14,761**
Loss (profit) of minority interes	*-242*	0	*0*	0	*0*	-165	*-242*	*-165*
Net Group result	**25,886**	**25,683**	**16,328**	**10,875**	**-28,065**	**-21,961**	**14,149**	**14,596**
TA Group - Statement of financial position	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Current assets	*26,801*	*20,378*	*6,230*	*4,591*	*16,149*	*19,741*	*49,179*	*44,710*
Non-current assets	*144,429*	*141,248*	*48,590*	*42,595*	*25,550*	*25,317*	*218,569*	*209,160*
TA Group - Addtional information	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Investments	*10,789*	*14,214*	*3,046*	*1,230*	*2,169*	2,676	*16,004*	18,120

(*) including Airport fees for € 4,470 K in 2019 (€ 6,506 K in 2018).

Information on the main customers

During 2019, TA recorded approx. 8.3 million passengers. The total incidence of the first three airlines is 56.4%. In detail, the incidence of the first carrier (Ryanair) is 39.1%, with the second (Vueling) and third (easyJet) carriers at 9.7% and 7.6%, respectively.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT AT 31 December 2019: INCOME STATEMENT

REVENUES

Total consolidated revenues decreased by 1.3%, passing from € 131.9 M at 31 Dec. 2018 to € 130.2 M as at 31 Dec. 2019. This difference is the result of the € 7.3 M increase in operating revenues and of the simultaneous € 3.9 M reduction in other revenues and proceeds, and € 5.1 M reduction in revenues from construction services.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	97,445	94,514	2,931	3.1%
Non-Aviation revenues	34,939	31,213	3,726	11.9%
Network development expenses	-12,725	-13,393	668	-5.0%
Total operating revenues	**119,659**	**112,334**	**7,325**	**6.5%**
Other revenues	2,185	6,084	-3,899	-64.1%
Revenues from construction services	8,396	13,515	-5,119	-37.9%
TOTAL REVENUES (A)	**130,241**	**131,933**	**-1,693**	**-1.3%**

Consolidated operating revenues totalled € 119.7 M at 31 Dec. 2019, up by 6.5% compared to 31 Dec. 2018. The Group's operating revenue trends for the two business units - Aviation and Non-Aviation - are broken down below.

1. Aviation revenues

Aviation revenues totalled € 97.4 M at 31 December 2019, up by 3.1% compared to 31 December 2018, when they totalled € 94.5 M.
The table below shows the details of Aviation Revenues at 31 Dec. 2019, with absolute and percentage changes compared to 31 Dec. 2018:

Amounts in €K	31 Dec. 2019	31 Dec. 2018	2019/2018 Abs. diff.	% Diff.
AVIATION REVENUES				
Passenger boarding fees	30,218	30,410	-192	-0.6%
Landing/departure fees	16,454	15,450	1,004	6.5%
Stopover fees	1,312	1,106	206	18.7%
PRM assistance fees	4,246	2,681	1,565	58.4%
Cargo fees	424	547	-123	-22.5%
Passenger security fees	8,463	7,417	1,046	14.1%
Baggage security fees	3,586	4,372	-786	-18.0%
Handling	30,212	30,304	-92	-0.3%
Centralised infrastructures	2,530	2,227	303	13.6%
TOTAL AVIATION REVENUES	**97,445**	**94,514**	**2,931**	**3.1%**
% incid. over gross op. revenues Network Development Expenses	73.6%	75.1%		

For an analysis of the main deviations for the two business years examined, see section 9.1 of the Report on Operations.

2. Non-Aviation revenues

Non-Aviation revenues totalled € 34.9 M at 31 December 2019, up by 11.9% compared to 31 December 2018, when they totalled € 31.2 M. This increase confirms the positive effects of the non-aviation strategies implemented by the Group. The table below provides details on Revenues from Non-Aviation business referred to 2019 and to 2018:

Amounts in €K	31 Dec. 2019	31 Dec. 2018	2019/2018 Abs. diff.	% Diff.
NON-AVIATION REVENUES				
Parking facilities	6,999	7,084	-85	-1.2%
Food	4,021	3,511	509	14.5%
Retail	5,971	5,423	549	10.1%
Advertising	2,432	2,274	157	6.9%
Real Estate	1,792	1,838	-46	-2.5%
Car rentals	6,571	5,048	1,523	30.2%
Other subconcessions	2,551	2,538	13	0.5%
VIP Lounges	3,401	2,835	566	20.0%
Air tickets	715	463	252	54.4%
Cargo agency	486	349	138	39.4%
TOTAL NON-AVIATION REVENUES	**34,939**	**31,363**	**3,576**	**11.4%**
% incid. over gross op. revenues Network Development Expenses	26.4%	24.9%		

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

Network development expenses

The main objective of the holding, TA, is to encourage the development of passenger scheduled and cargo traffic in the Tuscan Pisa (PSA-Galileo Galilei) and Florence (FLR-Amerigo Vespucci) airports, 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 € 12.7 M at 31 Dec. 2019, down by € 668 K (-5%) compared to 2018, when they totalled € 13.5 M.

3. Other Revenues

The table below provides details on Other Revenues for 2019 against 2018:

Amounts in €K	31 Dec. 2019	31 Dec. 2018	2019/2018 Abs. diff.	% Diff.
OTHER REVENUES				
Indemnifications	247	4,594	-4,347	-94.6%
Services and consulting	178	310	-133	-42.8%
Utilities and others	1,682	1,122	561	50.0%
Minors	78	58	21	35.9%
TOTAL OTHER REVENUES	**2,185**	**6,084**	**-3,899**	**-64.1%**

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

4. Revenues from construction services

At 31 Dec. 2019, revenues from construction services totalled € 8.4 M against € 13.5 M at 31 Dec. 2018. The lower final revenues recognized for € 5.1 M mainly derive from the lower investment made on the development of the Florence Master Plan.
For further details, see the section “Group Investments” in the Report on Operations.

Additional revenue details
The table below distinguishes between “Point in Time” and “Over Time” revenues, recognized based on whether the services have been performed at a given point in time or over a period of time, respectively.

Amounts in €K	31 Dec. 2019	31 Dec. 2018	2019/2018 Abs. diff.	% Diff.
Revenues not included in the scope of IFRS 15 (*)	22,790	19,162	3,628	18.9%
“Over time” revenues	107,450	112,772	-5,322	-4.7%
“Point in time” revenues	0	0	0	N.S.
TOTAL REVENUES	**130,241**	**131,934**	**-1,693**	**-1.3%**

The details of revenues not to be included in the scope of IFRS 15 are given below, distinguished between the fixed contract revenue component and the variable component due to indices and rates or other variables.

Amounts in €K	31 Dec. 2019	31 Dec. 2018	2019/2018 Abs. diff.	% Diff.
Fixed	3,206	2,937	269	9.2%
Variable that depends on an index or rate	18,916	15,162	3,753	24.8%
Variable that does not depend on an index or rate	668	1,063	-394	-37.1%
Total revenues not included in the scope of IFRS 15	**22,790**	**19,162**	**3,628**	**18.9%**

Said revenues mainly refer to sub-concessions of retail spaces (food, shops), advertising space, and areas to be used for car rental services. Said contracts have a term of multiple years and, upon their renewal, the Group defines the contract provisions in the light of any changed condition in the airport infrastructure. Payments may be on a monthly or quarterly basis; some contracts also include annual adjustments based on the global customer turnover. Where deemed necessary to reduce the credit risk, bank or insurance guarantees are required for the term of the lease agreement.

An estimate of the minimum payments expected from operating leases / sub-concessions for the next few business years is given below.

Amounts in €K	31 Dec. 2019	31 Dec. 2018
Within the year	15.637	13.581
Between 1 and 2 years	13.655	10.943
Between 2 and 3 years	6.409	9.842
Between 3 and 4 years	2.969	4.858
Between 4 and 5 years	234	2.437
Beyond 5 years	50	145
Total	**38.954**	**41.805**

COSTS

At 31 December 2019, costs totalled € 92.1 M, down by 4.1% compared to 31 Dec. 2018, when they totalled € 96.1 M. This result is due to operating costs increased by +1.5% (from € 84 M in 2018 to € 85.3 M in 2019) and costs for construction services passed from € 12.1 M in 2018 to € 6.9 M in 2019 (-43%).

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	% Diff.
COSTS				
Operating Costs				
Consumables	1,411	1,192	219	18.4%
Cost of personnel	42,567	42,907	-340	-0.8%
Costs for services	34,237	30,982	3,256	10.5%
Sundry operating expenses	2,584	2,456	127	5.2%
Airport leases	4,470	6,506	-2,036	-31.3%
Total operating costs	**85,269**	**84,044**	1,225	1.5%
Costs for construction services	6,876	12,054	-5,178	-43.0%
TOTAL COSTS (B)	**92,145**	**96,098**	-3,953	-4.1%

OPERATING COSTS

Operating costs totalled € 85.3 M in 2019, up by 1.5% compared to € 84 M, as reported at the end of 2018.

5. Consumables

This item refers to consumable materials, which totalled € 1,411 K (€ 1,192 K in 2018), specifically broken down below:

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
CONSUMABLES				
Stationery	42	50	-8	-16.5%
Fuels, lubricants	761	638	124	19.4%
Materials for financed courses	0	0	0	
Materials for car parking lots	12	24	-12	-49.6%
Small tools	0	15	-15	-99.8%
Safety Serv. Contr. (mat.)	66	59	7	12.4%
Final difference in inventories	0	0	0	
Clothing	341	243	97	40.1%
Mat. for operating services	189	164	25	15.5%
TOTAL CONSUMABLES	1,411	1,192	219	18.4%
% incid. over Operating Costs	1.7%	1.4%		

The € 219 K increase is mainly due to the higher cost incurred for clothing and fuel for ramp vehicles.

6. Cost of personnel

The Group spent a total of € 42.6 M for personnel in 2019, down by € 340 K compared to 2018 (-0.8%).

The Group's staff increased by +2.4% particularly in connection with the traffic managed (and the consequent operating activities) and with the spin-off of the subsidiary TAH. The overall reduction in the cost of labour is mainly due to the exit of some top executives and to the positive effect of the re-negotiation of performance bonuses and second-level agreements finalized at the end of December 2018.

This cost item is broken down below.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	2019/2018 % diff.
Cost of personnel				
Remuneration	41,996	42,729	-732	-1.7%
of which:				
Wages	23,819	24,876	-1,057	-4.2%
Salaries	6,641	6,421	220	3.4%
Social security contributions	8,927	9,017	-90	-1.0%
ETB	2,610	2,415	195	8.1%
Other labour costs	571	178	392	219.7%
of which:				
Contributions to CRAL	9	10	0	-3.8%
Social Fund	0	11	-11	N.S.
Benefits to personnel	545	76	468	614.2%
Administered and sundry	17	82	-65	-79.8%
TOTAL COST OF PERSONNEL	42,567	42,907	-340	-0.8%
% incid. over Operating Costs	49.9%	51.1%		

If we analyse in detail all the cost items related to the management of Human Resources, we will clearly see the reduction in the remuneration item associated with the actions described above (-1.7%).

The increase in the item "Benefits to personnel" (+614.2%) is due to the improvement of services dedicated to the well-being of employees, in line with industry best practices, namely the introduction of a Welfare Plan for our employees[1].

The table below provides details on the **average annual staff** (expressed in Full-Time Equivalents, FTEs) existing in 2019 and any difference from 2018:

TA Group FTE Table	31-dic-19	31-dic-18	Diff.	% Diff.
Toscana Aeroporti	336.1	531.8	-195.7	-36.8%
Toscana Aeroporti Handling	425.4	214.2	211.3	98.7%
Jet Fuel	12.96	10.92	2.0	18.7%
TAE	6.00	5.17	0.8	16.1%
Group	**780.6**	**762.0**	**18.5**	**2.4%**

Please, note that in the table above 2 part-time units are considered as 1 full-time unit.

[1] For further details, see the Non-Financial Statement enclosed with the Financial Statement.

7. Costs for services

On the whole, costs for services in 2019 and 2018 consist of:

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Sales services	261	265	-3	-1.3%
Institutional expenses	1,979	1,956	23	1.2%
Other services	5,621	5,165	455	8.8%
Services for the personnel	1,773	1,697	76	4.5%
Maintenance services	5,996	5,704	292	5.1%
Utilities	3,965	3,191	775	24.3%
Operating services	14,642	13,004	1,638	12.6%
TOTAL COSTS FOR SERVICES	34,237	30,982	3,256	10.5%
% incid. over Operating Costs	40.2%	36.9%		

Retail services, for € 261 K at 2019 year-end (€ 265 K at 2018 year-end), including the following costs:

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Sales services	261	265	-3	-1.3%
Institutional expenses	1,979	1,956	23	1.2%
Other services	5,621	5,165	455	8.8%
Services for the personnel	1,773	1,697	76	4.5%
Maintenance services	5,996	5,704	292	5.1%
Utilities	3,965	3,191	775	24.3%
Operating services	14,642	13,004	1,638	12.6%
TOTAL COSTS FOR SERVICES	34,237	30,982	3,256	10.5%
% incid. over Operating Costs	40.2%	36.9%		

Institutional expenses of € 1.98 M in 2019 (€ 1.96 M in 2018), mainly including the cost of control and auditing boards.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	Diff. % 2019/2018
COSTS FOR SERVICES				
Institutional expenses	1,979	1,956	23	1.2%
of which:				
Directors' fees	1,359	1,424	-65	-4.6%
Auditors' fees	255	225	30	13.2%
Directors' business travels	317	223	94	41.9%
Legal, notarial, meeting expenses	21	57	-36	-63.7%
Participation in conferences	28	27	1	2.4%

Other Services for € 5.6 M (€ 5.2 M in 2018), mainly including professional services, industrial insurance and communication costs.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Other services	5,621	5,165	455	8.8%
of which:				
Professional services	2,782	2,871	-89	-3.1%
Industrial insurance	734	753	-20	-2.6%
Communication	2,040	1,454	586	40.3%
Other minors	65	87	-22	-25.3%

Other Personnel Services of € 1.8 M (€ 1.7 M in 2018), mainly including canteen, payroll service, transfers and employee training costs;

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Staff services	1,773	1,697	76	4.5%
of which:				
Canteen	1,155	1,127	28	2.5%
Insurance	194	185	9	4.6%
Preventive medicine and med. examinations	49	58	-9	-15.0%
Training	105	130	-26	-19.7%
Staff recruitment	33	34	-2	-4.5%
Payroll services	89	65	24	37.1%
Journeys	149	98	52	52.7%

Maintenance Services of € 6 M (€ 5.7 M in 2018), including airport infrastructure, system and installation, equipment and vehicle maintenance;

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Maintenance services	5,996	5,704	292	5.1%
of which:				
Equipm./truck maint.	1,185	1,319	-134	-10.2%
BHS system maint.	906	902	4	0.4%
Maint. of infrastructures	2,247	2,211	35	1.6%
IT maintenance	1,658	1,271	387	30.4%

Utility Services of approx. € 4 M (€ 3.2 M in 2018), mainly including costs for electricity, gas, water and telephone services;

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Utilities	3,965	3,191	775	24.3%
of which:				
Electricity	1,951	1,678	272	16.2%
Water	377	148	229	154.6%
Telephones	193	180	12	6.8%
Mobile phones	196	132	64	48.0%
Gas	982	868	114	13.1%
Minors	266	183	83.1	45.4%

Operating Services of € 14.6 M (€ 13 M in 2018), mainly including external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	Diff. % 2019/2018
COSTS FOR SERVICES				
Operating services	14,642	13,004	1,638	12.6%
of which:				
Porterage	4,195	4,085	110	2.7%
Aircraft cleaning	689	726	-38	-5.2%
Agency/Wareh. service	180	187	-7	-3.9%
Cleaning	1,405	1,074	331	30.8%
PRM Support	776	406	369	90.9%
Surveillance service	3,580	2,759	821	29.8%
Services Centre	279	223	56	25.2%
Connection ? arco az	120	193	-73	-37.6%
Rental of mach. and equip.	396	855	-460	-53.8%
Management of parking lots	776	730	46	6.3%
Gardening	173	172	1	0.5%
VIP Lounge	792	563	229	40.7%
First Aid Service	397	476	-79	-16.6%
Other operating services	231	0	231	N/A
Shuttle bus	653	553	100	18.0%

8. Sundry operating expenses

Sundry Operating Expenses totalled € 2.6 M (€ 2.5 M in 2018), mainly including taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
SUNDRY OPERATING EXPENSES				
Publications	23	12	10	83.3%
Ins. entities and sundry institutions	514	550	-36	-6.5%
Taxes and levies	959	655	304	46.4%
Entertainment	156	68	88	129.3%
Sundry administrative costs	755	812	-57	-7.0%
Other minors	176	359	-183	-50.9%
SUNDRY OPERATING EXPENSES	2,584	2,456	127	5.2%
% incid. over Operating Costs	3.0%	2.9%		

9. Airport fees

Airport fees totalled € 4.5 M (€ 6.5 M in 2018), including rents paid for concessions and the contribution paid to the Fire Protection Fund.

Amounts in €K	31 DIC 2019	31 DIC 2018	Var. Ass. 2019/2018	Var. % 2019/2018
AIRPORT FEES				
Concession and security fees	5,239	5,219	20	0.4%
Fire Brigade fee	1,231	1,287	-57	-4.4%
Use of Fire Brigade risk provision	-2000	-	-2,000	
TOTAL AIRPORT FEES	4,470	6,506	-2,036	-31.3%
% incid. over Operating Costs	5.2%	7.7%		

The main change is due to the impact of the release of the € 2 M provision for liabilities for the Fire Brigade airport service dispute[1].

10. Costs for construction services

Costs for construction services, totalling € 6.9 M (€ 12.1 M at 31 December 2018), arise from the investment made in the airport infrastructure under concession in 2019.
The final cost amount of € 5.2 M is lower due to the same reasons indicated in the comment to the corresponding revenue item.

11. Amortization and impairment

This item totalled € 11.2 M in 2019 (against € 10.1 M in 2018). It includes the amortization of intangible assets for € 7.1 M (€ 6.6 M in 2018), depreciation of tangible assets for € 3.5 M (€ 3.5 M in 2018), and amortization of rights of use for € 570 K (€ 0 at 31 Dec. 2018).

12. Provision for liabilities and charges

This item shows € 3.06 M (against € 2.6 M in 2018) and includes the amounts set aside in the provision for liabilities (€ 1,123 K) and in the provision for repairs (€ 1.94 M), which reflect the year's accrual required for future maintenance expenses relating to repair work and replacements to keep the assets used under the two ENAC concessions in good and safe operating conditions.

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

This item amounts to € 585 K (€ 347 K in 2018) and consists of the provision set aside for impairment of receivables.

Amounts in €K	31 DEC 2019	31 DEC 2018
Provision for impairment of receivables	585	311
Credit loss	-	36
Total	585	347

14. Financial income

This item totalled approx. € 26 K (€ 46 K in 2018) and mainly includes interest receivable accrued on bank current accounts (€ 7 K) and actuarial income (€ 19 K).

15. Financial expenses

This item totalled € 1,591 K (€ 1,355 K in 2018) and mainly includes interests payable and commissions on bank current accounts for € 506 K (€ 488 K in 2018), interest cost on employees' defined-benefit liabilities for € 123 K (€ 116 K in 2018), finance costs relating to the discounting back of the provision for repair and replacements for € 859 K (€ 739 K in 2018), and interests deriving from IFRS 16 for € 103 K (€ 0 at 31 Dec. 2018).

16. Profit (loss) from investment

This item is € 32 K (€ 36 K at 31 Dec. 2018) and indicates the difference in the valuation to Shareholders' Equity of the investments in associates (Immobili A.O.U. Careggi S.p.A. and Alatoscana S.p.A.).

[1] More specifically, judgement 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.

17. Year's income taxes

This item includes an aggregate amount of € 7,330 K in 2019 (€ 6,762 K in 2018) deriving from:

- current taxes determined on the 2019 taxable income for € 6,684 K, of which € 4,751 K for TA consolidated taxes (IRES), € 548 K for Subsidiaries' IRES, and € 1,385 K for IRAP;
- prepaid/deferred taxes for € 746 K;
- income from tax consolidation with the controlling company "CAI" for € 99 K.

Current taxes have been estimated by applying the guiding criterion called "principle of derivation".

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 2019, the year's profit of the subsidiary Jet Fuel - approx. € 363 K (€ 247 K in 2018) - is a minority interest to a 66.67% extent, which corresponds to approx. € 242 K (€ 165 K in 2018).

The overall minority interest's profit for the period is € 230 K (€ 181 K in 2018).

19. Earnings for share / Diluted earnings per share

2019 Earnings Per Share and Diluted Earnings Per Share, € 0.76 (€ 0.78 in 2018), respectively, have been determined by dividing the Group's profit for the period (€ 14,149 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 2019: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2019 and the comparison with the previous year are given below.

20. Intangible assets

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Concession rights (royalties)	154.220	157.235	-3.015
Industrial patent and intellectual property rights	896	1.299	-403
Construction in Progress and adv. Paym. (intang.)	19.467	14.411	5.056
Other fixed assets:	297	12	286
Intangible assets	174.880	172.956	1.924

In addition to the considerations expressed in the introduction, an aggregate amount of approximately € 9 M has been invested in intangible assets during 2019, consisting of:

(amounts in €K)	
Concession rights (royalties)	2,310
Construction in progress	6,095
Software	625
Other fixed assets:	24
Total	**9,055**

See Section 10 for a detailed analysis of the main investments made in 2019.
No divestiture of assets was done in 2019.
Details on intangible assets are provided in Annex A.

Concession rights (royalties)
The value of this item at 31 Dec. 2019 is € 154.2 M (€ 157.2 M at 31 Dec. 2018), showing an increase of € 3 M mainly due to the combined effect of the greater value of amortization compared to the year's investments. For further details, see section 10 in the Report on Operations.

Industrial patent rights
The value at 31 December 2019 is € 896 K (€ 1,299 K at 31 Dec. 2018), down by € 403 K due to the higher year amortization compared to investments.

Construction in progress
The value of this item at 31 Dec. 2019 is € 19.5 M (€ 14.4 M at 31 Dec. 2018), up by € 5.1 M due to the investments made during the year, partially offset by the completion of projects and the related allocation to the assets. For more details, see Section 10 of the Report on Operations.

Please, remember that the value of construction in progress shown in the report includes approx. € 14.5 M relating to the investment made to develop the Florence airport Master Plan, of which € 2.95 M in 2019.

We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter the "Master Plan"), which includes the development of the new 2,400 metre runway and the new terminal, has been approved from a technical perspective by ENAC on 3 November 2014. The Master Plan is required to undergo an Environmental Impact Assessment procedure ("Valutazione di Impatto Ambientale", "VIA") pursuant to Legislative Decree no. 152/2006 and must comply with town planning schemes ("Conformità Urbanistica") 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, signed VIA Decree no. 377 for the new 2014-2029 Florence Airport Master Plan, thus defining 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 had been 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. We also point out that, on 16 February 2017, a framework agreement had been signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator had confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, had committed to contribute their own financing portion, as required for the implementation of the Plan, for a total amount of € 150 M in favour of TA, of which € 134 M for the Florence airport and € 16 M for the Pisa airport. 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.

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 judgement 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.

The decision made by the Council of State on 13 February 2020 rejected the appeal lodged by TA and by, *inter alia*, the Ministry of the Environment and Protection of the Territory and the Sea (MATTM), the Ministry of Cultural Heritage and Activities and Tourism (MIBACT), ENAC, the Municipality of Florence, the Regional Government of Tuscany (Regione Toscana), the Metropolitan City of Florence, and Toscana Aeroporti, concerning decision no. 723/2019 of the Tuscan Regional Administrative Court (TAR).

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

While fully complying with the decision, but in the firm belief that the Florence airport strongly needs a new runway and a new terminal to meet the evident criticalities of the infrastructure, the Company has already started working to arrange the actions to be undertaken, together with the competent bodies, primarily ENAC, to further develop the project in the awareness that the work done has complied with the requirements expressed in the opinions and indications of the competent Ministries and with the related VIA based on the positive opinions obtained by the National VIA Commission, by the Ministries of the Environment, of Cultural Assets, and of the Infrastructures and Transport.

In this context, on 20 February 2020 the Board of Directors of TA acknowledged and reviewed the content of the decision of the Council of State and approved the renewal of the VIA procedure and the adoption of any further measure that might be required for the Florence airport development plan in accordance with the terms emerged in the Council of State's decisions, also taking into account the letter received from ENAC, which asked us to continue in our analysis, study and design activities, thus confirming ENAC's interest in the development of the new airport runway.

Finally, we remind readers that TA has already completed most of the design activities regarding the major works required for the implementation of the Master Plan approved by ENAC for a total investment in intangible fixed assets of approx. € 14.5 million. In addition to that, the Company has continued its design work throughout 2019 and reached a final and executive stage, connected with the incorporation of the prescriptions specified in the VIA and town-planning compliance procedure. Considering the design level of detail reached to date, as well as the territorial development framework defined in the decisions of the competent Local Authorities (Region, Province, Municipalities involved), and based on the technical analyses conducted by TA, we believe that all the specialized analyses and design work completed to date and recognized as Construction In Progress in our accounts can be fully used in spite of the negative outcome of the above-mentioned appeal, which - as we said - did not question the technical validity of the plan, and 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.

Based on the outcome of the decisions made by TAR (Tuscan Administrative Court) and the Council of State respectively in 2019 and in February 2020, this value has been tested for impairment, as approved by the Board of Directors of the holding TA on 12 March 2020, by using the most representative CGU corresponding to the Florence airport. This CGU includes, in addition to concession rights (and including € 14.5 M of construction in progress for the development of the Master Plan), all the other assets that make up the net invested capital of the Florence airport identified by the Directors and dedicated to the development of the Amerigo Vespucci airport, both as regards air traffic and as to passenger infrastructure and services.

More specifically, the expected cash flows of the Florence airport, estimated for the term of the concession (until 2043) and including potential time deferments in the completion of the new airport due to the time required for the restart of the procedure, as approved by the Board of Directors of TA, have been discounted back by determining the recoverable value (value in use) of the CGU at issue, compared with the related book value. The objectives and assumptions of the economic-financial outlook for the 2020-2043 period have been identified by taking into account past operating results and have been processed based on accurate estimates of passenger traffic and the related revenues, also by using growth estimates consistent with those expected for the sector concerned.
For the purpose of discounting back cash flows, the Group adopted a WACC that reflects the current market valuation of the cost of capital and takes into account the specific risks of the business and geographical area where the CGUs operate.
The main assumptions are:

- compound annual growth rate (CAGR): 3.8%
- WACC: 7.9%

The analysis conducted showed no loss of value, therefore no impairment has been recognized at 31 December 2019, also considering that the decisions mentioned above do not question the technical validity of the project and do not identify any regulatory or environmental impediment to its implementation, which means that TA will be able to reuse the same specialist analyses and design work in the new procedure for the approval of the works.
The Group also conducted a sensitivity analysis on the test results against the different basic assumptions (use of the 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% difference in the WACC and CAGR used, the analyses would not lead to an impairment. In all the cases examined, the present value of the expected cash flows generated by the CGUs exceeds the net book value tested for impairment.
In addition, considering the macroeconomic uncertainty factors more extensively described in the section "Significant events occurred after 31 December 2019" of these Explanatory Notes, the Group conducted another simulation based on the assumption of a significant reduction in expected revenues, aimed to check the validity of the impairment test and the resulting scenario would still lead to a recoverable value not lower than the book value of the CGU, without showing any impairment, even in this case.
Considering that the recoverable value is based on estimates, the Group cannot ensure that the assets may be impaired in future periods. In the present market context, the various factors used in the preparation of the estimates could be reviewed. The Group will constantly monitor these factors and the existence of any loss of value.

21. Property, Plant and Equipment

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Land, Buildings	16.789	15.042	1.748
Other assets	3.831	3.193	638
Industrial and commercial equipment	999	1.119	-120
Systems and machinery	7.895	6.860	1.034
Construction in progress and adv. paym. (tang.)	796	639	157
Property, plant and equipment	30.310	26.853	3.457

On the whole, investments for approximately € 6.9 M have been made in 2019, namely:

(amounts in €K)	
Land and buildings	1,570

Plant and machinery	3,025
Ind. and comm. equipment	0
motor vehicles	275
Furniture and fittings	181
Hardware	1,229
Construction in progress	669
Total	**6,949**

For a detailed analysis of the main investments made in 2019, see Section 10 of the Report on Operations.
Assets have been divested for € 72 K in 2019.
Details on property, plant and equipment are provided in Annex B.

22. Rights of use

This item has been recognized at 1 January 2019 after the first adoption of the accounting standard IFRS 16 "Leases", as described above in the section "New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019".
We remind readers that the Group had non-cancellable operating leases for € 6.2 M, of which approx. € 0.1 M referred to short-term leases and € 0.1 M to moderate value leases.
For the remaining leases, the Group recognised right-of-use assets for € 4.8 M and liabilities for € 4.8 M, determined by discounting the value of the lease rentals due.
The value of rights-of-use at 31 December 2019 is € 4.62 M, including:

1. rights of using parking lots for € 4.35 M relating to long-term contracts - from 9 to 20 years - signed for the concession of car park areas;
2. rights of use of vehicles for € 268 K relating to long-term contracts - from 3 to 4 years - signed for corporate cars.

The details of the year are provided below.

Data in €K	31 Dec. 2019
Values at 1.Jan.2019 - First adoption of IFRS 16	4.806
Acquisitions	550
Disposals	-165
Depreciation	-570
Rights of use	4.619

23. Equity investments in other entities

At 31 Dec. 2019, the holding TA owns shares and equity investments in other entities for € 2,945 K (€ 2,945 K at 31 Dec. 2018), consisting in:
- I.T. Amerigo Vespucci S.p.A. (with a 0.22% share in the capital): € 40.6 K;
Consorzio Turistico Area Pisana S.c.a.r.l. (with a 2.4% share in the capital): €420;
Scuola Aeroportuale Italiana Onlus (with a 52.7% share in the capital): € 13.2 K;
Consorzio Pisa Energia S.c.r.l. (with a 5.26% share in the capital): €831;
Montecatini Congressi S.c.r.l. (with a 5.0% share in the capital): € 0;
Consorzio per l'Aeroporto di Siena (with a 0.11% share in the capital): € 8.5 K;
Florence Convention Bureau S.c.r.l. (with a 4.44% share in the capital): € 6.3 K;
Firenze Mobilità S.p.A. (with a 3.98% share in the capital): € 42.5 K;
- Società Esercizio Aeroporto della Maremma S.p.A. (with a 0.39% share in the capital): € 10.2 K.
- Firenze Parcheggi S.p.A. (with an 8.16% share in the capital): € 2,823 K.
Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization.

Consorzio Turistico Area Pisana, Montecatini Congressi S.c.r.l., and Consorzio per l'Aeroporto di Siena are winding up at the closing date of this Report.
At 31 December 2019 there is significant change in the fair value of equity investments in other companies.

24. Investments in Associated Companies

At 31 December 2019, the value of TA's investments in associated and related companies equals € 570 K (€ 596 K at 31 December 2018), as resulting from the following table:

- Alatoscana for € 374 K (€ 336 K at 31 Dec. 2018);
- Immobili AOU Careggi for € 196 K (€ 260 K at 31 Dec. 2018).

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 these stakes.

25. Other financial assets

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Guarantee deposits	202	190	12
Receivables from others due beyond the year	3.017	3.017	0
Other financial assets	3.220	3.207	12

Guarantee deposits

These mainly consist of 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. Trade receivables due beyond the year

This item refers to trade receivables relating to agreed repayment plans.

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 € 1,716 K (€ 2,221 K at 31 December 2018). This amount mainly includes taxes determined on the temporary differences due to taxed provisions (for repair, impairment of receivables, etc.) and to 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. Therefore, the value of taxes that will be reversed in the years 2020 and 2021 has been adjusted after considering the additional 3.5% IRES introduced by the last 2020 Budget Law of the State (Law 160/2019).

CURRENT ASSETS

The composition of current assets at 31 December 2019 and the comparison with the previous year are given below.

28. Trade receivables

At 31 December 2019, receivables from customers, net of the provision for impairment of receivables, totalled € 17,525 K (€ 19,035 K at 31 December 2018), as detailed below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Toscana Aeroporti	18.035	17.978	57
Toscana Aeroporti Handling	3.882	4.921	-1.039
Parcheggi Peretola	8	20	-12
Jet Fuel	171	258	-87
Receivables from associated companies	288	174	114
- Provision for impairment of receivables	-4.859	-4.316	-543
Trade receivables	17.525	19.035	-1.510

The provision for impairment of receivables has increased by a contribution of € 585 K over the period and has been used for € 42 K.

Data in €K	31-Dec-2018	prov.	use	31-Dec-2019
Provision for impairment of receivables	4.316	585	-42	4.859

The composition of receivables by category of expired accounts is detailed in the table below.

Data in €K	Aggregate Total	Receivables due	Expired receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Non-current/current receivables	22,384	5,438	6,987	1,377	242	1,659	6,682
Expected loss rate		-1.1%	-1.1%	-10.7%	-19.0%	-16.9%	-63.5%
Provision for impairment of receiva	-4,859	-59	-79	-148	-46	-281	-4,246
Total at 31.Dec.2019	**17,525**	**5,379**	**6,908**	**1,229**	**196**	**1,378**	**2,435**

Data in €K	Aggregate Total	Receivables due	Expired receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Non-current/current receivables	23,351	4,419	6,055	1,902	1,328	2,139	7,508
Expected loss rate		0.0%	0.0%	-0.7%	-1.3%	-3.0%	-56.2%
Provision for impairment of receiva	-4,316	0	0	-13	-18	-64	-4,222
Total at 31.Dec.2018	**19,035**	**4,419**	**6,055**	**1,889**	**1,310**	**2,076**	**3,286**

Trade receivables also include receivables from related companies, as reported in the table below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Alatoscana	57	63	-6
Immobili AOU Careggi	231	111	120
Receivables from associated companies	288	174	114

29. Tax assets for current taxes

This item totals € 280 K at 31 Dec. 2019 (€ 2 K at 31 Dec. 2018) and refers to tax receivables for current taxes, of which € 198 K of TA (referring to IRAP) and € 82 K of TAH (referring to IRES for € 50 K and to IRAP for € 32 K).

30. Other Tax Assets

This item breaks down as follows:
- € 119 K of ART bonus credit of the parent company TA;
- € 1,378 K of Subsidiaries' VAT credit.

31. Receivables from others, due within the year

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Receiv. fm carriers for add. munic. tax on pax boarding fees	7,953	7,184	769
Advance payments made to suppliers	362	740	-378
Prepaid expenses	418	398	20
Parking lot receivables	317	286	31
Monopoly products receivables	104	135	-31
Other accounts receivable	860	307	553
Receivables from others, due within the year	10,014	9,050	964

The additional municipal tax credit related to passenger boarding fees, introduced by Art. 2, par. 11, of Law no. 350 of 24 December 2003, has the same figure in the item "Tax liabilities" of current liabilities (Note no. 46), because the amount collected is paid to the State.
The item "Prepaid expenses" mainly concerns supplies with advanced billing, subscription fees, insurance.

32. Cash and cash equivalents
At 31 Dec. 2019, this item consists of € 19,863 K (€ 14,270 K at 31 Dec. 2018).
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.
See the Cash Flow Statement commented in the Report on Operations for further details.

SHAREHOLDERS' EQUITY AND LIABILITIES

The Shareholders' Equity increased by approx. € 990 K as a consequence of its recognition in the year's operating profit (€ 14.1 M), partially offset by the distribution of dividends (€ 13.2 M).

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

33. Share Capital
At 31 Dec. 2019, the fully paid-up share capital consists of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2018).
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. in the stock exchange in July 2007;
- a legal reserve of € 4,691 K. The € 688 K increase compared to 31 Dec. 2018 reflects the allocation of 2018 year profits, as deliberated by the Shareholders' Meeting held on 29 April 2019 during the adoption of the 2018 Financial Statement;
- statutory reserves for € 25,906 K;

- the 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 contains € 3,229 K, including:

(i) the IAS 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 reserve (negative for € 2,618 K) created after applying the new international standard IFRIC 12 from 1 January 2011.

36. Profit/(Loss) carried forward

This item includes profits carried forward for € 3,403 K (€ 2,754 K at 31 Dec. 2018). The difference derives from the allocation of the 2018 result and from the actuarial effect of the redetermination of the Employee Benefits according to IAS 19.

Other components of the Statement of Comprehensive Income

The value at 31 December 2019 is broken down below:

SITUATION AT 31.12.2019	PROFIT/ (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
- Profit (loss) arising from the determination of the Employee Benefit, after tax	-200	-200	-12	-212
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	-200	-200	-12	-212

SITUATION AT 31.12.2018	PROFIT/ (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
- Profit (loss) arising from the determination of the Employee Benefit, after tax	154	154	24	178
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	154	154	24	178

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

SITUATION AT 31.12.2019	Gross value	Tax (charge)/ benefit	Net Value
- Profit (loss) arising from the determination of the Employee Benefit Fund, after tax	-280	67	-212
	-280	67	-212

SITUATION AT 31.12.2018	Gross value	Tax (charge)/ benefit	Net Value
- Profit (loss) arising from the determination of the Employee Benefit Fund, after tax	234	-56	178
	234	-56	178

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

This item includes TA's result at 31 Dec. 2019, which totals € 14,149 K (€ 14,596 K at 31 Dec. 2018).

38. Minority interest

Based on 2019 balance sheet items, the 66.67% minority interest corresponds to € 361 K (€ 292 K at 31 Dec. 2018). The difference is due to the better result obtained in 2019 by the subsidiary Jet Fuel after deducting the distribution of dividends.

NON-CURRENT LIABILITIES

The composition of non-current liabilities at 31 December 2019 and the comparison with the previous year are given below.

39. Provisions for liabilities and charges

The provision for liabilities and charges consists of € 2,458 K at 31 Dec. 2019 (€ 4,164 K at 31 Dec. 2018). The details of the year are provided below.

Data in €K	31-Dec-2018	prov.	use	31-Dec-2019
Provisions for liabilities and charges	4,164	1,123	-2,828	2,458

At 31 December 2019, the provision mainly includes the following amounts:

1) € 351 K of contributions paid 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 liabilities and charges at 31 Dec. 2019";
2) € 1,380 K relating to the provisions set aside for the risk of potential liabilities consisting in labour dispute, as 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 concerning the execution of the contract.

4) € 333 K relating to disputes for local taxes concerning the different classification of airport areas for IMU tax purposes.

For further information, see Section "Information on the main items of the Provision for liabilities and charges at 31 December 2019".
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 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 Dec. 2019 is € 25,745 K, up by € 333 K with respect to 31 Dec. 2018, due to the effect of the 2019 addition to the provision, partially offset by the uses of the period. Details are given below.

Data in €K	31-Dec-2018	prov.	use	Fin. exp.	31 Dec. 2019
Provisions for repair and replacement	25,412	1,939	-2,464	859	25,745

This provision, depending on the estimated time of its use, is allocated to medium/long-term liabilities (€ 17,834 K at 31 Dec. 2019) and to current liabilities (€ 7,911 K at 31 Dec. 2019). 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. € +545 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. € -582 K.

41. Provisions for employee retirement and benefits
As indicated above, the employee termination indemnity or "TFR" is considered as a defined benefit obligation to be recognized 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. 2019 are:
- annual technical discount rate: 0.77%
- 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 consolidated liabilities at 31 Dec. 2019, as required by IAS 19, is € 5,767 K (€ 5,782 K at 31 Dec. 2018). This provision is booked net of the advance payments and settlements made during the period examined and shows an increase of € 15 K compared to 31 Dec. 2018, as specified below:

Data in €K	31-Dec-2018	prov.	use	Actuarial (gain)/loss	31 Dec. 2019
Provisions for employee benefits	5,782	124	-418	280	5,767

The difference shown in the Statement of Comprehensive Income (€ -212 K) corresponds to the actuarial loss of € 280 K, after a taxation of € 67 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 %
ETB provision	5,476	6,081	5,854	5,682	5,662	5,815

Finally, the table below provides a prediction of disbursement of the provision.

Future Cash Flows (€)

Year	TA Group
0 - 1	208,572
1 - 2	162,729
2 - 3	267,870
3 - 4	220,438
4 - 5	237,356
5 - 6	176,281
6 - 7	421,969
7 - 8	444,876
8 - 9	447,977
9 - 10	447,771

42. Financial liabilities

The details of non-current and current financial liabilities are given below:

Data in €K	31/12/2018	Loans	Repayments	Other movements	31/12/2019
Non-current liabilities	**28,164**	**-**	0	**- 4,812**	**23,352**
Current financial liabilities					
Overdraft (short-term fin.)	9,501	18,500	- 8,000	9	20,010
Current portion of medium/long-term indebtedne	4,755		**- 4,666**	4,841	4,930
Total current financial liabilities	**14,256**	**18,500**	**- 12,666**	**4,850**	**24,940**
Total financial liabilities	**42,420**	**18,500**	**-12,666**	**37**	**48,292**

The amount of € 24.9 M relating to current financial liabilities at 31 Dec. 2019 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,930 K and to the short-term loan (so-called "hot money") obtained during the period for € 20 M (the loan consisted in a total of € 18.5 M and has been repaid for € 8 M).

We point out that principal amounts have been repaid by Jet Fuel for € 198 K during the year for loans obtained in 2018 and 2017.

The decrease in non-current financial liabilities of € 4.7 M refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

At 31 Dec. 2019, there are € 8.6 M of non-current financial liabilities due beyond five years.

The aggregate amount of said non-current financial liabilities and the related current share of the medium-long term indebtedness mainly refers to 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 respectively repaid before June 2022 (MPS Capital Service contract used up for € 12 M) and before September 2027 (€ 40 M loan obtained from BIIS and used up), with the 6-month Euribor 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 Parent Company for the €40M loan and of the Group 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 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 2019, the Company is compliant with all the above-mentioned parameters.

Loans existing at 31 December 2019 are detailed below.

Amounts in €K	Capital share	Interest share	Total
Within the year	24,860	343	25,202
Between 1 and 2 years	4,926	260	5,186
Between 2 and 3 years	4,020	185	4,206
Between 3 and 4 years	2,919	143	3,062
Between 4 and 5 years	2,868	113	2,981
Between 5 and 6 years	2,868	82	2,950
Beyond 6 years	5,750	75	5,825
Total	**48,212**	**1,201**	**49,412**

Bank credit facilities existing at 31 Dec. 2018 are given below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFF.
Credit lines granted	**68,550**	**69,350**	**-800**
of which TA	*68,250*	*69,250*	*-1,000*
of which subsidiaries	*300*	*100*	*200*
Credit lines used	**20,000**	**9,500**	**10,500**
% used	*29%*	*14%*	*N.S.*

Bank loans existing at 31 December 2019 are shown below at their notional value and at fair value.

Amounts in €K	31 December 2019 Notional	fair value
TA - INTESA SAN PAOLO	22,943	23,334
TA - MPS	4,672	4,755
JET FUEL - BPM	606	610
TA - SHORT-TERM LOANS	20,000	20,000
TOTAL	**48,222**	**48,699**

The **Net Financial Position** at 31 December 2019, as shown in the Report on Operations in compliance with Consob Resolution prot. no. 6064293 of 28 July 2006, is specified in the table below:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
Euro K	31 Dec. 2019	31 Dec. 2018	Abs. diff.
A. Cash on hand and at banks	19,863	14,270	5,593
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**19,863**	**14,270**	**5,593**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	20,010	9,501	10,509
G. Current portion of non-current indebtedness	4,930	4,755	175
H. Other current financial payables due to leasing companies	410	-	410
I. Current financial indebtedness (F) + (G) + (H)	**25,349**	**14,256**	**11,093**
J. Net current financial indebtedness (I) - (E) - (D)	**5,486**	**(13)**	**5,500**
K. Non-current bank payables	23,352	28,164	(4,812)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,239	-	4,239
N. Non-current financial indebtedness (K) + (L) + (M)	**27,590**	**28,164**	**(574)**
O. Net Financial Position (J) + (N) (NFP)	**33,077**	**28,151**	**4,926**

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

This item has been recognised at 1 January 2019 after the first adoption of the accounting standard IFRS 16 “Leases”, as described above in the section “New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019”.

At 31 December 2019, financial liabilities for rights of use, determined by discounting the value of the lease rentals due, total € 4.6 M, of which € 4.2 M classified among non-current liabilities and € 0.4 M among current liabilities.

Data in €K	31 Dec. 2019
Financial liabilities due beyond one year	4,239
Financial liabilities for rights of use within one year	410
Financial liabilities for rights of use	4,648

The details of the year are provided below.

Data in €K	31 Dec. 2019
Values at 1.Jan.2019 - First adoption of IFRS 16	4,796
Acquisitions	550
Disposals	-165
Payment of leases	-639
Financial expenses	107
Financial liabilities for rights of use	4,648

Lease agreements do not include covenants.
The maturity of the financial liability is shown below.

	€K
< 1 year	604
1-2 years	553
2-3 years	486
3-4 years	443
4-5 years	433
5-6 years	444
Beyond 6 years	2,785
Total	**5,747**

Margin interest rates defined by the Group are constantly reviewed and applied to all contracts with similar characteristics, which have been considered as a single portfolio of contracts. Rates are calculated starting from the average effective rate of the debt of the holding, appropriately adjusted based on new reporting requirements to simulate a theoretical margin interest rate consistent with the contracts to be reported. The most significant items to be considered in the adjustment of the rate are the credit-risk spread of each country that can be observed on the market and the different term of lease agreements.
Here are the rates used:

- 0.94% for car rent contracts;
- 3.40% for long-term leases;
- 2.37% for short- and medium-term leases.

44. Other payables due beyond the year
Payables due beyond the subsequent year (entirely of the parent company, TA) consist of € 338 K (€ 202 K as at 31 Dec. 2018) and refer to guarantee deposits received from customers as performance bonds for services provided to them.

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.

CURRENT LIABILITIES

Changes in non-current liabilities occurred during the period are shown below.

45. Tax liabilities for current taxes
This item totals € 2,174 K at 31 Dec. 2019 (€ 2,227 at 31 Dec. 2018) and includes current taxes (IRES, IRAP) to be paid by the companies of the Group, calculated on their final results before tax (RBT) in 2019.
The balance at 31 Dec. 2019 also includes the debt of € 1,473 K of TA with the holding Corporación America Italia resulting from the ongoing tax consolidation.

46. Other tax liabilities
The aggregate amount of this item at 31 Dec. 2019 is € 11,987 K (against € 10,299 K at 31 Dec. 2018), as broken down below:

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Due to Rev. Ag. for add. munic. tax on pax boarding fees	10,761	8,710	2,051
Due to Rev. Ag. for employee and self-employed contr. IRPEF	656	729	-73
Due to Rev. Ag. for higher fees due for private flights	251	251	0
Local taxes	131	152	-21
Due to Rev. Ag. for VAT	189	457	-268
Other tax liabilities	11,987	10,299	1,688

The account payable to the Revenue Agency for the additional municipal tax on passenger boarding fees has particularly increased as a result of the same dynamics associated with the increased receivables from others due within the year.

47. Trade payables
Accounts payable to suppliers total € 31.1 M at 31 Dec. 2019 (€ 28.6 M at 31 Dec. 2018), up by € 2.5 K.

48. Payables to social security institutions
This item includes accounts payable to social security and pension institutions (INPS, INAIL) at 31 December 2019, for a total amount of € 2,611 K (€ 2,955 K at 31 December 2018).

49. Other payables due within the year
Other payables due within the year at 31 December 2019 consist of € 12.6 M (€ 13.3 M at 31 Dec. 2018), and include the following debit items:

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Employees/contractors fees	5,048	5,105	-57
Concession fees	2,619	2,669	-50
Deferred income	1,190	1,584	-394
Fire-protection service	1,061	1,090	-29
Air/bus/train ticket office receipts	554	517	37
Institutional bodies' fees	705	610	95
Advance paym. (carriers)	489	614	-125
Other minor payables	901	1,085	-184
Other payables due within the year	12,568	13,274	-706

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 liabilities and charges".
- Prepaid expenses mainly refer to non-aviation revenues invoiced in advance.

ADDITIONAL INFORMATION

Commitments and guarantees

At 31 Dec. 2019, commitments and guarantees include € 16,341 K of third-party sureties in favour of the TA Group and € 10,925 K of sureties given by third parties on behalf of the TA Group.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Third-party suretyships in favour of Group	16,341	12,164	4,177
Suretyships to third-parties on behalf of Group	10,925	10,137	788

Sureties provided by third parties in the favour of the companies of the TA Group mainly refer to performance bonds for contracted work, for compliance with agreements by sub-concessionaires, air carriers and other customers.

Sureties provided to third parties on behalf of the companies of the TA Group mainly refer to sureties in favour of ENAC to ensure the full and accurate fulfilment of the obligations established in 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 2019 (**data in €K**)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Trade receivables	-	17,833	17,833
Other financial assets	2,945		2,945
Other accounts receivable	-	12,614	12,614
Cash and cash equivalents	-	19,863	19,863
Total	2,945	50,309	53,255

31 December 2019 (**data in €K**)	Liabilities valued at fair value	Assets valued at amortized cost	Total
Liabilities			
Financial liabilities	-	48,292	48,292
Financial liabilities for rights of use	-	4,648	4,648
Trade payables and other liabilities	-	38,285	38,285
Total	-	91,224	91,224

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. The "assets valued at fair value" specified in the table above pertain to this level.

Information on financial instruments

There are no derivative financial instruments.

Information concerning public subsidies, aids and other benefits received (purs. to Law 142/2018, Art. 1, par. 125)

Pursuant to Law 142/2018, Art. 1, par. 125, the TA Group in 2019 received public subsidies for € 32.5 K as tax credit ("Art Bonus")[1]

Information on the main items of the Provision for liabilities and charges at 31 December 2019

1. <u>Provision for liability risks connected with the dispute on the Fire Brigade airport service (€ 351 K)</u>

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 (formerly 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.

[1] Tax credit equalling 65% of the amounts donated in support of culture, to be offset on the F24 form effective from the taxation period subsequent to the contribution period.

Several positive judgements have been pronounced in the favour of TA in the first half of 2019 that confirmed that the Fire-Prevention Fund was actually a tax, and therefore not due, being a specific-purpose tax. This allowed the Company to assess the risks associated with this dispute with a different approach.

More specifically, judgement 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.

Therefore, TA, with the support of its external attorneys, based on the present judicial situation and of the positive judgements issued in 2019 - i.e. judgement no. 3162/19 issued by the Court of Cassation with United Sections on 1 February 2019, judgement no. 2517/19 of the Rome Provincial Tax Commission on 20 February 2019, which became final on 10 May 2019, and judgement no. 4874/8/19 of 2 April 2019 of the Rome Provincial Tax Commission - acknowledged a change in the risk of an adverse outcome of the above-mentioned dispute.

For completeness of information, we point out that on 19 February 2020, the State Bar, acting in the name and on behalf of the Administrations, notified TA about the appeal lodged with the Court of Cassation against the decision of the CTR Lazio no. 7164/2019 of 20 December 2019.

In this global context, the provision for liabilities allocated to the balance sheet at 31 December 2019, also valued with the support of independent advisors, has been considered to be consistent taking all the updates of the period into consideration.

2. <u>Provision for the risk of potential labour dispute liabilities (€ 1,380 K)</u>

The holding TA, at 31 Dec. 2019, set aside a provision for liabilities of € 555 K for the residual probability that liabilities may arise from ongoing mediation procedures with employees and labour disputes with a probable unfavourable outcome.

For the same reasons, the subsidiary TAH, at 31 December 2019, has a provision for liabilities of € 825 K, of which € 202 K relating to labour disputes and € 623 K relating to the estimates of liabilities deriving from the failure to renew the national collective bargaining agreement ("CCNL") in 2019.

The amounts set aside by the company, including with the support of independent advisors, are consistent with the predictable outcome of the dispute.

3. <u>Other potential liabilities</u>

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 lodged 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 the 2019 result and the Shareholders' Equity at 31 Dec.

2019 (for the portion attributable to the Group) with the parallel values of the parent company.

Description	Shareholders' Equity at 31.Dec.2019:	Net 2019 earnings
S.E. and Holding “TA Spa” earnings	**115,488**	**13,555**
S.E. and Group’s Subsidiary’ earnings	5,585	1,449
Elimination of the book value of stakes	(4,338)	-
Earnings of entities consolidated in SE	190	(26)
Elimination of intragroup dividends	-	(774)
After-tax consolidation difference (royalties)	2,334	(49)
Other minors	(103)	(7)
SE and Group earnings	**119,157**	**14,148**
Shareholders’ Equity and Minority Interest’s earnings	361	242
SE and Group and Minority Interest’s earnings	**119,518**	**14,390**

Amounts shown in € K

Remuneration of Directors, Auditors and Executives with strategic responsibilities

As to details regarding the special table of the report on remuneration, provided under Art. 123-ter of Leg. Dec. no. 58/98 (published on the Company's website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2019 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 Dec. 2019 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 2019.

Significant events and non-recurring transactions

Pursuant to CONSOB’s Notice of 28 July 2006, we specify that no significant non-recurring transaction was performed in 2019.

Significant events occurred after 31 December 2019

As already pointed out in section 18 of the Report on Operations concerning the current business year (2020), the criticalities already identified (Alitalia, Brexit, block of 737-800 MAX aircraft) will be accompanied by the unpredictable impact of the Coronavirus outbreak on air transport.

This factor is an event that occurred after the closing of the 2019 financial statement, so, in compliance with accounting standard IAS 10 “Events occurred after the reporting period”, it does not require any adjustment to balance figures at 2019 year-end because, although the Coronavirus outbreak started in the Popular Republic of China around the end of 2019/beginning of 2020, only at the end of January 2020 did the World Health Organization announce a global emergency and only at the end of January 2020 Covid-19 cases have been diagnosed in other countries, thus requiring the adoption of specific control measures both in China and in other countries, including Italy. In our Country,

increasingly stricter measures have been adopted since March 2020 to face the spreading of the virus and protect human health, first in limited areas of northern Italy and then progressively in the rest of the Country. In particular, the decree of the President of the Council of Ministers of 11 March 2020 ordered the closure of all food service activities and shops in the entire national territory until 25 March 2020, with the sole exception of shops selling absolutely necessary products or providing personal services (food shops, pharmacies/chemist's and drugstores...). These measures have subsequently been almost entirely put off until 3 May 2020. In addition, local public transport services, as well as motor coach, train, airplane or ship transport services, and all organized public events to be held in public or private places, including cultural, playing, sports, religious events and trade fairs, cannot be held, even in closed facilities open to the public, until 03 May 2020.
Specifically referring to the transport sector, on 12 March 2020 the Ministry of the Infrastructure and Transport, in order to limit the spreading of the Coronavirus and protect the health of workers, issued decree no. 112 (with extension decree no. 153 of 12 April 2020), to order that airport service operations be restricted to a specific list of airports, which includes the Pisa airport. As a consequence, the Florence airport will limit its operations from 14 March 2020 to 3 May 2020, being allowed only to process cargo, mail, and State flights, and any emergency and health-related operations.
The suspension of activities in the Florence airport followed a decrease in passengers that had already started at the end of February, so the total traffic decrease in the two airports compared to the same period of the previous year is of approx. 417,500 passengers (data at 31 March 2020). The increasingly restrictive quarantine measures, also adopted in several other European countries, led to the cancellation of flights at least until the end of April 2020. To date, we are not yet in the condition to exclude that, should the pandemic continue, airport service limitations and/or further flight cancellations may be decided even for the subsequent months.
There is still uncertainty regarding the duration and the geographical spread of the pandemic, as well as regarding the consequent impact this scenario will have on air traffic and on the economic results of the Company and the Group. Considering the constant evolution of the phenomenon, it is difficult to quantitatively predict the effects, but the limitations imposed on airport services and the flight cancellations already done since March 2020 allow us to assume that the impact on the economic-financial results of 2020 will be significant, particularly for the first 6 months of the year.

In order to face the situation, the Company and the Group have promptly adopted a number of specific countermeasures aimed to adapt their cost structure to the reduced traffic demand, also considering the measures issued by the Italian Government with Law Decree no. 18 of 17 March 2020 (so-called "Cura Italia"). Considering the structure of the profit and loss accounts of the Group, with the cost of personnel being one of the highest components, the first measures undertaken have been to mitigate these charges and the related interest cost, so all the employees who were not strictly necessary for the airports in this period have been advised to use their holidays. The administrative and support staff that could work from home have continued to work remotely. Furthermore, we stared consultations with trade unions to identify the most appropriate measures to be adopted starting from 25 March 2020, which have included the use of the temporary unemployment fund ""Cassa Integrazione Guadagni Straordinaria") for all the personnel, with the maintenance of the minimum operating services required and the reduction of the activities of administrative employees. This measure will be used for a maximum of twelve months.
As to the containment of service costs, the Management performed a first analysis of the existing contracts and agreements, and identified any non-strategic relationship to initiate any consequent action with suppliers.

The Management, after an accurate analysis of the financial requirements of the Group, updated in consideration of the probable reduction of the traffic demand for the year 2020 and of the actions described above, identified the additional measures aimed at allowing the Company and the Group to fulfil its obligations, i.e. by reviewing the timing of any non-urgent action regarding the infrastructure. In this regard, we remind readers that, also in view of our investment objectives, we had already started to negotiate the most adequate conditions primary credit institutions to obtain an appropriate financial structure in support of the development of the Pisa and Florence infrastructures. This implies that any new cash requirement that may arise following a further reduction in air traffic, as expected in case of persistence of the present situation, will be considered within the framework of said negotiations, even in the light of the publication of the "Liquidity Decree" of last 9 April 2020, along with a constant and continuous dialogue with the grantor.
In such a context, in order to protect the financial standing of the Company, the Board of Directors made a resolution on 31 March 2020 to reconsider the proposal for the allocation of the 2019 profit by cancelling the distribution of dividends, thus amending the resolution passed during the last meeting of 12 March 2020, when dividends for approx. € 9.4 M had been allocated to distribution.

Therefore, the Management estimated that, even considering a significant reduction in the demand for air traffic throughout 2020, the implementation of the aforesaid cost containment measures, the use of the liquidity obtained with short-term loans and, where necessary, the further credit facilities made available by the Government with the Liquidity Decree may allow Toscana Aeroporti to fulfil all its short-term obligations.
All this will allow Toscana Aeroporti to ensure the continuation of our infrastructure development plans, adequate levels of service for the present operations and, once the emergency is overcome, the resumption of its developments in the medium-term.

At present, after the necessary considerations developed on the basis of the information available, although it is not possible to predict, with a sufficient degree of reliability, what the potential impact of the pandemic will be over the next few months on the Company's operations, on the economy and on the air transport sector - and in the hope that the emergency will be effectively managed and resolved with the countermeasures adopted by the governments, competent authorities, and central banks of the countries affected by the virus outbreak - we believe that, in view of the countermeasures developed by the Management, as well as of the economic measures adopted by the government in support of households, workers and businesses, this circumstance will neither adversely impact the estimates of the Management concerning the financial statements at 31 December 2019, nor represent a factor of uncertainty regarding the capacity of the company to continue operating on a going-concern basis.

Authorization to publication

This document has been approved by the Board of Directors on 21 April 2020 and made available to the public on 23 April 2020 upon the Chairman's authorization.

For the Board of Directors
Marco Carrai
Chairman

Toscana Aeroporti

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENT AT 31.12.2019

TABLE OF 2019 CHANGES IN INTANGIBLE ASSETS (€K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	202,083	14,471	14,358	1,086	**231,998**
Accumulated depreciation	- 44,816	- 13,173	-	- 1,051	**- 59,041**
A - Value as at 31-12-18	157,266	1,298	14,358	34	172,957
CHANGES FOR THE PERIOD					
Purchases	2,310	625	6,095	24	**9,055**
Reclassification	633	72	- 987	282	**-**
Depreciation	- 5,989	- 1,099	-	- 43	**- 7,132**
B - Balance of changes	- 3,046	- 402	5,109	263	1,923
Historical cost	205,026	15,168	19,467	1,391	**241,053**
Accumulated depreciation	- 50,806	- 14,273	-	- 1,094	**- 66,172**
Value at 31-Dec-2019 (A+B)	**154,220**	**896**	**19,467**	**297**	174,880

TABLE OF 2019 CHANGES IN TANGIBLE ASSETS (€K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	22,615	36,670	1,692	639	17,150	**78,766**
Accumulated depreciation	- 7,573	- 29,810	- 573	-	- 13,957	**- 51,913**
A - Value as at 31-12-18	15,043	6,860	1,119	639	3,193	**26,854**
CHANGES FOR THE PERIOD						
Purchases	1,570	3,025	-	669	1,685	**6,949**
Reclassification	439	-	-	- 439	-	**- 0**
Amortization and impairment	- 262	- 1,991	- 120	- 72	- 1,048	**- 3,493**
B - Balance of changes	1,746	1,034	- 120	158	638	**3,457**
Historical cost	24,624	39,695	1,692	796	18,835	**85,643**
Accumulated depreciation	- 7,835	- 31,801	- 693		- 15,004	**- 55,333**
Value at 31-Dec-2019 (A+B)	**16,789**	**7,895**	**999**	**796**	**3,831**	**30,310**

RELATIONSHIPS WITH RELATED PARTIES

balance sheet item	Values in € K	% incidence on balance sheet item	Book item (€K)	Values in € K	% incidence on balance sheet item	Book item (€K)
Associated companies						
Immobili A.O.U. Careggi Spa						
Investments in Associated Companies	195.7	34.35%	570	260.1	43.66%	596
Receivables from associated companies	104.9	36.43%	288	110.6	63.64%	174
Non-Aviation revenues	126.2	0.36%	34,939	105.9	0.34%	31,213
Other revenues and proceeds	36.0	1.65%	2,185	49.0	0.81%	6,084
Alatoscana Spa						
Investments in Associated Companies	374.1	65.65%	570	335.7	56.34%	596
Receivables from associated companies	56.9	19.75%	288	63.2	36.36%	174
Other revenues and proceeds	63.2	2.89%	2,185	63.6	1.05%	6,084
Other related parties						
Delta Aerotaxi srl						
Aviation revenues	288.9	0.30%	97,445	224.8	0.24%	94,514
Non-Aviation revenues	250.9	0.72%	34,939	311.2	1.00%	31,213
Other revenues and proceeds	18.4	0.84%	2,185	15.2	0.25%	6,084
Receivables from customers	290.9	1.69%	17,237	437.0	2.32%	18,861
Receivables from others due beyond the yea	166.5	1.66%	10,014	216.0	9.17%	2,355
Corporate Air Services srl						
Aviation revenues	699.9	0.72%	97,445	615.2	0.65%	94,514
Non-Aviation revenues	75.4337	0.22%	34,939	73.0	0.23%	31,213
Other revenues and proceeds	3.8	0.18%	2,185	3.1	0.05%	6,084
Receivables from customers	50.6	0.29%	17,237	50.9	0.27%	18,861
Delifly srl						
Non-Aviation revenues	32.3	0.09%	34,939	36.6	0.12%	31,213
Other revenues and proceeds	1.0	0.04%	2,185	0.8	0.01%	6,084
Receivables from customers	28.8	0.17%	17,237	7.9	0.04%	18,861
ICCAB srl						
Non-Aviation revenues	116.6	0.33%	34,939	140.8	0.45%	31,213
Other revenues and proceeds	13.1	0.60%	2,185	7.6	0.12%	6,084
Other receivables from customers	42.8	0.25%	17,237	55.1	0.29%	18,861
Corporación America Italia Srl						
Receivables from customers	0.9	0.01%	17,237	0.9	0.00%	18,861
Other payables due within the year	1,473.5	12.20%	12,079	1,540.7	10.85%	14,201
Taxes for the period	99.1	1.35%	7,330	98.5	1.47%	6,720

Ann. C

Toscana Aeroporti

TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ITEMS	PREPAID / DEFERRED TAXES 31-DEC-2018			2019 REABSORPTION			2019 INCREASES			PREPAID / DEFERRED TAXES 31-DEC-2019		
EXPENSES FOR CAPITAL INCREASE	231,707	IRES	55,609	231,707	IRES	55,610	-	IRES	-	-	IRES	-
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	4,643,476	IRES	1,114,434	-	IRES	-	564,146	IRES	135,395	5,207,622	IRES	1,249,829
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	1,952,733	IRES / IRAP	614,560	1,612,287	IRES / IRAP	469,498	1,075,155	IRES / IRAP	313,085	1,415,600	IRES / IRAP	458,147
ACTUARIAL GAIN / LOSS (O.C.I.)	524,633	IRES	125,912	-	IRES	-	279,540	IRES	67,090	804,173	IRES	193,002
SUNDRY MINORS	448,820	IRES / IRAP	128,131	538,317	IRES / IRAP	129,645	507,332	IRES / IRAP	122,067	417,835	IRES / IRAP	120,553
PROVISION FOR FUTURE LIABILITIES A	4,020,334	IRES / IRAP	1,095,486	2,756,674	IRES / IRAP	764,002	812,703	IRES / IRAP	195,049	2,076,363	IRES / IRAP	526,533
ETB IAS USE DIFFERENCES	65,495	IRES	15,719	-	IRES	-	169,487	IRES	40,677	234,982	IRES	56,396
PARCHEGGI PERETOLA CONSOLIDATION	- 3,425,137	IRES / IRAP	- 1,000,610	- 70,281	IRES / IRAP	- 20,255		IRES / IRAP	-	- 3,354,856	IRES / IRAP	- 980,355
OTHER DIFFERENCES	315,361	IRES / IRAP	71,621	13,821	IRES / IRAP	3,317	100,329	IRES / IRAP	24,079	401,869	IRES / IRAP	92,383
Aggregate Total	8,777,421		**2,220,861**	5,082,525		**1,401,817**	3,508,692		**897,441**	7,203,588		**1,716,486**

Ann. D

TABLE OF RECONCILIATION BETWEEN YEAR'S RESULT AND TAXABLE BASE (€K)

	31/12/2019		31/12/2018	
	IRES	IRAP	IRES	IRAP
Profit before tax according to law tax	20,098	44,507	19,562	53,738
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	**4,824**	**2,279**	**4,695**	**2,751**
Main final differences				
- dividends collected (95% exempt.)	- 790		- 715	
- analytical and lump-sum IRAP deductions	- 216		- 462	
- ACE	- 257		- 292	
- labour costs of permanent employees		- 19,590		- 27,503
- other deductible labour costs		- 756		- 723
Sundry final variations (balance)	1,534	- 103	1,730	515
Sundry temporary variations (balance)	- 3,094	- 1,676	- 1,408	214
Taxable base	**17,276**	**22,383**	**18,450**	**26,241**
Current taxes	4,146	1,146	4,428	1,344
Previous years' taxes	-		- 185	
Additional IRES 3.5% concessionaires	605	-		
Deferred taxes	660	86	338	- 10
Income from consolidation	- 99		- 98	
Other minor effects	548	239	630	274
Total taxes booked	**5,860**	**1,407**	**5,112**	**1,608**

Ann. E

2019 FEES PAID FOR AUDITING SERVICES (ART. 149-duodecies OF CONSOB ISSUER REGULATIONS)

Service type	Entity that provided the service	Beneficiary	Notes	2019 fees (€)
Auditing	PwC SpA	Parent Company TA SpA	(1)	76,300
	PwC SpA	Subsidiaries	(2)	13,800
Certification services	PwC SpA	Parent Company TA SpA	(3)	110,900
	PwC SpA	Parent Company TA SpA	(4)	12,700
	PwC SpA	Parent Company TA SpA	(5)	19,000
Other services	PwC SpA	Parent Company TA SpA		26,500
			Total	259,200

Notes

(1) Fees for the statutory auditing of the consolidated financial statement and of the parent company's financial statement for the year (including periodic audits) and for the limited auditing of the consolidated interim financial report (abridged) of the Group.

(2) Fees for the statutory auditing of the financial statement of the subsidiary Parcheggi Peretola Srl and Jet Fuel Co. Srl. and related periodic audits.

(3) Fees for the auditing of the consolidated accounts of the Group Corporacion America Airports.

(4) Fees for the auditing of the accounting reports produced in compliance with CIPE Resolution no. 38/2007 regarding the Pisa and Florence airports.

(5) Fees for the limited auditing of the consolidated non financial statement pursuant to Leg.Dec. No. 254/2016 for the business year 2019.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 2019 PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Gina Giani (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 2019 Consolidated Financial Statement.

2. Furthermore, it is hereby certified that the 2019 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, April 21st, 2020

For the Board of Directors

Gina Giani
Chief Executive Officer

Marco Gialletti
Financial Reporting Manager

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 2019

Toscana Aeroporti

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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 2019, the consolidated income statement, statement of comprehensive income, statement of changes in consolidated shareholders' equity, 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 2019, 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. 38/05.

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

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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.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Capitalisation of concession rights	
Explanatory notes to the consolidated financial statements as of 31 December 2019: note 20 "Intangible assets". Report on operations: paragraph "10. The Group's investments". During financial year 2019 costs related to intangible assets were capitalised for a total amount of Euro 9 million representing 3.4% of the Group's assets; such costs are made up of Euro 2.3 million related to concession rights and Euro 6.1 million related to intangible assets under development, of which Euro 2.95 million for the development of the Florence Airport Master Plan. Considering the significance of the investments and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretation *"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	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 interpretation *"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 verification of impairment indicators, if any. To that end, we examined, on a sample basis, the long-term plans prepared by management and the related estimated future cash flows, together with the verification of any impairment loss (impairment test) on the Florence Airport. 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.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
the assets and liabilities attributable to the CGU. 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.	Moreover, with specific reference to the analyses conducted on investments related to the development of the Florence Airport Master Plan and related impairment test, in our audit procedures we also involved PwC network experts in valuation and lawyers. Finally, our audit covered the analysis of the 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: 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 2019" 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 2019 amounted to Euro 2.5 million and Euro 25.7 million respectively, which represent 0.9% and 9.6% 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 interpretation *"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	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 2019. In particular, we conducted an understanding and verification 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

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
estimated amount.	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 control managers, the internal technical managers and with the external professionals.

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. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

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 2019, 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. 58/98, with the consolidated financial statements of the Toscana Aeroporti Group as of 31 December 2019 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 2019 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. 39/10, 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, 23 April 2020

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.

FINANCIAL STATEMENTS – REPORTS AT 31 DEC. 2019

TOSCANA AEROPORTI - SEPARATED INCOME STATEMENT

Amounts in €K	Notes	31 DEC 2019	of which Related Parties	31 DEC 2018	of which Related Parties
REVENUES					
Operating income	1-2	87,111	1,590	93,409	1,513
Other revenues	3	3,908	136	7,564	139
Revenues from construction services	4	8,396		13,515	
TOTAL REVENUES (A)		99,415	1,726	114,487	1,653
COSTS					
Operating Costs					
Consumables	5	1,017		1,036	
Cost of personnel	6	20,745		31,082	
Costs for services	7	29,324		28,376	
Sundry operating expenses	8	1,896		1,992	
Airport leases	9	4,469		6,506	
Total operating costs		57,451	0	68,992	0
Costs for construction services	10	8,157		13,341	
TOTAL COSTS (B)		65,608	0	82,333	0
GROSS OPERATING MARGIN (A-B)		33,807	1,726	32,155	1,653
Amortization and impairment	11	10,045		9,284	
Provision for risks and repairs	12	2,658		2,453	
Value write-ups (write-downs) net of trade receivables and other receivables	13	367		329	
OPERATING EARNINGS		20,738	1,726	20,088	1,653
ASSET MANAGEMENT					
Financial income	14	26		16	
Financial expenses	15	-1,497		-1,294	
Profit (loss) from equity investments	16	832		753	
TOTAL ASSET MANAGEMENT		-640	0	-526	0
PROFIT (LOSS) BEFORE TAX		20,098	1,726	19,562	1,653
Taxes for the period	17	-6,544	-99	-5,816	-98
PROFIT/(LOSS) FOR THE PERIOD		13,555	1,627	13,746	1,554
Earnings per share (€)	18	0.7283		0.7386	
Diluted earnings per share (€)		0.7283		0.7386	

TOSCANA AEROPORTI - COMPREHENSIVE SEPARATED INCOME STATEMENT

Amounts in €K	Notes	31 DEC 2019		31 DEC 2018	
PROFIT (LOSS) FOR THE PERIOD (A)		13,555		13,746	
Other comprehensive profits/(losses) that will not be subsequently reclassified to the Income Statement:					
- Profit (loss) arising from the determination of the Termination Benefit after tax	41	-112		241	
Total other profit (loss) before tax (B)		*-112*		*241*	
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		13,443		13,988	

STATEMENT OF FINANCIAL POSITION (amounts in € K)

ASSETS	Notes	31 Dec. 2019	31 Dec. 2018
NON-CURRENT ASSETS			
Intangible assets	20	169,519	167,405
Property, plant and equipment	21	27,096	23,181
Rights of use	22	4,736	0
Equity investments in other entities	23	2,945	2,945
Investments in Subsidiaries	24	4,338	4,138
Investments in associated companies	25	380	380
Other financial assets	26	3,218	3,206
Trade receivables due beyond the year	27	308	382
Deferred tax assets	28	2,266	2,977
TOTAL NON-CURRENT ASSETS		214,808	204,614
CURRENT ASSETS			
Trade receivables	29	16,757	15,720
of which to Related Parties		*414*	*552*
Tax assets for current taxes	30	198	2
Other Tax Assets	31	121	1,932
Receivables from others, due within the year	32	9,841	8,891
Cash and cash equivalents	33	13,665	9,452
TOTAL CURRENT ASSETS		40,582	35,998
TOTAL ASSETS		255,390	240,613

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec. 2019	31 Dec. 2018
CAPITAL AND RESERVES			
Share Capital	34	30,710	30,710
Capital reserves	35	74,124	73,406
IAS adjustments reserve	36	-3,229	-3,229
Profit/(Loss) carried forward	37	329	441
Profit/(loss) for the year	38	13,555	13,746
TOTAL SHAREHOLDERS' EQUITY		115,488	115,074
NON-CURRENT LIABILITIES			
Provisions for liabilities and charges	39	1,450	3,524
Provisions for repair and replacement	40	17,834	18,939
Provisions for employee benefits	41	2,547	2,453
Financial liabilities due beyond one year	42	22,945	27,558
Financial liabilities for rights of use beyond one year	43	4,346	0
Other payables due beyond the year	44	338	202
TOTAL NON-CURRENT LIABILITIES		49,460	52,676
CURRENT LIABILITIES			
Financial liabilities due within one year	42	24,740	14,059
Financial liabilities for rights of use within one year	43	419	-
Tax liabilities for current taxes	45	2,078	1,541
of which to Related Parties		*1,473*	*1,571*
Other tax liabilities	46	11,776	9,543
Trade Payables	47	32,289	29,156
of which to Related Parties		*0*	*36*
Payables to social security institutions	48	1,256	1,499
Other payables due within the year	49	9,972	10,591
Provisions for repair and replacement (current portio	40	7,911	6,473
TOTAL CURRENT LIABILITIES		90,442	72,862
TOTAL LIABILITIES		139,902	125,538
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		255,390	240,613

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

	SHARE CAPITAL	SHARE PREMIUM RESERVE	REVALUATION RESERVES PURS. TO LAW 413/91	LEGAL RESERVE	STATUTORY RESERVES	OTHER RESERVES	IAS ADJUSTMENT RESERVE	TOTAL RESULT RESERVES	TOTAL S.E.
S.E. AT 31 December 2017	**30,710**	**18,941**	**0**	**3,475**	**25,876**	**24,586**	**-3,229**	**10,610**	**110,969**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	-	13,746	**13,746**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-	241	**241**
TOTAL COMPREHENSIVE PROFIT (LOSS)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***13,988***	**13,988**
PROFIT ALLOCATION	-	-		528	-	-	-	-528	0
DIVIDENDS	-	-	-	-	-	-	-	-9,883	-9,883
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	***-***	***-***	***-***	***528***	***- -***	***0***	***-***	***-10,410***	***-9,883***
S.E. AT 31 December 2018	**30,710**	**18,941**	**0**	**4,003**	**25,876**	**24,585**	**-3,229**	**14,188**	**115,074**
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	0
DIVIDENDS	-	-	-	-	-	-	-	-13,028	-13,028
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	***-***	***-***	***-***	***688***	***31 -***	***0***	***-***	***-13,746***	***-13,028***
S.E. AT 31 December 2019	**30,710**	**18,941**	**0**	**4,691**	**25,907**	**24,585**	**-3,229**	**13,884**	**115,489**

STATEMENT OF CASH FLOWS (amounts in € K)

	FY 2019	FY 2018
OPERATING ACTIVITY		
Net result for the period	**13,555**	**13,746**
Adjusted for:		
- Amortization/depreciation of intangible/tangible assets, and rights of use	10,045	9,284
- Amortization of intangible assets	*6,918*	*6,421*
- Depreciation of tangible assets	*2,538*	*2,864*
- Amortization of rights of use	*589*	*0*
- Difference in provision for liabilities and charges	(2,074)	(434)
- Net difference in provisions for employee benefits	(92)	(3,478)
- Net difference in provisions for repair	(526)	(536)
- Financial expenses for rights of use	110	0
- Other net financial expenses (income)	1,362	1,335
- Financial expenses for banks	*491*	*545*
- Financial expenses for Employee Benefits	*37*	*66*
- Financial expenses for provision for repair	*859*	*739*
- Financial management for foreign currency exchange	*1*	*(2)*
- Financial income (interests receivable)	*(7)*	*(13)*
- Other minor financial expenses (income)	*(19)*	*0*
- Net changes in (prepaid)/deferred taxes	746	432
- Year's current taxes	5,798	5,383
- (Increase)/decrease in trade receivables	(1,037)	13,853
- (Increase)/decrease in other current assets	755	(1,258)
- Increase/(decrease) in payables to suppliers	3,131	(570)
- Increase/(decrease) in other current payables	880	(5,459)
Cash flow generated by operating activities	*32,653*	*32,299*
- Financial expenses paid	(453)	(502)
- Paid income taxes	(4,634)	(5,737)
Cash flow generated by operating activities	**27,566**	**26,060**
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(6,453)	(2,932)
- Disinvestment of tangible assets	0	3,014
- Investments in intangible assets	(9,031)	(14,375)
- Investments in equity and other financial assets	(212)	(4,692)
Cash flow generated (used) from investment activities	**(15,697)**	**(18,984)**
FINANCIAL ASSETS		
- Dividends paid	(13,028)	(9,883)
- Short-/long-term loans taken out	18,500	18,000
- (Repayment of) short-/long-term loans	(12,468)	(17,840)
- (Repayment of) financial liabilities for rights of use	(659)	0
Cash flows generated (used) by financing activities	**(7,655)**	**(9,723)**
Net increase/(decrease) in available cash Cash equivalents	**4,213**	**(2,647)**
Cash and cash equivalents at beginning of period	9,452	12,098
Cash and cash equivalents at end of period	**13,665**	**9,451**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENT AT 31 DECEMBER 2019

FOREWORD

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. For the sake of completeness, we inform readers that the merger has been configured as a combination of businesses under the common control of Corporación America Italia SpA. Since “business combinations involving entities under common control” are explicitly excluded from the scope of accounting standard IFRS 3, the merger has been reflected in the financial statement of the entity resulting from the merger by recognising the assets and liabilities of the purchased entity at the values resulting from the financial statement of the incorporated entity - an accounting method that allows the Management to provide both relevant and reliable information in compliance with paragraph 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 2019 Financial Statement of TA has been carried out by PricewaterhouseCoopers S.p.A.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

The 2019 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").

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", 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 recognized 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. 2019 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 regards the consequences of the Coronavirus outbreak and the measures undertaken by the Management, which are extensively described in the Report on Operations and in the section "Significant events occurred after the closing of the year on 31 December 2019" of these Explanatory Notes, having assessed the situation based on the information available and in the awareness that it is not possible to predict with a sufficient degree of reliability the potential impact of the pandemic onto the operations of the Company, on the economy and on the air transport sector over the next few months - and in the hope

that the emergency will be effectively managed with the measures adopted by the governments, competent authorities, and central banks of the countries affected by the virus outbreak, including the economic measures that will be adopted to support households, workers and businesses - we believe that , considering the countermeasures developed by the Management, as well as the economic support that will be provided by the Government to the households, workers and businesses, this circumstance is neither one that may affect the Management's process of estimate relating to the financial statements at 31 December 2019, nor an uncertainty factor relating to the capacity of the company to continue operating on a going-concern basis.

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) cannot be determined reliably, the revenue is calculated based on the fair value of the services provided (fair value of constructions services provided).

Construction services in progress at year-end are valued 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 Italian Air Force “Aeronautica Militare” (Ministry of Defence).

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 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 2046 for the Pisa airport, expiry 2043 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)
- Vehicles: 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, TA 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, 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 completeness, we highlight that the Group identified the Florence airport and the Pisa airport 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 (leaseholder side)

Starting from 1 January 2019, after the first application of IFRS 16, the Group has been recognizing for all lease agreements, except for those with a short term (i.e. lease agreements with a term of 12 months or less, which do not contain a purchase option) and those of a moderate value (i.e. with a unit value below € 5 K), a right of use at the commencement date of the lease, which corresponds to the date when the underlying asset is available for use.
The rents of short-term and low-value agreements are recognized as costs in the income statement on a straight-line basis for the whole duration of the lease.
Rights of use are valued at cost, net of accumulated depreciation and impairment losses, and adjusted after each re-measurement of lease liabilities. The value assigned to rights of use corresponds to the amount of lease liabilities recognized, in addition to the direct initial costs incurred, rents settled at the commencement date of the contract or before, and improvement costs, net of any lease incentive received. The discounted value of the liability so determined increases the use right of the underlying asset, with a dedicated provision as contra-entry. Unless the Company is reasonably certain that it will become the owner of the leased asset at the end of the lease agreement, rights of use are amortized on a straight-line basis based on the estimated useful life or duration of the agreement, if shorter.
The duration of the lease is calculated considering the period of the lease that cannot be cancelled, together with the periods covered by an option of extension of the agreement, if it is reasonably certain that it will be exercised, or any period covered by an agreement termination option, if it is reasonably certain that it will not be exercised. The Company considers whether it is reasonably certain to exercise or not to exercise the extension or termination options, taking into account all the relevant factors that create an economic incentive linked to those decisions.

The financial liability for the lease is recognized at the commencement date of the agreement for an aggregate value corresponding to the present value of the rents to be paid during the agreement, discounted by using incremental borrowing rates (IBR), when the implicit interest rate of the lease agreement cannot be easily determined. Variable lease payments remain accounted for in the income statement as cost of the period.
IFRS 16 requires the Management to make estimates and assumptions that may affect the valuation of the use right and lease financial liability, including the determination of: contracts for the application of the new rules for the measurement of assets/liabilities with the financial method; terms of the agreement; interest rate used for the discounting back of future rents.

Leases (lessor side)
The lease agreements where the Group is the lessor are classified as operating or finance leases. In particular, sub-concessions belong to this category.
A lease is classified as a finance lease if it transfers substantially all the risks and benefits associated with the ownership of an underlying asset. A lease is classified as operating lease if it does not substantially transfer all the risks and benefits deriving from the ownership of an underlying asset.
For finance leases, at the expiry date, the Company recognises the assets leased in the balance sheet as a receivable, at a value corresponding to the net investment made. The net lease investment is valued by using the implicit interest rate of the lease.
For operating leases, TA must recognize the payments due for operating leases as income with a straight-line approach or according to another systematic criterion,
and the costs, including amortization, incurred to realize the income of the leases, as a cost.

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 the related valuation of financial assets is done by considering both the management model of the financial asset and the contractual characteristics of the cash flows that can be obtained from the asset. Depending on the features of the instrument and of the business model adopted for the related management, the following three categories are distinguished:
(I) financial assets valued at amortized cost; (ii) financial assets valued at fair value with recognition of the effects among the other components of the aggregate profit (hereinafter also "OCI"); (iii) financial assets valued at fair value with recognition of the effects to the income statement.
The financial asset is valued with the amortized cost method when both the following conditions are met:
- the management model of the financial asset consists in holding the asset with the sole purpose of cashing the generated cash flows; and
- the financial asset generates, at predefined dates indicated in a contract, cash flows that exclusively represent the yield of the same financial asset.

According to the amortized cost method, the initial book value is subsequently adjusted to take into account the repayment of principal, any impairment, and the amortization of the difference between the repayment value and the initial book value.
The amortization is determined based on the internal effective interest rate that represents the rate that equals, at the time of the initial booking, the present value of the expected cash flows and the initial book value.
Receivables and the other financial assets valued at amortized cost are presented in the balance sheet net of the related provision for impairment.
Financial assets that represent debt instruments, whose business model contemplates both the option to collect contractual cash flows and the option to obtain capital gains from the transfer (the so-called "hold to collect and sell business model"), are valued at fair value with recognition of the effects to the OCI (asset valued aa FVtOCI).
In this case, changes in the fair value of the instrument are also recognized in the Shareholders' Equity, among the other components of comprehensive income. The accumulated amount of fair value changes, recognized in the shareholders' equity reserve that includes the other components of comprehensive income, is reversed to the income statement upon the elimination of the instrument from the accounts. The interests receivable calculated by using the effective interest rate, exchange rate differences and impairment are recognized in the income statement.
A financial asset that is representative of a debt instrument that is not valued at amortized cost or FVtOCI is valued at fair value, with recognition of the effects in the income statement (asset valued at FVTPL).

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), even with a share smaller 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.

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 calculates the value of certain impairment of receivables by adopting an expected loss approach. For trade receivables, TA adopts a simplified approach that does not require the recognition of the periodic changes of the credit risk, but rather the accounting of an expected credit loss (ECL) calculated on the entire life of the receivable, called lifetime ECL.
More specifically, the policy implemented by TA consists in stratifying trade receivables by days outstanding, defining the allocation based on past experience with credit losses, adjusted to take into account specific anticipatory factors referred to creditors and to the economic environment.
Trade receivables are fully impaired in the absence of a reasonable recovery expectation, i.e. in the presence of non-operating trade counterparties.
The carrying amount of the asset is reduced by using a provision for impairment and the loss amount is recognized in the income 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 recorded in this 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 finance costs, which include advances paid on the assignment of receivables, as well as other financial liabilities, including derivative financial instruments and liabilities against the assets booked as finance leases.
They also include trade payables and sundry payables.
Financial liabilities are recognized at fair value, net of ancillary charges relating to the transaction. After said initial recognition, loans are recognized according to the amortized cost criterion by using the effective interest method. In case of renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount of the liability before the change and ii) the current cash flows of the amended debt, discounted back at the original internal rate of return (IRR), is booked in the income statement.

Provisions for liabilities and charges
TA recognizes provisions for liabilities 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.

In accordance with the obligations established by individual concession agreements, the "Provision for repair or replacement" includes the greater estimated present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functionality, operation and safety of all the assets under concession based on the information available at the balance sheet date.

Provisions for employee 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 assets and liabilities, and their tax value, and are classified as non-current assets. Deferred tax assets are booked only to the extent that adequate future taxable bases are likely to exist, against which that credit balance can be used. The value of deferred taxes to be recognized 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 the five-step model introduced by IFRS 15, TA recognises its revenues after identifying the contracts existing with its customers and the related performance obligations to be fulfilled (transfer of assets or services), after determining the consideration to be received against the fulfilment of such performance (transaction price) and assessing the fulfilment of said performances (fulfilment at a given moment in time versus fulfilment over time).
More specifically, TA recognizes revenues only when the following requirements for the identification of the agreement with the customer are met:
a) the parties to the agreement have approved the agreement (in writing, orally or according to other customary commercial practices) and have committed to fulfil the

respective obligations, thus establishing an agreement between the parties that creates rights and obligations that are binding regardless of the form with which the agreement is made;
b) TA may identify the rights of each party as regards the assets or services to be transferred;
c) TA may identify payment conditions for the assets or services transferred;
d) the agreement has a commercial substance; and
e) TA is likely to receive the price to which it is entitled in exchange for the assets or services that will be transferred to the customer.

If the requirements above are not met, the related revenues are recognized when: (i) TA has already transferred the control of assets and/or delivered services to the customer and the whole, or almost the whole of the, price promised by the customer has been received and cannot be reimbursed; or (ii) the agreement has been terminated and the price TA has received from the customer cannot be reimbursed.
If the requirements above are met, TA will apply the recognition rules described below.

Aviation revenues
TA fulfils its obligations to do in connection with the airport fees by making the airport infrastructure available for the carriers for landing, take-off, lighting and aircraft parking, passenger and cargo boarding and disembarking, as well as for the use of centralized infrastructure. Furthermore, in connection with handling activities, TA fulfils its obligations by providing ground assistance services for passengers and aircraft.
The revenues generated by the services described above are recognized when said services are provided, following their progress and considering that TA delivers said services to carriers and passengers along a given period of time as a function of the use of the infrastructure.

Non-Aviation Revenues
- Revenues generated by sub-concessions / business rents consist in the prices paid for the use of spaces and retail and operating areas both inside and outside the airport structure. This category includes sub-concessions / rents determined at commercial rates (i.e. retail facilities, car parks, etc.) and at managed rates (prices for the use of assets under exclusive use or for the use of the airport infrastructures dedicated to individual carriers or operators, such as check-in desks, office premises, operating rooms, and so on). Revenues generated by this category of intakes are recognized on a straight-line basis for the entire term of the contract and/or as a function of the accrual period, according to the applicable agreements, as required by IFRS 16.
- Revenues generated by parking lots are the prices paid for the car park spaces made available inside and outside the airport structure based on public rates, which is applied to all the sales made. TA fulfils its obligations to do in connection with this service by making car parks available to its customers. The revenues generated by the services described above are recognized when said services are provided, following their progress and considering that TA delivers services to carriers and passengers along a given period of time as a function of the use of the infrastructure.

Revenues from construction services
Revenues from construction services refer to the recognition of the construction services provided by TA in favour of the Grantor for the investments relating to concession rights and are recognized at their fair value. The fair value of the price of construction and expansion services relating to the assets under concession provided by TA is determined on the basis of the fair value of the price of the construction and expansion services provided by third parties, of internal and external design costs, and of the internal costs

incurred for the planning and coordination activity carried out by a special internal structure. These revenues are recognized when they are generated in connection with the progress of works, considering that the grantor simultaneously receives and uses the benefits deriving from the service provided as long as the entity of the grantor completes it.

Other Revenues
Revenues from the sale of assets are recognized when the control of the asset involved in the transaction is transferred to the buyer or when the customer acquires the full capacity to decide about how to use the asset, as well as to substantially obtain all the benefits.
Revenues generated by other services provided by TA (administrative services, consulting services, etc.) are recognized when they are provided based on the progress of works/completion state.
Revenues are presented net of any discount, including, but not limited to, sales incentive plans and bonuses for customers, network development charges (qualified as prices paid to customers regulated by IFRS 15), as well as taxes directly connected to the sale of goods or provision of services.

Contributions
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. It includes interest receivable on invested funds, exchange gains and income deriving from financial instruments, when they are not offset in hedging operations. Interest receivable is booked in the income statement at the time of its accrual, considering the 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 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.

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 and net finance costs 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 valuation are detailed in the section "Termination Benefits and other personnel provisions".

Provision for impairment of receivables
The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. TA adopts the simplified approach recommended by IFRS 9 and recognises expected losses on all its trade receivables based on their residual duration, by defining the allocation based on past experience with credit losses, adjusted to take into account specific anticipatory factors referred to creditors and to the economic environment. (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.

New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019

IFRS 16 "Leases"

During January 2016, the IASB published IFRS 16 “Leases”. This new standard replaced IAS 17. The main change concerns the accounting of lease agreements by leaseholders, as, based on IAS 17, a distinction had to be made between finance leases (booked by using the financial method) and operating leases (booked by using the equity method). IFRS 16 established that operating leases should be accounted for as finance leases. According to the new standard, the financial asset corresponding to the right to use the leased asset and the financial liability corresponding to the future payment of rents must be booked simultaneously. The IASB established optional exemptions for certain lease agreements and low-value / short-term leases.
So, the principle mainly affected the accounting of operating leases that involve the Group as leaseholder.
TA decided to apply the simplified transition approach or modified retrospective approach, and therefore did not amend the comparative amounts of the year before the first adoption. The assets booked for the right of use are measured for the lease amount due upon adoption, determined by discounting the lease rentals due. At 31 December 2018, TA had non-cancellable operating lease commitments for € 6.2 M, referred to short-term lease agreements for approx. € 0.1 M and to moderate-value leases for € 0.1 M, for which it decided to use the optional exemption provided for by the IASB, which consists in recognising the cost incurred for the use of the leased assets on a straight-line basis. For the remaining lease commitments, for which TA adopted the simplified transition approach, at 1 January 2019 TA recognized approx. € 4.8 M of assets for rights of use and an equal amount of liabilities, determined by discounting back the value of the lease payments due. The assets for which TA is the lessor did not significantly affect the financial statement.

IFRS 9 “Financial instruments”
In October 2017, the IASB published an amendment to IFRS 9 concerning the “Prepayment features with negative compensation”. The amendment confirms that, when a financial liability accounted for at amortized cost is amended without involving a de-recognition, the related profit or loss must be immediately recognised in the Income Statement. The profit or loss are measures as difference between the previous financial flow and the flow re-determined as a function of the amendment. Said amendment, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 28 “Investments in Associates and Joint Ventures”
In October 2017, the IASB published some amendments to IAS 28 that provide clarifications on those associates or joint ventures for which, according to IFRS 9, the equity method should not be adopted. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23)
In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved introduced amendments to: (i) IFRS 3 “Business combinations”; (ii) IFRS 11 “Joint arrangements”; (iii) IAS 12 “Income taxes”; (iv) IAS 23 “Borrowing costs” regarding the accounting of loans originally connected with the development of an asset. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 19 “Employee Benefits”

In February 2018, the IASB published some amendments to IAS 19 that require companies to review their assumptions for the determination of current service cost and net interest at each change to the plan. Said amendments, effective from 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IFRIC 23 "Uncertainty over income tax treatments"
In June 2017, the IASB published interpretation IFRIC 23 to provide indications on how to reflect the uncertainties related to the tax treatment of a certain transaction or circumstance in the accounting of current or deferred income taxes. IFRIC 23 became effective on 1 January 2019 and had no significant impact on the financial statement or on the disclosure.

Accounting standards, amendments and interpretations not yet adopted

At the date of this financial statement, the competent bodies of the European Union have not yet concluded the ratification process required for the adoption of the following accounting standards and amendments:

- In May 2017, the IASB issued the new principle IFRS 17 "Insurance contracts". The new standard will replace IFRS 14 and will apply from 1st January 2021.
- In October 2018, the IASB published some amendments to IAS 1 and to IAS 8, which provide clarifications concerning the definition of "materiality". These changes will apply from 1 January 2020.
- In October 2018, the IASB published some amendments to IFRS 3, which amend the definition of "business". These changes will apply from 1 January 2020.
- In March 2019, the IASB published the revised version of the Conceptual Framework for Financial Reporting, with the first application expected for 1 January 2020. The main changes concern: a new chapter concerning valuation; better definitions and guidance, particularly referring to the definition of liability; clarification of important notions, such as stewardship, prudence and uncertainty in valuation.
- In September 2019, the IASB published some amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and imply that the IBOR reform should not generally cause hedge accounting to terminate. However, the effects of each ineffective hedging should continue to transit to the income statement. These changes will apply from 1 January 2020.

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 ratified 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

Over the last few years, the effects of the crisis of financial markets and the consequent recessive economy in the main industrialized Countries negatively affected the balance sheets of the airlines - the main clients of TA. 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 the Company took out an excess-of-loss type of insurance on credit positions to cover collection risks should insolvency proceedings be opened against the assets of any customer. The insurance covers the total receivables of the parent company for the period between 2016 and 30 September 2019 and has a coverage limit and a deductible. To date, that policy is being renewed in relation to newly maturing receivables. Furthermore, TA hired a company for its long-term debt collection activities.
Finally, we may not exclude that the Coronavirus pandemic will cause an increased credit risk as a consequence of the general scenario for the sector; therefore, the Management will carefully monitor the financial situation of its main customers, particularly airlines, in order to mitigate any adverse impact on its equity and profits.
Also see the contents of section "Trade and sundry receivables".

2) Liquidity risk

At 31 December 2019, TA has a negative net financial position for € 38.8 M (€ 32.2 M at 31 December 2018). This is the result of a negative current NFP of about € 11.5 M (€ -4.6 M at 31 Dec. 2018) and of a negative non-current NFP of € 27.3 M (€ 27.6 M at 31 Dec. 2018) mainly regarding two loans (expiring in 2022 and in 2027) granted to the Holding by Intesa San Paolo and MPS Capital Service for the infrastructural development of the two airports.
The Group pays 6-month EURIBOR interest rates on its loans, which also include certain commitments, including financial covenants that showed no criticality at 31 December 2019. If necessary, the Group also uses short-term bank loans to meet short-term requirements.
Also see the contents of section "Financial liabilities".
Specifically referring to the effects of the Coronavirus pandemic that we described more extensively in the section "Significant events occurred after 31 Dec. 2019" in these Explanatory Notes, although it is difficult to predict its effects, we may estimate that the impact of the limitations imposed on airport services since March 2020 will be significant on the economic-financial results of 2020, particularly for the first half of the year at issue. More specifically, the continuation of the present situation of significant air traffic reduction may cause a considerable increase in the bank indebtedness of the Company Società and Group in the short term, with a consequent decrease in cash and cash equivalents compared to 31 December 2019 data. Although our business has a seasonal nature, already in the first 3 months of 2020 the Management had to find the financial resources required to cover our major current requirements as a consequence of the present Coronavirus emergency, so we have increased the use of short-term loans compared to the same period of 2019 (€ 21 M for the loans obtained in the first three months of 2020 against € 6 M at 31 March 2019). Considering these uses, the amount of the facilities available at 31 March 2020 is approx. € 17 M.
Furthermore, in order to protect the financial standing of the Company, the Board of Directors made a new resolution on 31 March 2020 to reconsider the proposal for the allocation of the 2019 profit and cancel the distribution of dividends, thus amending the resolution passed during the last meeting of 12 March 2020, when dividends for approx. € 9.4 M had been allocated to distribution.
Finally, we point out that the Government issued and published in the Official Journal on 9 April 2020 a "Liquidity Decree" (Decreto Liquidità) containing measures for businesses to obtain State secured credit with a simplified procedure. Toscana Aeroporti applied to access that secured credit facility for the applicable amounts in connection with its specific features.

In response to the events described above, the Management promptly initiated a number of specific countermeasures aimed to volte ad adapt its cost structure to the reduced traffic demand (use of the temporary unemployment fund, amendments to non-strategic service agreements, and other initiatives with suppliers, correction of investment timing, renegotiations with the Grantor, and so on), all actions that, together with the continuing renegotiations with credit institutions, also based on the aforesaid "Liquidity Decree", will allow the Company and the Group to fulfil their commitments and obligations.
Based on the assumptions identified, the Management estimated that, in spite of the significant reduction in the demand for traffic for the entire business year 2020, the implementation of the aforesaid cost containment measures, the use of the liquidity obtained with short-term loans and the further credit facilities made available by the Government with the Liquidity Decree may allow Toscana Aeroporti to fulfil its short-term obligations.
Finally, we point out that the reduction in air traffic and revenues may cause a reduction in our profit margin that may lead to the failure for the Group to comply with its financial parameters for existing loans for 2019. Even in this case, the Group will promptly initiate the necessary negotiations with the credit institutions involved to mitigate that risk.

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 TA's EBIT, thereby indirectly influencing the costs and returns of loans and investments.
The Net Financial Position at 31 December 2016 is € 38.8 M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 31 December 2019 is 0.34 (vs 0.28 at 31 December 2018), which confirms the financial soundness of the Company.
Based on the NFP at 31 Dec. 2019, 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 € +/-530 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. € +545 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. € -582 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.

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, food services, 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	
TA - Income Statement	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Operating income	66,653	77,071	20,796	16,655	3,570	7,246	91,019	100,973
of which Pisa	*37,469*	*44,356*	*8,382*	*7,048*	*1,848*	*1,635*	*47,699*	*53,039*
of which Florence	*29,183*	*32,715*	*12,415*	*9,607*	*1,722*	*5,611*	*43,320*	*47,933*
Revenues from construct. se	6,452	11,578	505	469	1,439	1,467	8,396	13,515
of which Pisa	*2,779*	*4,397*	*413*	*35*	*0*	*10*	*3,192*	*4,442*
of which Florence	*3,673*	*7,181*	*93*	*435*	*1,439*	*1,457*	*5,205*	*9,073*
Total Segment Income	**73,105**	**88,649**	**21,302**	**17,125**	**5,008**	**8,713**	***99,415***	***114,487***
Operating Costs (*)	36,074	49,147	4,015	4,646	17,361	15,199	57,451	68,992
of which Pisa	*21,729*	*29,564*	*2,583*	*2,801*	*7,851*	*7,733*	*32,163*	*40,098*
of which Florence	*14,346*	*19,583*	*1,432*	*1,845*	*9,510*	*7,466*	*25,288*	*28,894*
Cost of construct. serv.	6,269	11,429	491	463	1,398	1,449	8,157	13,341
of which Pisa	*2,700*	*4,340*	*401*	*34*	*0*	*10*	*3,101*	*4,384*
of which Florence	*3,569*	*7,089*	*90*	*429*	*1,398*	*1,439*	*5,056*	*8,956*
Amortization and provisions	6,907	6,036	1,572	2,007	4,590	4,022	13,069	12,066
of which Pisa	*3,601*	*3,153*	*1,105*	*1,150*	*2,247*	*2,299*	*6,954*	*6,602*
of which Florence	*3,306*	*2,883*	*467*	*857*	*2,343*	*1,724*	*6,115*	*5,464*
Operating Earnings	**23,855**	**22,037**	**15,224**	**10,008**	**-18,341**	**-11,957**	***20,738***	***20,088***
of which Pisa	*12,219*	*11,695*	*4,705*	*3,097*	*-8,251*	*-8,396*	*8,673*	*6,396*
of which Florence	*11,637*	*10,342*	*10,519*	*6,911*	*-10,091*	*-3,560*	*12,065*	*13,693*
Asset management	0	0	0	0	-640	-526	-640	-526
Profit before tax	**23,855**	**22,037**	**15,224**	**10,008**	**-18,981**	**-12,483**	***20,098***	***19,562***
Year’s taxes	0	0	0	0	-6,544	-5,816	-6,544	-5,816
Net year’s result	**23,855**	**22,037**	**15,224**	**10,008**	**-25,525**	**-18,298**	***13,555***	***13,746***
TA - Statement of Financial Position	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Current assets	16,384	10,031	*4,915*	3,584	19,283	22,383	40,582	35,998
Non-current assets	141,642	138,216	*47,614*	41,331	25,552	25,067	214,808	204,614
TA - Additional information	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Investments	10,299	13,640	3,046	1,230	2,140	2,436	15,484	17,306

(*) including Airport fees for € 4,470 K in 2018 (€ 6,506 K in 2018).

Information on the main customers

During 2019, TA recorded approx. 8.3 million passengers. The total incidence of the first three airlines is 56.4%. In detail, the incidence of the first carrier (Ryanair) is 39.1%, with the second (Vueling) and third (easyJet) carriers at 9.7% and 7.6%, respectively.

NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 December 2019 INCOME STATEMENT

FOREWORD

In compliance with the new ENAC requirements (mandatory spin-off for airport operators that also manage handling activities in airport with a passenger traffic exceeding 2 million units), on 1 March 2018 the company Toscana Aeroporti Handling S.r.l. (hereinafter also "TAH") was incorporated as a subsidiary 100% controlled by Toscana Aeroporti, with the purpose of managing the handling branch and prepare for the entrance of new ground handlers as competitors in both airports.
For the purposes of this reorganization, TA, on 25 June 2018, had sold the handling branch to its subsidiary TAH. The new company started its operations on July 1st, 2018 with the business purpose of providing the services described in Legislative Decree no. 18 of 13 January 1999, and subsequent amendments and supplements. More specifically, TAH provides aircraft, passenger and cargo ground assistance services on behalf of carriers.
So, we point out that any difference in the values of the two business years deriving from handling revenues and costs are scarcely representative because they are affected by the transaction described.

REVENUES

Total year's revenues grew by 13.2%, passing from € 114.5 M at 31 Dec. 2018 to € 99.4 M at 31 Dec. 2019. This difference is the result of the € 6.3 M decrease in operating revenues, the € 3.7 M decrease in other revenues and proceeds, and € 5.1 M decrease in revenues from construction services.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	% Diff.
REVENUES				
Operating income				
Aviation revenues	66,618	77,071	-10,453	-13.6%
Non-Aviation revenues	33,218	29,731	3,487	11.7%
Network development expenses	-12,725	-13,393	668	-5.0%
Total operating revenues	87,111	93,409	-6,298	-6.7%
Other revenues	3,908	7,564	-3,656	-48.3%
Revenues from construction services	8,396	13,515	-5,119	-37.9%
TOTAL REVENUES (A)	99,415	114,487	-15,072	-13.2%

1. Aviation revenues

Aviation revenues totalled € 66.6 M at 31 Dec. 2019, down by 13.6% compared to 31 Dec. 2018, when they totalled € 77.1 M.
The table below shows the details of Aviation Revenues at 31 Dec. 2019, with absolute and percentage changes compared to 31 Dec. 2018:

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. %
AVIATION REVENUES				
Passenger boarding fees	30,218	30,410	-192	-0.6%
Landing/departure fees	16,454	15,450	1,004	6.5%
Stopover fees	1,312	1,106	206	18.7%
PRM assistance fees	4,246	2,681	1,565	58.4%
Cargo fees	424	547	-123	-22.5%
Passenger security fees	8,463	7,417	1,046	14.1%
Baggage security fees	3,586	4,372	-786	-18.0%
Handling	158	13,597	-13,439	-98.8%
Centralised infrastructures	1,758	1,491	267	17.9%
TOTAL AVIATION REVENUES	66,618	77,071	-10,453	-13.6%

2. Non-Aviation revenues

Non-Aviation revenues totalled € 33.2 M at 31 Dec. 2019, up by 11.7% compared to 31 Dec. 2018, when they totalled € 29.7 M. This increase confirms the positive results obtained with the non-aviation strategies implemented by TA, in spite of the persistently negative repercussions of the difficult general economic scenario, which still adversely impacted consumption even throughout 2019.
The table below provides details on Revenues from Non-Aviation business referred to 2019 and to 2018:

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. %
NON-AVIATION REVENUES				
Parking facilities	5,211	5,460	-249	-4.6%
Food	4,021	3,511	509	14.5%
Retail	5,971	5,423	549	10.1%
Advertising	2,394	2,088	306	14.7%
Real Estate	2,053	2,023	30	1.5%
Car rentals	6,571	5,048	1,523	30.2%
Other subconcessions	2,551	2,538	13	0.5%
VIP Lounges	3,401	2,835	566	20.0%
Air tickets	558	456	102	22.4%
Cargo agency	487	349	138	39.4%
TOTAL NON-AVIATION REVENUES	33,218	29,731	3,487	11.7%
% incid. over gross op. revenues Network Development Expens	33.3%	27.8%		

Network development expenses

The main objective of TA is to encourage the development of passenger scheduled and cargo traffic in the Tuscan Pisa (PSA-Galileo Galilei) and Florence (FLR-Amerigo Vespucci) airports, 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 € 12.7 M at 31 December 2019, down by € 668 K (-5%) compared to 31 December 2018, when they totalled € 13.4 M.

3. Other Revenues

The table below provides details on 2019 "Other revenues and income" against those of 2018:

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. %
OTHER REVENUES				
Indemnifications	210	4,553	-4,344	-95.4%
Services and consulting	462	707	-246	-34.7%
Utilities and others	3,159	2,246	913	40.7%
Minors	78	58	21	35.7%
TOTAL OTHER REVENUES	3,908	7,564	-3,656	-48.3%
% incid. over Revenues	3.9%	6.6%		

4. Revenues from construction services

At 31 Dec. 2019, revenues from construction services totalled € 8.4 M against € 13.5 M at 31 Dec. 2018. The lower final revenues recognized of € 5.1 M mainly derive from the lower investment made on the development of the Florence Master Plan.
For further details, see the section "Group Investments" in the Report on Operations.

Additional revenue details

The table below distinguishes between "Point in Time" and "Over Time" revenues, recognized based on whether the services have been performed at a given point in time or over a period of time, respectively.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. Diff.	% Diff.
Revenues not included in the scope of IFRS 15 (*)	23,014	19,495	3,519	18.1%
"Over time" revenues	76,401	94,992	-18,591	-19.6%
"Point in time" revenues	-	-	0	N.S.
TOTAL REVENUES	**99,415**	**114,487**	**-15,072**	**-13.2%**

The details of revenues from operating leases are given below, distinguished between the fixed contract revenue component and the variable component due to indices and rates or other variables.

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. Diff.	% Diff.
Fixed	3,206	2,937	269	9.2%
Variable that depends on an index or rate	19,140	15,495	3,644	23.5%
Variable that does not depend on an index or rate	668	1,063	-394	-37.1%
Total revenues not included in the scope of IFRS 15	**23,014**	**19,495**	**3,519**	**18.1%**

Said revenues mainly refer to sub-concessions of retail spaces (food, shops), advertising space, and areas to be used for car rental services. Said contracts have a term of multiple years and, upon their renewal, TA defines the contract provisions in the light of any changed condition in the airport infrastructure. Payments may be on a monthly or quarterly basis; some contracts also include annual adjustments based on the global customer turnover. Where deemed necessary to reduce the credit risk, bank or insurance guarantees are required for the term of the lease agreement.

An estimate of the minimum payments expected from operating leases / sub-concessions for the next few business years is given below.

Amounts in €K	31 DEC 2019	31 DEC 2018
Within the year	15,724	13,842
Between 1 and 2 years	13,655	11,030
Between 2 and 3 years	6,409	9,842
Between 3 and 4 years	2,969	4,858
Between 4 and 5 years	234	2,437
Beyond 5 years	50	145
Total	**39,041**	**42,153**

COSTS

At 31 December 2019, costs total € 65.8 M, down by 20.3% compared to 31 Dec. 2018, when they totalled € 82.3 M. This result has been obtained with a -16.7% decrease in operating costs (which passed from € 69 M in 2018 to € 57.5 M in 2019) and a decrease in costs for construction services, which passed from € 13.3 M in 2018 to € 8.2 M in 2019 (-38.9%).

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	% Diff.
COSTS				
Operating Costs				
Consumables	1,017	1,036	-19	-1.8%
Cost of personnel	20,745	31,082	-10,337	-33.3%
Costs for services	29,324	28,376	947	3.3%
Sundry operating expenses	1,896	1,992	-96	-4.8%
Airport leases	4,469	6,506	-2,037	-31.3%
Total operating costs	57,451	68,992	-11,541	-16.7%
Costs for construction services	8,157	13,341	-5,184	-38.9%
TOTAL COSTS (B)	65,608	82,333	-16,725	-20.3%

OPERATING COSTS

Operating costs total € 57.5 M, down by 16.7% compared to € 69 M at the end of 2018.

5. Consumables

This item refers to the cost of consumables, which totals € 1,017 K (€ 1,036 K in 2018), specifically broken down below:

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
CONSUMABLES				
Stationery	31	48	-17	-34.7%
Fuels, lubricants	697	613	84	13.6%
Materials for car parking lots	9	24	-15	-61.8%
Small tools	0	0	0	-93.1%
Safety Serv. Contr. (mat.)	66	59	7	12.4%
Clothing	99	156	-56	-36.2%
Mat. for operating services	114	136	-22	-16.0%
TOTAL CONSUMABLES	1,017	1,036	-19	-1.8%
% incid. over Operating Costs	1.8%	1.5%		

6. Cost of personnel

TA's Cost of Personnel reached € 20.7 M, down by € 10.3 M compared to 2018 (-33.3%). This decrease is mainly due to the exit of personnel passed to TAH since 1 July 2018.
This cost item is broken down below.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COST OF PERSONNEL				
Remuneration	20,419	30,919	-10,500	-34.0%
of which:				
Wages	13,522	18,964	-5,442	-28.7%
Salaries	1,315	3,762	-2,448	-65.1%
Social security contributions	4,283	6,422	-2,139	-33.3%
ETB	1,299	1,771	-472	-26.7%
Other labour costs	325	163	163	100.2%
of which:				
Contributions to CRAL	5	7	-3	-36.5%
Social Fund	0	8	-8	N.S.
Benefits to personnel	309	76	233	305.6%
Administered and sundry	12	71	-59	-83.8%
TOTAL COST OF PERSONNEL	20,745	31,082	-10,337	-33.3%
% incid. over Operating Costs	36.1%	45.1%		

The table below provides details on the **average annual staff** (expressed in Full-Time Equivalents, FTEs) existing in 2019 and any difference from 2018: For a better understanding of staff trends in the two periods, in the light of the transfer of handling staff from TA into TAH effective from July 2018, see Section 12 in the Report on Operations.

Avg. FTEs	2019	2018	Diff.	% Diff.
Executives	14.2	11.5	2.7	24%
Employees	286.3	421	- 134.7	-32%
Workers	35.6	99.3	- 63.7	-64%
TOSCANA AEROPORTI	**336.1**	**531.8**	**- 195.7**	**-37%**

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 2019 and 2018 consist of:

Amounts in €K	31 DEC 2019	31 DEC 2018	2019/2018 Abs. diff.	2019/2018 % diff.
COSTS FOR SERVICES				
Sales services	266	265	1	0.4%
Institutional expenses	1,877	1,829	48	2.6%
Other services	5,594	5,220	374	7.2%
Services for the personnel	1,004	1,316	-311	-23.7%
Maintenance services	5,063	5,156	-93	-1.8%
Utilities	3,936	3,165	771	24.4%
Operating services	11,583	11,426	158	1.4%
TOTAL COSTS FOR SERVICES	29,324	28,376	947	3.3%
% incid. over Operating Costs	51.0%	41.1%		

€ 266 K of Sales Services in 2019 (€ 265 K in 2018), including the following costs:

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Sales services	266	265	1	0.4%
of which:				
Advertising commissions	23	21	3	12.8%
Management of advertising systems	72	96	-25	-25.7%
Retail promotions	51	28	23	82.9%
Dry cleaning service	120	120	0	0.0%

Institutional expenses - € 1.88 M in 2019 (€ 1.83 M in 2018), mainly including the cost of control and auditing boards.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Institutional expenses	1,877	1,829	48	2.6%
of which:				
Directors' fees	1,274	1,319	-44	-3.4%
Auditors' fees	245	208	36	17.5%
Directors' business travels	313	219	94	42.9%
Legal, notarial, meeting expenses	18	56	-38	-68.3%
Participation in conferences	28	27	1	2.4%

Other Services - € 5.6 M (€ 5.2 M in 2018), mainly including professional services, industrial insurance and communication costs.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Other services	5,594	5,220	374	7.2%
of which:				
Professional services	2,944	3,013	-69	-2.3%
Industrial insurance	549	666	-117	-17.6%
Communication	2,039	1,454	585	40.2%
Other minors	62	87	-25	-28.5%

Other Personnel Services - € 1 M (€ 1.3 M in 2018), mainly including canteen, payroll service, transfers and employee training costs.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Personnel services	1,004	1,316	-311	-23.7%
of which:				
Canteen	569	806	-237	-29.5%
Insurance	172	168	4	2.5%
Preventive medicine and med. examinations	12	44	-33	-73.8%
Training	78	127	-50	-39.1%
Staff recruitment	19	34	-15	-44.9%
Payroll services	35	50	-15	-30.0%
Journeys	121	86	35	40.8%

Maintenance Services - € 5.06 M (€ 5.16 M in 2018), including airport infrastructure, system and installation, equipment and vehicle maintenance.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Maintenance services	5,063	5,156	-93	-1.8%
of which:				
Equipm./truck maint.	347	833	-486	-58.4%
BHS system maint.	906	902	4	0.4%
Maint. of infrastructures	2,233	2,208	25	1.1%
IT maintenance	1,576	1,212	364	30.0%

Utility Services - € 3.9 M (€ 3.2 M in 2018), mainly including costs for electricity, gas, water and telephone services.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Utilities	3,936	3,165	771	24.4%
of which:				
Electricity	1,933	1,664	269	16.2%
Water	372	142	230	161.6%
Telephones	190	179	11	6.3%
Mobile phones	195	131	64	48.9%
Gas	982	868	114	13.1%
Minors	264	181	82.5	45.5%

Operating Services - € 11.58 M (€ 11.43 M in 2018), mainly including external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Operating services	11,583	11,426	158	1.4%
of which:				
Porterage	1,499	2,597	-1,098	-42.3%
Aircraft cleaning	0	318	-318	-100.0%
Agency/Wareh. service	206	191	14	7.4%
Cleaning	1,383	1,059	324	30.6%
PRM Support	1,460	929	531	57.2%
Surveillance service	3,580	2,757	823	29.8%
Services Centre	279	223	56	25.2%
Connection ? arco az	120	193	-73	-37.6%
Rental of mach. and equip.	234	792	-558	-70.5%
Management of parking lots	284	263	21	8.0%
Gardening	126	125	1	0.4%
VIP Lounge	792	563	229	40.6%
First Aid Service	397	476	-79	-16.6%
Other operating services	571	553	17	3.1%
Shuttle bus	653	386	267	69.2%

8. Sundry operating expenses

Sundry management expenses total € 1.9 M (€ 2 M in 2018), mainly including taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
SUNDRY OPERATING EXPENSES				
Publications	16	11	5	45.7%
Ins. entities and sundry institutions	494	550	-56	-10.1%
Taxes and levies	816	539	277	51.5%
Entertainment	154	66	88	134.7%
Sundry administrative costs	276	484	-209	-43.1%
Other minors	140	342	-202	-59.1%
SUNDRY OPERATING EXPENSES	1,896	1,992	-96	-4.8%
% incid. over Operating Costs	3.3%	2.9%		

9. Airport fees

Airport fees totalled € 4.5 M (€ 6.5 M in 2018), including rents paid for concessions and the contribution paid to the Fire Protection Fund.

Amounts in €K	31 DEC 2019	31 DEC 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
AIRPORT LEASES				
Concession and security fees	5,239	5,219	20	0.4%
Fire Brigade fee	1,231	1,287	-57	-4.4%
Release of Fire Brigade Risk Provision	-2000	-	-2,000	
TOTAL AIRPORT FEES/LEASES	4,469	6,506	-2,037	-31.3%
% incid. over Operating Costs	7.8%	9.4%		

The main change is due to the impact of the release of the € 2 M provision for liabilities for the Fire Brigade airport service dispute[1].

[1] More specifically, judgement 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

10. Costs for construction services

Costs for construction services, totalling € 8.2 M (€ 13.3 M at 31 Dec. 2018), arise from the investment made in the airport infrastructures under concession during the first half of 2019. The final cost amount of € 5.2 M is lower due to the same reasons indicated in the comment to the corresponding revenue item.

11. Amortization and impairment

This item totals € 10.05 M in 2019 (against € 9.28 M in 2018). It includes amortization of intangible assets for € 6.92 M (€ 6.42 M in 2018), depreciation of tangible assets for € 2.54 M (€ 2.86 M in 2018), and amortization of rights of use for € 589 K (€ 0 at 31 Dec. 2018).

12. Provision for liabilities and charges

This item shows € 2.66 M (€ 2.45 M in 2018) and includes the amounts set aside in the provision for liabilities (€ 719 K) and in the provision for repairs (€ 1.94 M), which reflect the year's accrual required for future maintenance expenses relating to repair work and replacements to keep the assets used under the two ENAC concessions in good and safe operating conditions.

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

This item totals € 367 K (€ 329 K in 2018) and consists of the provision set aside for the impairment of receivables.

Amounts in €K	31 DEC 2019	31 DEC 2018
Provision for impairment of receivables	367	293
Credit loss	-	36
Total	**367**	**329**

14. Financial income

This item totals approx. € 26 K (€ 16 K in 2018) and includes financial income produced by the discounting back of long-term receivables (€ 19 K) and, to a lesser extent, interest receivable (€ 6.5 K).

15. Financial expenses

This item totals € 11,497 K (€ 1,294 K in 2018) and mainly includes interests payable and commissions on bank current accounts for € 443 K (€ 501 K in 2018), amortized cost of existing loans for € 48 K, interest cost on employee defined-benefit liabilities for € 37 K (€ 53 K in 2018), finance costs relating to the discounting of the provision for repair and replacements for € 859 K (€ 740 K in 2018), and finance costs relating to IFRS 16 (Leases) for € 110 K.

16. Profit (loss) from investment

This item totals € 832 K (€ 753 K at 31 Dec. 2018) and refers to dividends of subsidiaries and associated companies received during 2019.

17. Year's income taxes

This item includes an aggregate amount of € 6,544 K (€ 5,816 K in 2018) deriving from:

- current taxes determined on the 2019 taxable income for € 5,897 K, of which € 4,751 K for consolidated IRES and € 1,146 K for IRAP;
- prepaid/deferred taxes for € 746 K;
- income from tax consolidation with the controlling company "CAI" for € 99 K.

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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.

Current taxes have been estimated by applying the guiding criterion called “principle of derivation”.
The reconciliation with the theoretical tax rate is provided In Annex “E”.

18. Earnings for share / Diluted earnings per share
Earnings per share and diluted earnings per share - € 0.728 in 2019 (€ 0.739 in 2018) - have been determined by dividing the Group’s profit for the period (€ 13,554,635) by the weighted average of the ordinary shares outstanding during the period (no. 18,611,966 shares), as there was no diluting factor.

NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 December 2018: STATEMENT OF FINANCIAL POSITION

FOREWORD

On June 25th, TA contributed the handling company branch to its 100% subsidiary TAH. The new company started its operations on July 1st, 2018 with the business purpose of providing the services described in Legislative Decree no. 18 of 13 January 1999, and subsequent amendments and supplements. More specifically, TAH provides aircraft, passenger and cargo ground assistance services on behalf of carriers.

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2019 and the comparison with the previous year are given below.

20. Intangible assets

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Concession rights (royalties)	148,910	151,792	-2,882
Industrial patent and intellectual property rights	877	1,244	-366
Construction in Progress and adv. Paym. (intang.)	19,467	14,358	5,109
Other fixed assets:	265	12	253
Intangible assets	169,519	167,405	2,114

In addition to the considerations expressed in the introduction, an aggregate amount of approximately € 9 M has been invested in intangible assets during 2019, consisting of:

(amounts in €K)	
Concession rights (royalties)	2,311
Construction in progress	6,095
Software	625
Other fixed assets:	0
Total	**9,030**

See Section 10 for a detailed analysis of the aforesaid investments made in 2019.

No divestiture of assets was done in 2019.
Details on intangible assets are provided in Annex A.

Concession rights (royalties)
This item totals € 148.9 M at 31 Dec. 2019 (€ 151.8 M at 31 Dec. 2018), showing a € 2.88 M increase mainly due to the combined effect of the higher amortization with respect to the year's investments. For further details, see section 10 in the Report on Operations.

Industrial patent rights
This item totals € 877 K at 31 Dec. 2019 (€ 1,244 K at 31 Dec. 2018), down by € 366 K due to amortization higher than investments.

Construction in progress

This item shows € 19.5 M at 31 Dec. 2019 (€ 14.4 M at 31 Dec. 2018), up by € 5.1 M as a result of the investments made during the year, partially offset by the completion of projects and the related allocation to the assets, about which we provide more details in Section 10 of the Report on Operations and in Note 20 of the Explanatory Notes.

21. Property, plant and equipment

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Land, Buildings	16,789	1,272	15,517
Other assets	3,689	3,084	605
Industrial and commercial equipment	122	131	-9
Systems and machinery	5,704	18,059	-12,355
Construction in progress and adv. paym. (tang.)	793	635	157
Property, plant and equipment	27,096	23,181	3,915

On the whole, investments for approximately € 6.5 M have been made during 2019, namely:

(amounts in €K)	
Land and buildings	1,571
Plant and machinery	2,619
Industrial and commercial equipment	0
motor vehicles	203
Furniture and fittings	178
Hardware	1,214
Construction in progress	669
Total	**6,454**

For a detailed analysis of the main investments made in 2019, see Section 10 of the Report on Operations.
No divestiture of assets was done in 2019.
Details on property, plant and equipment are provided in Annex B.

22. Rights of use

This item has been recognized at 1 January 2019 after the first adoption of the accounting standard IFRS 16 "Leases", as described above in the section "New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019".
We remind readers that, at year-end, TA has non-cancellable operating leases for € 6.2 M, of which approx. € 0.1 M referred to short-term leases and € 0.1 M to moderate value leases. For the remaining leases, TA recognized right-of-use assets for approx. € 4.8 M and lease liabilities for € 4.8 M, determined by discounting the value of the leases due.
The value of rights-of-use at 31 December 2019 is € 4.62 M, including:

3. rights of using parking lots for € 4.35 M relating to long-term contracts - from 9 to 20 years - signed for the concession of car park areas;
4. rights of use of vehicles for € 268 K relating to long-term contracts - from 3 to 4 years - signed for corporate cars.

The details of the year are provided below.

Data in €K	31 Dec. 2019
Values at 1.Jan.2019 - First adoption of IFRS 16	4,806
Acquisitions	537
Disposals	-17
Depreciation	-589
Rights of use	4,736

23. Equity investments in other entities

At 31 Dec. 2019, the holding TA owns shares and equity investments in other entities for € 2,945 K (€ 2,945 K at 31 Dec. 2018), consisting in:
- I.T. Amerigo Vespucci S.p.A. (with a 0.22% share in the capital): € 40.6 K;
Consorzio Turistico Area Pisana S.c.a.r.l. (with a 2.4% share in the capital): €420;
Scuola Aeroportuale Italiana Onlus (with a 52.7% share in the capital): € 13.2 K;
Consorzio Pisa Energia S.c.r.l. (with a 5.26% share in the capital): €831;
Montecatini Congressi S.c.r.l. (with a 5.0% share in the capital): € 0;
Consorzio per l'Aeroporto di Siena (with a 0.11% share in the capital): € 8.5 K;
Florence Convention Bureau S.c.r.l. (with a 4.44% share in the capital): € 6.3 K;
Firenze Mobilità S.p.A. (with a 3.98% share in the capital): € 42.5 K;
- Società Esercizio Aeroporto della Maremma S.p.A. (with a 0.39% share in the capital): € 10.2 K.
- Firenze Parcheggi S.p.A. (with an 8.16% share in the capital): € 2,823 K.
Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization.
Consorzio Turistico Area Pisana, Montecatini Congressi S.c.r.l., and Consorzio per l'Aeroporto di Siena are winding up at the closing date of this Report.
At 31 December 2019 there is significant change in the fair value of equity investments in other companies.

24. Investments in Subsidiaries

At 31 Dec. 2019, the value of TA's interests in subsidiaries is € 4,338 K (€ 4,138 K at 31 Dec. 2018), as shown in the table below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Parcheggi Peretola	3,251	3,251	0
Toscana Aeroporti Handling	750	750	0
Vola	200	0	200
Toscana Aeroporti Engineering	80	80	0
Jet Fuel	57	57	0
Investments in Subsidiaries	4,338	4,138	200

Compared to 31 December 2018, the corporate structure now also includes the company Vola S.r.l. (100% owned by TA), which, at the date of this report, has not yet started operating.
No impairment indicator applies to stakes in subsidiaries.

25. Investments in Associated Companies

At 31 December 2019, the value of TA's investments in associated and related companies equals € 380 K (€ 380 K at 31 December 2018), as resulting from the
following table:

- Alatoscana for € 330 K (€ 330 K at 31 Dec. 2018);
- Immobili AOU Careggi for € 50 K (€ 500 K at 31 Dec. 2018).

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 these stakes.

26. Other financial assets

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Guarantee deposits	201	189	12
Receivables from others due beyond the year	3,017	3,017	0
Other financial assets	3,218	3,206	12

Guarantee deposits

These mainly consist of 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.

27. Trade receivables due beyond the year

This item refers to trade receivables relating to agreed repayment plans.

28. 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 € 2,266 K (€ 2,977 K at 31 December 2018). This amount mainly includes taxes determined on the temporary differences due to taxed provisions (for repair, impairment of receivables, etc.) and to 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.

CURRENT ASSETS

The composition of current assets at 31 December 2019 and the comparison with the previous year are given below.

29. Trade receivables

At 31 December 2019, receivables from customers, net of the provision for impairment of receivables, totalled € 17,525 K (€ 19,035 K at 31 December 2018), as detailed below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Other receivables from customers	18,035	17,978	57
Receivables from associated companies	288	174	114
Receivables from subsidiaries	3,057	1,867	1,190
- Provision for impairment of receivables	-4,623	-4,298	-324
Trade receivables	16,757	15,720	1,037

The provision for impairment of receivables has increased by a contribution of € 367 K over the period and has been used for € 42 K.

Data in €K	31-Dec-2018	prov.	use	31-Dec-2019
Provision for impairment of receivable:	4,298	367	-42	4,623

The composition of receivables by category of expired accounts is detailed in the table below.

Data in €K	Aggregate Total	Receivables due	Expired receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Non-current/current receivables	18,035	3,268	5,717	959	-2	1,566	6,526
Expected loss rate		-1.5%	-1.1%	-10.9%	N.S.	-13.4%	-63.6%
Provision for impairment of receivables	-4,623	-49	-64	-104	-43	-210	-4,153
Total at 31.Dec.2019	**13,412**	**3,219**	**5,653**	**855**	**- 45**	**1,356**	**2,373**

Data in €K	Aggregate Total	Receivables due	Expired receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Non-current/current receivables	17,978	2,453	4,350	1,191	835	1,642	7,508
Expected loss rate		0.0%	0.0%	-0.7%	-1.3%	-3.5%	-56.2%
Provision for impairment of receivables	-4,298	0	0	-8	-11	-57	-4,222
Total at 31.Dec.2018	**13,679**	**2,453**	**4,350**	**1,182**	**823**	**1,585**	**3,286**

Trade receivables also include receivables from Associated companies, as reported in the table below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Alatoscana	57	63	-6
Immobili AOU Careggi	231	111	120
Receivables from associated companies	288	174	114

Trade receivables also include receivables from Subsidiaries, as reported in the table below.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Toscana Aeroporti Handling	1,578	991	587
Toscana Aeroporti Engineering	1,421	755	666
Parcheggi Peretola	13	16	-3
Jet Fuel	45	104	-59
Vola	0	0	0
Receivables from Subsidiaries	3,057	1,867	1,190

30. Tax assets for current taxes

At 31 December 2019, this item consists of € 198 K (€ 2 K at 31 December 2018) and consists of IRAP receivable.

31. Other Tax Assets

This item mainly includes the Art Bonus for € 119 K.

32. Receivables from others, due within the year

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Receiv. fm carriers for add. munic. tax on pax boarding fees	7,953	7,184	769
Advance payments made to suppliers	362	740	-378
Prepaid expenses	418	398	20
Parking lot receivables	317	286	31
Monopoly products receivables	104	96	8
Other minor receivables	687	187	500
Receivables from others, due within the year	9,841	8,891	950

The additional municipal tax credit related to passenger boarding fees, introduced by Art. 2, par. 11, of Law no. 350 of 24 December 2003, has the same figure in the item "Tax liabilities" of current liabilities (Note no. 46), because the amount collected is paid to the State.
The item "Prepaid expenses" mainly concerns supplies with advanced billing, subscription fees, insurance.

33. Cash and cash equivalents

At 31 Dec. 2019, this item consists of € 13,665 K (€ 9,452 K at 31 Dec. 2018).
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.
See the Cash Flow Statement commented in the Report on Operations for further details.

SHAREHOLDERS' EQUITY AND LIABILITIES

The Shareholders' Equity increased by approx. € 414 K as a consequence of its recognition in the year's operating profit (€ 13.6 M), partially offset by the distribution of dividends (€ 13 M).
More specifically, the Shareholders' Equity consists of the following items:

34. Share Capital

At 31 Dec. 2019, the fully paid-up share capital consists of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2018).
For details on Shareholders, see the table and section "Shareholders of the Parent Company" in the Report on Operations.

35. 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. in the stock exchange in July 2007;
- a legal reserve of € 4,691 K. The € 688 K increase compared to 31 Dec. 2018 reflects the allocation of 2018 year profits, as deliberated by the Shareholders' Meeting held on 29 April 2019 during the adoption of the 2018 Financial Statement;
- statutory reserves for € 25,906 K;
- the 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.

36. IAS adjustments reserve

This reserve contains € 3,229 K, including:

(i) the IAS 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 reserve (negative for € 2,618 K) created after applying the new international standard IFRIC 12 from 1 January 2011.

37. Profit/(Loss) carried forward

This item includes € 329 K of profits carried forward for (€ 441 K at 31 Dec. 2018). 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 2019 is broken down below:

PROFIT/(LOSS) CARRIED FORWARD	31 DEC 2019	31 DEC 2018
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	-112	241
Other comprehensive profit/(loss) that will be subsequently reclassified to the Income Statement:		
- Profit/(Loss) arising from the redetermination of available-for-sale financial assets	0	0
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	**-112**	**241**

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

31 DEC 2019	Gross value	Tax (charge) / benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	-147	35	**-112**
- Profit/(Loss) arising from the redetermination of available-for-sale financial assets	0	0	**0**
TOTAL	-147	35	**-112**

31 DEC 2018	Gross value	Tax (charge) / benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	318	-76	**241**
- Profit/(Loss) arising from the redetermination of available-for-sale financial assets	0	0	**0**
TOTAL	318	-76	**241**

38. Profit/(loss) for the year

This item includes TA's result of € 13,555 K at 31 Dec. 2019 (against € 13,746 K at 31 Dec. 2018).

NON-CURRENT LIABILITIES

The composition of non-current liabilities at 31 December 2019 and the comparison with the previous year are given below.

39. Provisions for liabilities and charges

The provision for liabilities and charges consists of € 1,450 K at 31 Dec. 2019 (€ 3,524 K at 31 Dec. 2018). The details of the year are provided below.

Data in €K	31-Dec-2018	prov.	use	31-Dec-2019
Provisions for liabilities and charges	3,524	719	-2,793	1,450

At 31 December 2019, the provision mainly includes the following amounts:

- € 351 K of contributions paid 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 liabilities and charges at 31 Dec. 2019";
- € 555 K relating to the provisions set aside for the risk of potential liabilities consisting in labour dispute, as 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 concerning the execution of the contract.
- € 333 K relating to disputes for local taxes concerning the different classification of airport areas for IMU tax purposes.

For further information, see Section "Information on the main items of the Provision for liabilities and charges at 31 December 2019".

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 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 Dec. 2019 is € 25,745 K, up by € 333 K with respect to 31 Dec. 2018, due to the effect of the 2019 addition to the provision, partially offset by the uses of the period. Details are given below.

Data in €K	31-Dec-2018	prov.	use	Fin. exp.	31 Dec. 2019
Provisions for repair and replacement	25,412	1,939	-2,464	859	25,745

This provision, depending on the estimated time of its use, is allocated to medium/long-term liabilities (€ 17,834 K at 31 Dec. 2019) and to current liabilities (€ 7,911 K at 31 Dec. 2019). 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. € +545 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. € -582 K.

41. Provisions for employee benefits

As indicated above, the employee termination indemnity or "TFR" is considered as a defined benefit obligation to be recognized 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. 2019 are:
- annual technical discount rate: 0.77%
- 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.
Consolidated liabilities, recognized as recommended by IAS 19, total € 2,547 K (€ 2,453 K at 31 Dec. 2018). This provision is posted net of the advance payments and settlements made during the period examined and shows an increase of € 93 K compared to 31 Dec. 2018, as specified below:

Data in €K	31-Dec-2018	prov.	use	Actuarial (gain)/loss	31 Dec. 2019
Provisions for employee benefits	2,453	37	-91	147	2,547

The difference shown in the Statement of Comprehensive Income (€ -112 K) corresponds to the actuarial loss of € 147 K, after a taxation of € 35 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

	Annual technical discount rate		Annual technical inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
ETB provision	2,410	2,694	2,589	2,506	2,500	2,569

Finally, the table below provides a prediction of disbursement of the provision.

Future Cash Flows (€)

Year	TA
0 – 1	40,577
1 – 2	106,319
2 – 3	162,963
3 – 4	74,765
4 – 5	114,906
5 – 6	34,696
6 – 7	154,555
7 – 8	103,026
8 – 9	127,067
9 – 10	182,133

42. Financial liabilities

The details of non-current and current financial liabilities are given below:

Data in €K	31/12/2018	Loans	Repayments	Other	31/12/2019
Non-current liabilities	**27,558**			**-4612**	**22,945**
Current financial liabilities					
Overdraft (short-term fin.)	9,500	18,500	-8,000	10	20,010
Current portion of medium/long-term indebtedne	4,559		-4,468	4640	4,730
Total current financial liabilities	**14,059**	**18,500**	**-12,468**	**4,649**	**24,740**
Total financial liabilities	**41,616**	**18,500**	**-12,468**	**37**	**47,685**

The amount of € 24.7 M relating to current financial liabilities at 31 Dec. 2019 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,730 K and to the short-term loan (so-called “hot money”) obtained during the period for € 20 M (the loan consisted in a total of € 18.5 M and has been repaid for € 8 M).
The decrease in non-current financial liabilities, which total € 4,6 M, refers to the short-term reclassification of the capital shares expiring in the subsequent business year.
At 31 Dec. 2019, there are € 8.6 M of non-current financial liabilities due beyond five years.
Therefore, the aggregate amount of said non-current financial liabilities and the related current share of the medium-long term indebtedness refers to two long-term loans granted by banks “Banca Infrastrutture Innovazione e Sviluppo” (“BIIS”, of the Intesa San Paolo Group) and “MPS Capital Service” to support infrastructure investments. The loans must be respectively repaid before June 2022, the one subscribed with MPS Capital Service and used up for € 12 M, and before September 2027, the € 40 M loan subscribed and completely used up, 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 Parent Company for the €40M loan and of the Group 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 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 2019, the Company is compliant with all the above-mentioned parameters.

Loans existing at 31 December 2019 are detailed below.

Amounts in €K	Capital share	Interest share	Total
Within the year	24,660	336	24,996
Between 1 and 2 years	4,724	256	4,980
Between 2 and 3 years	3,867	184	4,051
Between 3 and 4 years	2,868	142	3,010
Between 4 and 5 years	2,868	113	2,981
Between 5 and 6 years	2,868	82	2,950
Beyond 6 years	5,750	75	5,825
Total	**47,605**	**1,188**	**48,794**

Details of the credit lines at 31 Dec. 2019 are given below.

Data in €K	1 Dec. 201	31 Dec. 2018	DIFF.
Credit lines granted	**68,250**	**69,250**	**-1,000**
of which TA	*68,250*	*69,250*	*-1,000*
of which subsidiaries			*0*
Credit lines used	**20,000**	**9,500**	**10,500**
% used	*29%*	*14%*	*N.S.*

Bank loans existing at 31 December 2019 are shown below at their notional value and at fair value.

	31 December 2019	
Amounts in €K	**Notional**	**fair value**
TA - MPS	4,672	4,755
TA - INTESA SAN PAOLO	22,943	23,334
TA - SHORT-TERM LOANS	20,000	20,000
TOTAL	**47,616**	**48,089**

The **Net Financial Position** at 31 December 2019, as shown in the Report on Operations in compliance with Consob Resolution prot. no. 6064293 of 28 July 2006, is specified in the table below:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
Euro K	**31 Dec. 2019**	**31 Dec. 2018**	**Diff. Abs.**
A. Cash on hand and at banks	13,665	9,452	4,213
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**13,665**	**9,452**	**4,213**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	20,010	9,501	10,509
G. Current portion of non-current indebtedness	4,730	4,558	173
H. Other current financial payables due to leasing companies	419	-	419
I. Current financial indebtedness (F) + (G) + (H)	**25,159**	**14,059**	**11,100**
J. Net current financial indebtedness (I) - (E) - (D)	**11,494**	**4,607**	**6,888**
K. Non-current bank payables	22,945	27,558	(4,612)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	4,346	-	4,346
N. Non-current financial indebtedness (K) + (L) + (M)	**27,292**	**27,558**	**(266)**
O. Net Financial Position (J) + (N)(NFP)	**38,786**	**32,165**	**6,621**

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

This item has been recognised at 1 January 2019 after the first adoption of the accounting standard IFRS 16 "Leases", as described above in the section "New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019".

At 31 Dec. 2019, financial liabilities for rights of use, determined by discounting the value of the leases due, total € 4.77 M, of which € 4.35 M classified among non-current liabilities and € 0.42 M among current liabilities.

Data in €K	31 Dec. 2019
Financial liabilities due beyond one year	4,346
Financial liabilities for rights of use within one year	419
Financial liabilities for rights of use	4,766

Lease agreements do not include covenants.
The details of the year are provided below.

Data in €K	31 Dec. 2019
Values at 1.Jan.2019 - First adoption of IFRS 16	4,796
Acquisitions	537
Disposals	-17
Payment of leases	-659
Financial expenses	110
Financial liabilities for rights of use	4,766

The maturity of the financial liability is shown below.

	Euro K
< 1 year	617
1-2 years	576
2-3 years	509
3-4 years	465
4-5 years	455
5-6 years	466
Beyond 6 years	2,785
Total	**5,873**

Margin interest rates defined by the Group are constantly reviewed and applied to all contracts with similar characteristics, which have been considered as a single portfolio of contracts. Rates are calculated starting from the average effective rate of the debt of the holding, appropriately adjusted based on new reporting requirements to simulate a theoretical margin interest rate consistent with the contracts to be reported. The most significant items to be considered in the adjustment of the rate are the credit-risk spread of each country that can be observed on the market and the different term of lease agreements.
Here are the rates used:

- 0.94% for car rent contracts;
- 3.40% for long-term leases;
- 2.37% for short- and medium-term leases.

44. Other payables due beyond the year

Payables due beyond the subsequent year consist of € 338 K (€ 202 K as at 31 Dec. 2018) 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.

CURRENT LIABILITIES

Changes in non-current liabilities occurred during the period are shown below.

45. Tax liabilities for current taxes

This item totals € 2,078 K at 31 Dec. 2019 (€ 1,541 at 31 Dec. 2018) and includes current taxes (IRES) to be paid by the TA, as determined based on the final 2019 RBT.
Please, note that this liability includes € 1.473 K of IRES balance to be paid to Corporación America Italia as a consequence of the tax consolidation agreement. The remaining portion of € 605 K consists of the additional IRES 3.5% rate introduced by the last State

budget law, that is not included in the tax consolidation because it is paid by the concessionaire.

46. Other tax liabilities

The aggregate amount of this item at 31 Dec. 2019 is € 11,776 K (against € 9,543 K at 31 Dec. 2018), as broken down below:

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Due to Rev. Ag. for add. munic. tax on pax boarding fees	10,761	8,710	2,051
Due to Rev. Ag. for employee and self-employed contr. IRPEF	442	477	-35
Due to Rev. Ag. for higher fees due for private flights	251	251	0
Local taxes	141	105	36
Due to Rev. Ag. for VAT	181	0	181
Other tax liabilities	11,776	9,543	2,233

The account payable to the Revenue Agency for the additional municipal tax on passenger boarding fees has particularly increased as a result of the same dynamics associated with the increased receivables from others due within the year.

47. Trade payables

Trade payables total € 31.8 M at 31 Dec. 2019 (€ 29.2 M at 31 Dec. 2018), up by € 2.6 K.

48. Payables to social security institutions

This item includes a total amount of € 1,256 K of accounts payable to social security and pension institutions (INPS, INAIL) at 31 Dec. 2019 (against € 1,499 K at 31 Dec. 2018).

49. Other payables due within the year

Other payables due within the year at 31 Dec. 2019 consist of € 9.97 M (€ 10.6 M at 31 Dec. 2018), and include the following debit items:

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Employees/contractors fees	2,757	2,796	-39
Concession fees	2,619	2,669	-50
Deferred income	1,185	1,398	-213
Fire-protection service	1,061	1,090	-29
Air/bus/train ticket office receipts	554	517	37
Institutional bodies' fees	697	610	87
Advance paym. (carriers)	406	614	-208
Other minor payables	692	897	-205
Other payables due within the year	9,972	10,591	-620

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 liabilities and charges".
- Prepaid expenses mainly refer to non-aviation revenues invoiced in advance.

ADDITIONAL INFORMATION

Commitments and guarantees

As at 31 December 2019, commitments and guarantees include € 16,341 K of third-party sureties in favour of TA and € 10,925 K of sureties given by third parties on behalf of TA.

Data in €K	31 Dec. 2019	31 Dec. 2018	DIFFERENCE
Third-party suretyships in favour of TA	16,341	12,164	4,177
Suretyships to third-parties on behalf of TA	10,833	10,137	696

Sureties provided by third parties in the favour of TA mainly refer to performance bonds for contract works, for compliance with agreements by sub-concessionaires, air carriers and other customers.
Sureties provided to third parties on behalf of TA mainly refer to sureties in favour of ENAC to ensure the full and accurate fulfilment of the obligations established in 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 2019 (data in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Trade receivables	-	17,065	17,065
Other financial assets	2,945		2,945
Other accounts receivable	-	12,480	12,480
Cash and cash equivalents	-	13,665	13,665
Total	2,945	43,210	46,155

31 December 2019 **(data in €K)**	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Financial liabilities	-	47,685	47,685
Financial liabilities for rights of use	-	4,766	4,766
Trade payables and other liabilities	-	38,154	38,154
Total	-	90,605	90,605

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. The "assets valued at fair value" specified in the table above pertain to this level.

Information on financial instruments

There are no derivative financial instruments.

Information concerning public subsidies, aids and other benefits received (purs. to Law 142/2018, Art. 1, par. 125)
Pursuant to Law 142/2018, Art. 1, par. 125, TA in 2019 received public subsidies for € 32.5 K as tax credit ("Art Bonus")[1]

Information on the main items of the Provision for liabilities and charges at 31 December 2019

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
As to details regarding the special table of the report on remuneration, provided under Art. 123-ter of Leg. Dec. no. 58/98 (published on the Company's website).
We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2019 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 2019.

Significant events and non-recurring transactions
Pursuant to CONSOB's Notice of 28 July 2006, we specify that no significant non-recurring transaction was performed in 2019.

Significant events occurred after 31 December 2019
As already pointed out in section 18 of the Report on Operations concerning the current business year (2020), the criticalities already identified (Alitalia, Brexit, block of 737-800 MAX aircraft) will be accompanied by the unpredictable impact of the Coronavirus outbreak on air transport.
This factor is an event that occurred after the closing of the 2019 financial statement, so, in compliance with accounting standard IAS 10 "Events occurred after the reporting period", it does not require any adjustment to balance figures at 2019 year-end because, although the Coronavirus outbreak started in the Popular Republic of China around the end of 2019/beginning of 2020, only at the end of January 2020 did the World Health Organization announce a global emergency and only at the end of January 2020 Covid-19 cases have been diagnosed in other countries, thus requiring the adoption of specific control measures both in China and in other countries, including Italy. In our Country, increasingly stricter measures have been adopted since March 2020 to face the spreading of the virus and protect human health, first in limited areas of northern Italy and then progressively in the rest of the Country. The Decree of the President of the Council of Ministers of 11 March 2020 ordered the closure of all the food service activities and shops in the national territory, with the sole exception of shops selling absolutely necessary products or providing personal services, specifically referring to the transport sector. These measures have subsequently been almost entirely put off until 3 May 2020. In addition, local public transport services, as well as motor coach, train, airplane or ship transport services, and all organized public events to be held in public or private places, including

[1] Tax credit equalling 65% of the amounts donated in support of culture, to be offset on the F24 form effective from the taxation period subsequent to the contribution period.

cultural, playing, sports, religious events and trade fairs, cannot be held, even in closed facilities open to the public, until 03 May 2020.
Specifically referring to the transport sector, on 12 March 2020 the Ministry of the Infrastructure and Transport, in order to limit the spreading of the Coronavirus and protect the health of workers, issued decree no. 112 (with extension decree no. 153 of 12 April 2020), to order that airport service operations be restricted to a specific list of airports, which includes the Pisa airport. As a consequence, the Florence airport will limit its operations from 14 March 2020 to 3 May 2020, being allowed only to process cargo, mail, and State flights, and any emergency and health-related operations.
The suspension of activities in the Florence airport followed a decrease in passengers that had already started at the end of February, so the total traffic decrease in the two airports compared to the same period of the previous year is of approx. 417,500 passengers (data at 31 March 2020). The increasingly restrictive quarantine measures, also adopted in several other European countries, led to the cancellation of flights at least until the end of April 2020. To date, we are not yet in the condition to exclude that, should the pandemic continue, airport service limitations and/or further flight cancellations may be decided even for the subsequent months.
There is still uncertainty regarding the duration and the geographical spread of the pandemic, as well as regarding the consequent impact this scenario will have on air traffic and on the economic results of the Company. Considering the constant evolution of the phenomenon, it is difficult to quantitatively predict the effects, but the limitations imposed on airport services and the flight cancellations already done since March 2020 allow us to assume that the impact on the economic-financial results of 2020 will be significant, particularly for the first 6 months of the year.

In order to face the situation, the Company has promptly adopted a number of specific countermeasures aimed to adapt their cost structure to the reduced traffic demand, also considering the measures issued by the Italian Government with Law Decree no. 18 of 17 March 2020 (so-called "Cura Italia"). Considering the structure of the profit and loss accounts of the Company, with the cost of personnel being one of the highest components, the first measures undertaken have been to mitigate these charges and the related interest cost, so all the employees who were not strictly necessary for the airports in this period have been advised to use their holidays. The administrative and support staff that could work from home have continued to work remotely. Furthermore, we stared consultations with trade unions to identify the most appropriate measures to be adopted starting from 25 March 2020, which have included the use of the temporary unemployment fund "Cassa Integrazione Guadagni Straordinaria") for all the personnel, with the maintenance of the minimum operating services required and the reduction of the activities of administrative employees. This measure will be used for a maximum of twelve months.
As to the containment of service costs, the Management performed a first analysis of the existing contracts and agreements, and identified any non-strategic relationship to initiate any consequent action with suppliers.

The Management, after an accurate analysis of the financial requirements of the Group, updated in consideration of the probable reduction of the traffic demand for the year 2020 and of the actions described above, identified the additional measures aimed at allowing the Company to fulfil its obligations, i.e. by reviewing the timing of any non-urgent action regarding the infrastructure. In this regard, we remind readers that, also in view of our investment objectives, we had already started to negotiate the most adequate conditions primary credit institutions to obtain an appropriate financial structure in support of the development of the Pisa and Florence infrastructures. This implies that any new cash requirement that may arise following a further reduction in air traffic, as expected in case

of persistence of the present situation, will be considered within the framework of said negotiations, even in the light of the publication of the "Liquidity Decree" of last 9 April 2020, along with a constant and continuous dialogue with the grantor.
In such a context, in order to protect the financial standing of the Company, on 31 March 2020 the Board of Directors reconsidered the allocation of the 2019 profit and changed the proposal to distribute dividends, thus amending the resolution passed during the last meeting of 12 March 2020, when dividends for approx. € 9.4 M had been allocated to distribution.

Therefore, the Management estimated that, even considering a significant reduction in the demand for air traffic throughout 2020, the implementation of the aforesaid cost containment measures, the use of the liquidity obtained with short-term loans and, where necessary, any further credit facility made available by the Government with the Liquidity Decree may allow Toscana Aeroporti to fulfil all its short-term obligations.
All this will allow Toscana Aeroporti to ensure the continuation of our infrastructure development plans, adequate levels of service for the present operations and, once the emergency is overcome, the resumption of its developments in the medium-term.

At present, after the necessary considerations developed on the basis of the information available, although it is not possible to predict, with a sufficient degree of reliability, what the potential impact of the pandemic will be over the next few months on the Company's operations, on the economy and on the air transport sector - and in the hope that the emergency will be effectively managed and resolved with the countermeasures adopted by the governments, competent authorities, and central banks of the countries affected by the virus outbreak - we believe that, in view of the countermeasures developed by the Management, as well as of the economic measures adopted by the government in support of households, workers and businesses, this circumstance will neither adversely impact the estimates of the Management concerning the financial statements at 31 December 2019, nor represent a factor of uncertainty regarding the capacity of the company to continue operating on a going-concern basis.

Proposed allocation of the year's profits

We propose that the **net year profits of € 13,554,635** be allocated as follows:

- **€ 677,732** to the **legal reserve** based on statutory provisions;
- **€ 12,876,903** to the extraordinary reserve.

Authorization to publication

This document has been approved by the Board of Directors on 21 April 2020 and made available to the public on 23 April 2020 upon the Chairman's authorization.

For the Board of Directors
Marco Carrai
Chairman

ANNEXES TO THE 2019 FINANCIAL STATEMENT

TABLE OF 2019 CHANGES IN INTANGIBLE ASSETS (€K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	196,772	14,252	14,358	1,024	226,406
Accumulated depreciation	- 44,980	- 13,008	-	- 1,013	- 59,001
A - Value as at 31-12-18	151,792	1,244	14,358	12	167,406
CHANGES FOR THE PERIOD					
Purchases	2,311	625	6,095	-	9,031
Reclassification	633	72	- 987	282	-
Other movements					
Depreciation	- 5,826	- 1,063	-	- 29	- 6,918
Reversal of previous years' accum	-	-	-	-	-
B - Balance of changes	- 2,882	- 366	5,109	253	2,113
Historical cost	199,716	14,948	19,467	1,306	235,437
Accumulated depreciation	- 50,806	- 14,071	-	- 1,041	- 65,918
Value at 31-Dec-2019 (A+B)	**148,910**	**877**	**19,467**	**265**	**169,519**

Ann. A

TABLE OF 2019 CHANGES IN TANGIBLE ASSETS (€K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	22,614	20,567	587	635	16,526	**60,929**
Accumulated depreciation	-7,573	-16,278	-456	-	-13,442	**-37,749**
A - Value as at 31-12-18	15,042	4,289	131	635	3,084	**23,181**
CHANGES FOR THE PERIOD						
Purchases	1,571	2,619	-	669	1,595	**6,454**
Reclassification	439	-	-	-439	-	**-0**
Disinvestments/Decreases						**-**
Depreciation	-262	-1,204	-9	-72	-990	**-2,538**
Reversal of previous years' accum. depr.			-	-		**-**
B - Balance of changes	1,747	1,415	-9	158	605	**3,915**
Historical cost	24,624	23,186	587	793	18,121	**67,310**
Accumulated depreciation	-7,835	-17,482	-465		-14,432	**-40,214**
Value at 31-Dec-19 (A+B)	**16,789**	**5,704**	**122**	**793**	**3,689**	**27,096**

Ann. B

SHAREHOLDERS' EQUITY AT 31.12.2019: 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:					
Treasury stock reserves					
Reserves for shares of Subsidiaries					
Share premium reserve	18,941	A, B	18,941		
Other reserves	24,585	A, B	24,585		
of which:					
Exchange surplus reserve (AdF incorporation) (***)	*24,084*		*24,084*		
Revaluation reserves purs. to Law 413/91	*435*		*435*		
Other reserves for capital contributions purs. to art. 55 of DPR 917	*66*		*66*		
RETAINED EARNINGS:					
Legal Reserve	4,691	B	4,691		
Extraordinary reserve	25,907	A, B, C	25,907		
Treasury stock reserves					
Foreign currency translation reserve					
Reserve for write-up of equity investments with the Net Worth method					
Reserves for exceptions purs. to paragraph 4 of art. 2423 of Civil Code					
IAS ADJUSTMENT RESERVE (***)	- 3,229				
FAIR VALUE RESERVE	-				
Profit (Loss) carried forward	329				
Year's profit (loss)	13,555	A, B, C	13,555		
Total	**115,488**		**87,679**		

of which:

Non-distributable reserve	*48,217*
Residual distributable portion	*39,461*

(*) 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.

TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ITEMS	PREPAID / DEFERRED TAXES 31-DEC-2018			2019 REABSORPTION			2019 INCREASES			PREPAID / DEFERRED TAXES 31-DEC-2019		
EXPENSES FOR CAPITAL INCREASE	231,707	IRES	55,609	231,707	IRES	55,609	-	IRES	-	-	IRES	-
RECEIVABLES AND OTHER RECEIVABLES	4,643,476	IRES	1,114,434	-	IRES	-	366,820	IRES	88,037	5,010,296	IRES	1,202,471
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	1,952,733	IRES /	614,560	1,612,287	IRES / I	469,498	1,075,155	IRES / IF	313,085	1,415,600	IRES /	458,147
ACTUARIAL GAIN / LOSS (O.C.I.)	449,685	IRES	107,925	-	IRES	-	147,490	IRES	35,398	597,175	IRES	143,323
SUNDRY MINORS	403,937	IRES /	115,061	527,426	IRES / I	127,031	507,332	IRES / IF	122,067	383,843	IRES /	110,097
PROVISION FOR FUTURE LIABILITIES A	3,428,361	IRES /	953,413	2,725,137	IRES / I	756,433	412,851	IRES / IF	99,084	1,116,075	IRES /	296,064
ETB IAS USE DIFFERENCES	65,495	IRES	15,719	-	IRES	-	169,487	IRES	40,677	234,982	IRES	56,396
Aggregate Total	11,175,394		**2,976,720**	5,096,557		**1,408,571**	2,679,135		**698,348**	8,757,971		**2,266,497**

Ann. D

Toscana Aeroporti

TABLE OF RECONCILIATION BETWEEN YEAR'S RESULT AND TAXABLE BASE (€K)

	31/12/2019		31/12/2018	
	IRES	**IRAP**	**IRES**	**IRAP**
Profit before tax according to law tax	20,098	44,507	19,562	53,738
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	**4,824**	**2,279**	**4,695**	**2,751**
Main final differences				
- dividends collected (95% exempt.)	- 790		- 715	
- analytical and lump-sum IRAP deductions	- 216		- 462	
- ACE	- 257		- 292	
- labour costs of permanent employees		- 19,590		- 27,503
- other deductible labour costs		- 756		- 723
Sundry final variations (balance)	1,534	- 103	1,730	515
Sundry temporary variations (balance)	- 3,094	- 1,676	- 1,408	214
Taxable base	**17,276**	**22,383**	**18,450**	**26,241**
Current taxes	4,146	1,146	4,428	1,344
Previous years' taxes	-		- 185	
Additional IRES 3.5% concessionaires	605	-		
Deferred taxes	660	86	338	- 10
Income from consolidation	- 99		- 98	
Total taxes booked	**5,312**	**1,232**	**4,482**	**1,334**

CERTIFICATION OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 2019 PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Gina Giani (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 2019 Financial Statement.

2. Furthermore, it is hereby certified that the 2019 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, 21 April 2020

For the Board of Directors

Gina Giani,
Chief Executive Officer

Marco Gialletti,
Financial Reporting Manager

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 2019

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 2019, 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 2019, 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. 38/05.

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*
Capitalisation of concession rights	
Explanatory notes to the financial statements as of 31 December 2019: note 20 "Intangible assets". Report on operations: paragraph "10. The Group's investments". During financial year 2019 costs related to intangible assets were capitalised for a total amount of Euro 9 million representing 3.5% of the Company's assets; such costs are made up of Euro 2.3 million related to concession rights and Euro 6.1 million related to intangible assets under development, of which Euro 2.95 million for the development of the Florence Airport Master Plan. Considering the significance of the investments and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretation *"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) health emergency, the directors deemed it proper to assume alternative scenarios that take into account a possible drop in revenues and	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 interpretation *"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 verification of impairment indicators, if any. To that end, we examined, on a sample basis, the long-term plans prepared by management and the related estimated future cash flows, together with the verification of any impairment loss (impairment test) on the Florence Airport. 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, with specific reference to the analyses conducted on investments related to the development of the Florence Airport Master Plan and related impairment test, in our audit procedures we also involved PwC

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
profitability deriving from a possible decrease in the traffic demand.	network experts in valuation and lawyers. Finally, our audit covered the analysis of the 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: 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 2019" 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 2019 amounted to Euro 1.45 million and Euro 25.7 million respectively, which represent 0.6% and 10.1% 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 interpretation *"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 2019. In particular, we conducted an understanding and verification of the key controls underlying the determination of such provisions and the valuation 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 control managers, the

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
	internal technical managers and with the external professionals.

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. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

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 2019, 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 2019 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 2019 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. 39/10, 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, 23 April 2020

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 2019 FINANCIAL STATEMENT AND 2019 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, 2019, 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 during the Shareholders' meeting held on 27 April 2017 for a mandate expiring upon approval of the 2019 financial statement (31 Dec. 2019).

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. We presented our Self-Assessment Report to the Board of Directors during the meeting held on 12 March 2020.

Based on the information received, the documentation acquired and the reviews carried out, we report the following:

Significant transactions

In this respect, reference is made to what has been fully reported in the appropriate paragraph of the Management Report to the 2019 financial statement.

Key highlights in 2019 include:

- 26 January 2019 - Presentation of the 2018-2020 Master Plan for the expansion of the Pisa airport terminal and its flight infrastructure;
- 27 May 2019 - With its final decision on the appeals filed by some Committees and by the Municipalities of the "Piana" (the area around the FLR airport), the Regional Administrative Court

("TAR") of the Region of Tuscany cancelled the law decree relating to the approval of the "VIA" (environmental impact assessment) for the new runway of the Florence airport, thus requiring us to restart the VIA process in order to overcome the deficiencies detected by the TAR. On 15 July 2019, Toscana Aeroporti S.p.A. notified the Council of State against the TAR decision of 27 May 2019 (as reported in the section on Significant Events occurred 31 December 2019") and, on 13 February 2020, the Council of State rejected our appeal. On 20 February 2020, the Board of Directors of Toscana Aeroporti S.p.A. decided to go ahead with the necessary actions required to implement the Florence airport Master Plan.
- 9 December 2019 - The incorporation of Vola S.r.l., a company 100% controlled by Toscana Aeroporti S.p.A. with the aim of directly or indirectly managing any activity in the food service sector. This company was not yet operating at the date of approval of the financial statements at 31.12.2019.

Auditing of compliance with statutory requirements and the Articles of Association

We audited the compliance of the Company with the legislation, its Articles of Association and Bylaws, and, in particular, we met the management of the Company 11 times during 2019, namely for: 1 Shareholders' meeting, 6 Board meetings, 3 Executive Committee's meetings, 3 Remuneration and Appointment Committees' meetings, 6 Control and Risk Committee's 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, we 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 2019.

Auditing of the appropriateness of the ownership structure

The supervisory activity revealed that the organizational layout is appropriate, in terms of structure, procedures, roles and responsibilities, for the size of the Company, as well as for the nature and methods of pursuance of the business purpose and for its actual functioning, also in connection with the timely detection of any critical situation or loss of business continuity, and we have nothing to report in this regard.

We also checked that the members of our Board meet the same independence requirements as those applicable for the Directors under the Voluntary Code of Conduct adopted by the Company.

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.

We also monitored the activities carried out by the Internal Audit Manager, in compliance with the 2019 Audit Plan approved by the Board of Directors on 5 February 2019, with the proposal examined by the Control and Risk Committee during the meeting held on 1 February 2019, and we listened to their discussions during the meetings held to review 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 the Company's Supervisory Body appointed on 1 June 2018, the Organization, Management and Control Model of the Company was approved by the Board of Directors on 12 May 2016 in accordance with Legislative Decree no. 231/2001, subsequently updated by the Board of Directors during the meeting held on 20 December 2017, and further during the meeting held on 6 August 2019.

In order to strengthen the Internal Audit and Risk Management System, an Enterprise Risk Management project has also been developed in 2019, the results of which were approved, after the favourable opinion of the Control and Risk Committee, by the Board of Directors during the meeting held on 19 December 2019.

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 2019, 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 76,300 for tasks relating to auditing services; Euro 110,900 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 to TA S.p.A.; Euro 19,000 for the task relating to the limited auditing of the Consolidated Non-Financial Statement pursuant to Leg. Dec. no. 254/2016 for the financial year 2019, and Euro 26,500 for other non-auditing services. The subsidiaries Parcheggi Peretola S.r.l. and Jet Fuel Co. S.r.l. paid Euro 13,800 of auditing fees to PwC S.p.A.

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 12 March 2019, 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).

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 2019 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.

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 2019 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 business year 2019, 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.

Remarks and proposals regarding the year's and consolidated financial statements

Under the derogation set forth in Art. 106, par. 1, of Law Decree no. 18 of 17 March 2020, the Board of Directors considered it necessary to revoke the call of the Ordinary Shareholders' Meeting scheduled for 29/30 April 2020 and fixed 15 May 2020 as the new date for the first call of the Ordinary Shareholders' Meeting for the approval of the 2019 financial statements or 16 May 2020 in case of a second call.

The draft of the financial statements for the financial year ended 31 December 2019 was approved by the Board of Directors on 12 March 2020. Subsequently, on 21 April 2020, the Board approved a new version of the 2019 financial statements updated with information on the effects of COVID-19, disclosed during the press releases of 12 March, 13 March (limitation of the operation of the Florence airport effective from 14 March 2020), 25 March (adoption of the Wage Integration Fund), and 31 March 2020 (modification of the proposed allocation of the 2019 operating profits). The update approved by the Board of Directors during the meeting of 22 April 2020 concerned the integration of information on the Report on Operations and Explanatory Notes, without changing the economic and financial results approved by the Board of Directors on 12 March 2020. Therefore, the essential documents that make up the 2019 financial statement dossier have been delivered to the Board of Statutory Auditors within the useful time for the BoSA to prepare the present Report.

We also discussed the issue of business continuity, about which the Auditor expressed its opinion in the Audit Report, stating that it is appropriate for the Directors to assume that the Company will continue its business activity.

The Report on Operations contains the Directors' indication of the reasons why they consider that the COVID-19 epidemiological emergency not constitute a factor of uncertainty as to the capacity of the company to continue its operations.

To confirm this, we recall the Board of Directors' decisions made during the current period concerning the activities required to strengthen corporate assets, particularly the revocation of the distribution of dividends.

The Board of Statutory Auditors carried out the necessary audits relating to compliance with the reporting legislation concerning the preparation of the year's and consolidated financial statements at 31 December 2019.

More specifically, we acknowledge that 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 31 December 2019, approved by the Board of Directors on 12 March 2020.

On 23 April 2020, the Auditor 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.

Therefore, the Auditor's opinion is that the Report on Operations and some specific pieces of information provided 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 31 December 2019.

The Auditor also delivered to the Board of Statutory Auditors, acting as Internal Control and Audit Committee, the Additional Report referred to in Article 11 of EU Regulation no. 537/2014, which contains no significant remark as to potential weaknesses in the internal control system of the Group as regards its financial reporting process.

Finally, as specifically required by Toscana Aeroporti S.p.A., the Auditor 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 31 Dec. 2019.

As Board of Auditors, we represent that, to the best of our knowledge, there is no impediment to the approval of the year's and consolidated financial statements, and to the proposals put forward by the Board of Directors.

Conclusions and proposal for the Meeting

Based on all the considerations above, this Board believes that there is no impediment to the approval by the Meeting of the financial statements for the financial year ended 31 December 2019, as well as to the acceptance of the proposal to allocate the profit of Euro 13,554,835 as indicated by the Board of Directors.

Florence, 23 April 2020

BOARD OF AUDITORS

Paola Severini, Chairman of the Board of Statutory Auditors

Silvia Bresciani, Statutory Auditor

Elena Maestri, Statutory Auditor

Antonio Martini, Statutory Auditor

Roberto Giacinti, Statutory Auditor