
Toscana Aeroporti Group



ANNUAL FINANCIAL REPORT 2022

This dossier 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 (Italy) - www.toscana-aeroporti.com

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

VAT number and tax ID: 00403110505

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Dear Shareholders,

the Report on Operations for the Consolidated Financial Statements of Toscana Aeroporti S.p.A. (hereinafter also briefly referred to as “**TA**” or the “**Holding**”, the “**Parent Company**”, or simply the “**Company**”) and its subsidiaries (hereinafter the “TA Group”), also relating to the Draft Financial Statements at 31 December 2022, approved by the Board of Directors on 15 March 2023, have been prepared in compliance with the provisions of CONSOB Resolution no. 11971 of 14 May 1999 and includes the accounting records and the Directors' comments on the operations and most significant events that took place throughout the year 2022 and after 31 December 2022.

The tables provided and commented below have been prepared based in the Consolidated Financial Statements at 31 December 2022, to which we refer the readers of this document. 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 items, namely consolidated data.

The Consolidated Financial Statements and the Annual Report for the year ended 31 December 2022 have been prepared in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”) and approved 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’s Notice no. 6064293 of 28 July 2006 concerning “Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98”).

The Toscana Aeroporti S.p.A. Group manages the Pisa Galileo Galilei airport and the Florence Amerigo Vespucci airport by taking care of their development both in terms of passenger and cargo traffic, and of infrastructures, which are managed under a concession agreement with ENAC according to the Airport Development Plans drawn up for the two airports.

The accounting information provided for the year ended 31 December 2022 includes data regarding the holding Toscana Aeroporti S.p.A. and those of its subsidiaries Toscana Aeroporti Engineering S.r.l. (hereinafter “TAE”), Parcheggi Peretola S.r.l., Jet Fuel Co. S.r.l., and Toscana Aeroporti Costruzioni S.r.l. (hereinafter “TAC”), which have been consolidated by using the full consolidation method.

Please note that the majority stake in the share capital (80%) of the subsidiary Toscana Aeroporti Handling S.r.l. (hereinafter TAH) was sold on 30 December 2022. The consolidation area has changed as a result of this transaction.

In line with IFRS 5, after the aforesaid divestment, the Handling business was classified as “discontinued operations”, which means that, in the Income Statement for the financial year 2022, and for comparative purposes of the financial year 2021, revenue and expense items have been reclassified to “Net income from assets sold or held for sale”.

The Group's Consolidated Financial Statements and TA's Annual Report are audited by PricewaterhouseCoopers S.p.A. (“PwC”).

Furthermore, we point out that Toscana Aeroporti S.p.A., being an “EIPR” (Ente di Interesse Pubblico Rilevante, meaning an “entity of significant public interest”), is required to prepare and submit a Non-

Financial Consolidated Statement [*Dichiarazione consolidata di carattere non finanziario*, hereinafter also briefly “DNF”] in the form of a “separate report”, as required by Art. 5 “*Collocazione della dichiarazione e regime di pubblicità*” (Reporting and disclosure requirements) of Legislative Decree 254/2016. This statement is published on the same dates and with the same procedures as the Annual Report and is available on the Company's website.

In line with the requirements of the selected reporting standards “GRI”, the Global Reporting Initiative, for the preparation of the DNF the Management of the Toscana Aeroporti Group completed an accurate materiality analysis, which produced the results described below for the definition of the following material themes, divided by ESG area (Environmental - Social - Governance). With a view to responding to regulatory requests relating to **Corporate Sustainability Reporting** (CSRD) in the coming years, when they will be applicable, a summary of the main aspects is given below. For details, please see the DNF prepared as a separate report.

FINANCIAL AND NON-FINANCIAL 2022 HIGHLIGHTS

	FINANCIAL RATIOS	2022	2021	Δ% vs 2021
BUSINESS ACTIVITY	Total Passengers (millions)	6.72	2.84	+137%
	Global perception of the passenger and carry-on baggage security service	98%	96%	+2%
FINANCIAL PERFORMANCE	Revenues (€/000)	90,407	48,531	+86%
	EBITDA (€/mln)	20.9	6.3	+232%
	Group's profit (loss) for the period (€/000)	4,680	5,256	-11%
	Investments (€/000)	9,107	15,075	-40%
ENVIRONMENT	Total CO ₂ emissions (Scope 1 and 2) (tCO ₂)	10,041.64	8,717.5	+15%
	Self-produced energy consumption - PSA (GJ)	27,539.65	23,208.07	+19%
SOCIAL	Total number of employees	752	826	-9%
	Percentage of female employees	49%	50%	-2%
	Total training hours	27,693	12,409	+123%

THE TUSCAN AIRPORT SYSTEM

Amerigo Vespucci airport - FLORENCE	Galileo Galilei airport - PISA
<ul style="list-style-type: none"> • 2,228,999 passengers • Focus on business and leisure traffic through full-service carriers • Land lot of about 120 ha, including a flight runway • The paved area of the flight runway covers 7.2 ha • The main configuration includes 14 aircraft stands (dedicated to aircraft parking) • The gross surface area of the terminal is approximately 18,800 square metres and includes the main terminal, the cargo area, the BHS, State Entities and TA offices • Connection with the city tramway • Dedicated stop on the east side with a covered pedestrian walkway of about 70 m. 	<ul style="list-style-type: none"> • 4,493,847 passengers • Focus on tourist traffic operated by low-cost carriers • Civil land lot of about 45 ha – Military land lot of about 500 sq.m., with two runways for alternate use • The paved runway area covers approximately 25.8 ha • 19 (14C/4D/1E) aircraft parking stands • The gross surface area of the terminal is approximately 36,100 square metres and includes the main terminal, the area, the BHS, State Entities and TA offices, Canteen, Building A • Connection with the railway station by the shuttle bus called People Mover • Dedicated station on the west side with a covered pedestrian walkway of about 110 m.

ENVIRONMENT

The **material themes** identified in the Group's DNF concerning **environmental** issues include:

- Noise pollution
- Energy consumption and emissions
- Water consumption and drains

Both the Pisa and Florence airports operated by TA have been certified according to ISO 14001:2015 (Environmental Management Systems).

In general, the Company adopted an Integrated Quality Management System, in compliance with the requirements of the UNI EN ISO 9001:2015 standard for occupational health and safety, with the ISO 45001:2018 standard for social responsibility, consistently with SA8000, and with the UNI EN ISO 14001:2015 standard for environmental matters.

With regard to risks, see the “Main risks and uncertainties to which the Group is exposed” section below.

The **main KPIs** of the Toscana Aeroporti Group include:

- A total energy consumption of 65,930.7 GJ

- A total consumption of 9.65 (GJ/number of passengers*1,000)
- 7,325.5 tCO₂ of direct GHG emissions (Scope 1)

SOCIAL

The **material themes** identified in the Group's DNF concerning Social issues are:

- Personnel management and development
- Equal opportunities and diversity
- Employee health and safety.

The Group has undergone deep changes in recent years, which required a huge effort in standardizing Human Resources management procedures and methods.

The commitment of the Human Resources Management and Organisation is best expressed in the **HR Management procedure**, which defines the areas and actions to be implemented concerning communication with the personnel, remuneration and rewards, working hours, freedom of association, disciplinary actions, mobbing, and sexual harassment at the workplace.

With regard to the Group's commitment on Health and Safety, the **UNI ISO 45001:2018** certification has been maintained for TA and TAH following three days of inspection by the certification body DNV last November 2022.

The main **risks** in this area can be summarized in the following areas:

- Personnel selection and recruitment
- Personnel management
- Training
- Accident/incident/illness management
- Health surveillance and preventive occupational medicine

The **main KPIs** of the Toscana Aeroporti Group include:

- A staff of 752 people at 31 December 2022
- 49% of female employees
- An average 25 hours of training per employee for Toscana Aeroporti
- The recordable incident rate is 5.99 for TA and 46.84 for TAH, as a consequence of 1 and 21 incidents, respectively.
- **Zero incidents with serious consequences in the workplace**
- 181 incidents, of which 21 Near Misses, managed and traced by the PPS (Prevention and Protection Service)
- There were no SARS-CoV-2 infections in the Company

GOVERNANCE

In February 2023, the Company entrusted the Control and Risk Committee with specific ESG (Environment, Social and Governance) tasks.

The renamed **Control, Risk and Sustainability Internal Board Committee** will play a proactive and advisory role, in support of the Company's Board of Directors relating to sustainability issues, in line with the initiative undertaken to strengthen **ESG factors in our operational choices and corporate strategies**.

The Committee has 3 non-executive and independent directors, namely Mr. Stefano Bottai (President), Mr. Mirko Romoli Fenu, and Ms. Patrizia Pacini.

STRATEGIC SUSTAINABILITY APPROACH

During the meeting of the Board of Directors held on 15 March 2023, the Toscana Aeroporti Group approved its strategic sustainability approach. This shows the Company's commitment in embarking on **initiatives combining business objectives with ESG principles**, to create value for our Shareholders and Stakeholders.

The Group identified **5 relevant topics** - Green Infrastructure, Operational Excellence, People & Innovation, Customer Experience, Community -, consistent with the topics indicated by the parent company CAAP, to identify the objectives, initiatives and indicators necessary to build the Integrated Sustainability Plan. In addition, for each Relevant topic, the Company **associated the Material topics** reported in the DNF and the evidence emerged from the Public Debate for the new Florence Master Plan.

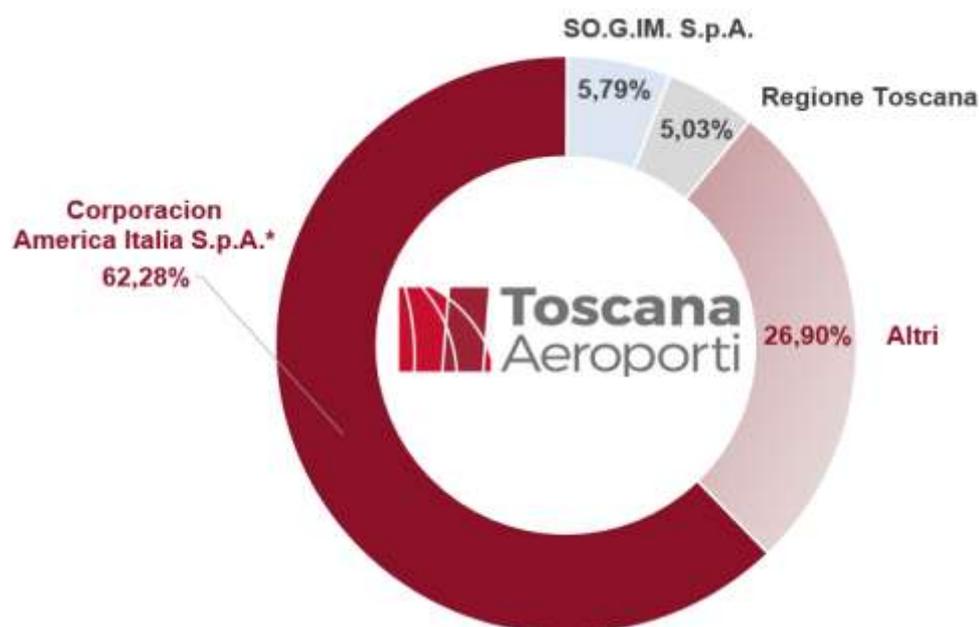
THE EUROPEAN TAXONOMY

The **European Taxonomy** introduced by Regulation (EU) 2020/852, effective from 1 January 2022 (the "EU Taxonomy"), is a system for the classification of environmentally sustainable economic activities, which has the purpose to increase the development of sustainable investment and favour the achievement of the objectives set out in the European Green Deal. In line with regulatory requirements, for the first year the Group published information regarding the EU taxonomy with regard to the so-called "Taxonomy-eligible economic activities". As regards the financial year 2022, the applicable law also requires information on the Group's **eligibility and alignment KPIs**.

REPORT ON OPERATIONS

1. COMPOSITION OF THE SHARE CAPITAL OF THE PARENT COMPANY

We are providing below a list of the names of the shareholders who, at 13 March 2023, directly or indirectly held an interest greater than 5% in the subscribed share capital of Toscana Aeroporti S.p.A., consisting of shares with voting rights, according to the Shareholders' Register, as supplemented by the information disclosed pursuant to Art. 120 of Legislative Decree 58/1998 and by any other information regarding the Company.



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

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

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

Shareholder Agreements

There are no Shareholder Agreements in place at the date of this Annual Report.

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

2. THE TOSCANA AEROPORTI STOCK

The Toscana Aeroporti stocks (ISIN code: IT0000214293, Bloomberg ticker: TYA:IM; Reuters ticker: TYA.MI) are listed in the Euronext Milan market of Borsa Italiana S.p.A.

As of 30 December 2022, the stock is traded for Euro 11.55 per share, for a corresponding capitalization of approximately Euro 215 million. Further details and contents are available on the official website of the company: www.toscana-aeroporti.com.

The most significant market information concerning the Toscana Aeroporti stock is provided below:

Key market data	2022	2022 adjusted*	2021
Share Capital	€30,709,743.90	€30,709,743.90	€30,709,743.90
Number of shares	18,611,966	18,611,966	18,611,966
Opening price	€ 13.05	€12.67	€13.70
Minimum price	€ 11.15	€11.15	€12.55
Maximum price	€ 13.20	€12.81	€14.30
Year-end price	€ 11.55	€11.55	€12.85
Average price	€ 12.09	€11.94	€13.41
Average volumes	355	355	782
Year-end market capitalization	€ 215.0 M	€ 215.0 M	€ 239.2 M

* Following the distribution of the extraordinary dividend in 2022, Toscana Aeroporti S.p.A.'s stock prices have been adjusted by a coefficient K of 0.97050196, as communicated by Borsa Italiana S.p.A.

The performance of the TYA stock during the first half of 2022 is reported below compared with the FTSE MIB Index:





3. CORPORATE GOVERNANCE

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

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

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

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

The Company qualifies as an “SME” within the meaning of Article 1, paragraph 1, letter w-quater.1, of TUF [Consolidated Law on Finance] and Art. 2-ter of the Issuer Regulation, since the average capitalization of Toscana Aeroporti in 2022 was Euro 224,348,924.

4. MACROSTRUCTURE OF THE TOSCANA AEROPORTI GROUP

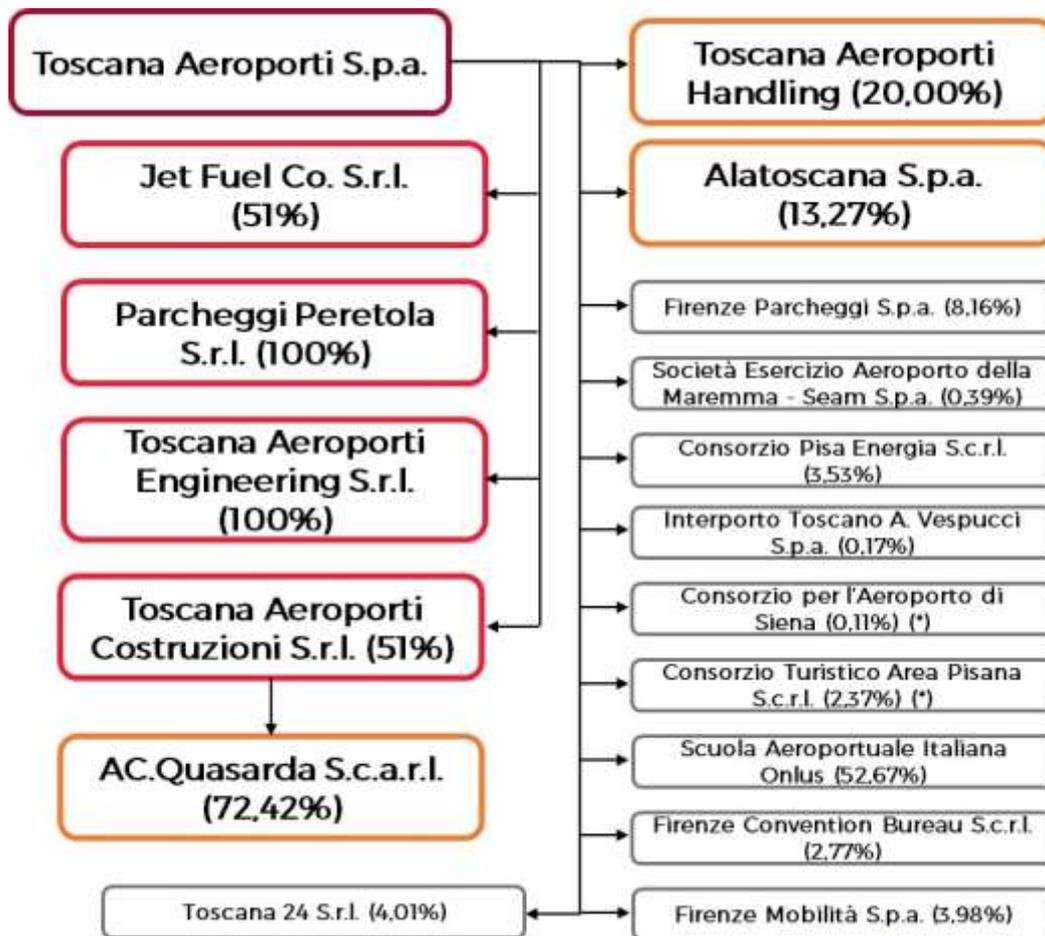
Legal details of the Holding

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

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

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

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



Parent Company - Toscana Aeroporti S.p.A.

Controlled companies - Jet Fuel Co. S.r.l., Parceggi Peretola S.r.l., Toscana Aeroporti Engineering S.r.l., Toscana Aeroporti Handling S.r.l., Toscana Aeroporti Costruzioni S.r.l.

Within the framework of the consolidation, we inform readers that Toscana Aeroporti owns 33.33% of property and dividend rights and 51% of voting rights in the company Jet Fuel Co. S.r.l. For further details, see section on controlled companies.

Other equity interests: (*) winding-up companies

Associated companies and companies under joint control

Line-by-line consolidation¹

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Toscana Aeroporti S.p.a.	Florence	30,710	95,479	Holding
Toscana Aeroporti Engineering S.r.l.	Florence	80	562	100.00
Parcheggi Peretola S.r.l.	Florence	50	3,150	100.00
Jet Fuel Co. S.r.l.	Pisa	150	1,262	51.00
Toscana Aeroporti Costruzioni S.r.l.	Pisa	1,000	8,253	51.00

Full Consolidation

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Alatoscana S.p.a. ²	M. di Campo	2,910	2,846	13.27
Toscana Aeroporti Handling S.r.l. ³	Florence	1,150	(3,121)	20.00
AC.Quasarda S.c.a.r.l. ⁴	Pisa	10	10	72.42

5. COMPOSITION OF CORPORATE GOVERNING BODIES

Board of Directors

Marco CARRAI

Roberto NALDI

Stefano BOTTAI

Mariano Andres MOBILIA SANTI

Elisabetta FABRI

Saverio PANERAI

Ana Cristina SCHIRINIAN

Giorgio DE LORENZI

Antonella MANSI

Patrizia PACINI

Mirko ROMOLI FENU

Gino MANNOCCI

Claudio Bertolaccini

Nicoletta DE FRANCESCO

Qualification

President

CEO / Managing Director

Vice President

Board Member

¹ Data at 31 December 2022

² Data at 31 December 2021

³ Data at 31 December 2022

⁴ Data at 31 December 2021

Cristina MARTELLI

Board Member

Board of Auditors

Michele MOLINO

Qualification

President

Silvia BRESCIANI

Statutory Auditor

Roberto GIACINTI

Statutory Auditor

Antonio MARTINI

Statutory Auditor

Raffaella FANTINI

Statutory Auditor

Secretary of the Board of Directors

Nico ILLIBERI¹

Supervisory Board

Qualification

Edoardo MARRONI

President

Michele GIORDANO

Member

Nico ILLIBERI

Member

Financial Reporting Manager pursuant to Law 262/05

Marco GIALLETTI²

Independent Auditor

PricewaterhouseCoopers S.p.A.

6. HIGHLIGHTS

<p>Consolidated financial and income results at 31 December 2022</p>	<p>Revenues totalled € 90,407 K, up by € 41,876 K (+86.3%) compared to € 48,531 K of the TA Group at 31 December 2021.</p> <p>Operating revenues totalled € 76,819 K, up by € 41,672 K (+118.6%) compared to € 35,147 K of the TA Group at 31 December 2021.</p> <p>The EBITDA is positive for € 20,909 K, up by € 14,585 K compared to a value of € 6,324 K for the TA Group in 2021.</p> <p>The EBIT is positive for € 7,197 K, markedly up by € 16,411 K compared to the negative EBIT of € 9,213 K of the TA Group in 2021.</p> <p>The Profit Before Tax (PBT) is positive for € 3,066 K compared to a negative PBT of € 11,710 K for the TA Group in 2021.</p> <p>The Group's net profit from operations totalled € 1,354 K profits against a negative result of € 4,913 K in 2021.</p> <p>If the above result is summed up to the net profit from the divested assets (TAH), consisting of profits for € 3,320 K, the 2022 profit totals € 4,674 K compared to a loss of € 4,860 K in 2021.</p>
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¹ Corporate Manager qualified as Director of the Legal Affairs and Compliance area.

²Corporate Manager qualified as Director of the Accounting, Finance and Control areas.

	<p>The Group 2022 profit totals € 4,675 K, up by € 9,931 K compared to the 2021 loss of € 5,256 K.</p> <p>Net borrowing totalled € 85,395 K at 31 December 2022 compared to € 98,677 K at 31 December 2021.</p> <p>The Net Adjusted Financial Position (not including commitments for deferred payments for corporate acquisitions and financial liabilities for rights of use) totalled € 78,897 K at 31 December 2022 against € 90,600 K at 31 December 2021.</p>
<p>The Group's investments in 2022</p>	<p>At 31 December 2022, investments were made for a total of € 9,107 K, including € 7,407 K for concession rights; € 2,652 K for the design of the new Florence terminal; € 2,367 K for the Florence Master Plan; € 689 K for the new self-service baggage drop system in both airports; € 312 K for BHS improvements in both airports; and € 218 K for the Pisa airport sewage bypass.</p> <p>At 31 December 2022, the balance of investments in tangible fixed assets was € 1,384 K, including € 707 K for the new information system for the management of parking lots at the Pisa airport and € 244 K for the purchase of ramp vehicles and equipment at both airports.</p>
<p>Traffic</p>	<p>Although the global TA airport traffic remained below the levels of the same period in 2019, a growth was recorded month after month, which reduced the negative gap with the pre-Covid period. On the whole, the Tuscan Airport System carried approximately € 6.72 million passengers in 2022, up by +137% for the passenger component, +91% for tonnage, and +74.1% for the flight component compared to 2021. However, freight and mail volumes decreased slightly by 2.9%. So, in the 12 months considered, TA passenger traffic still remained -18.6% lower than in the same period of 2019.</p> <p>For the sake of completeness, we point out that, like other European countries, Italy closed its airspace to Russian carriers from 27 February 2022, so no Russian carrier is allowed to land in Italy, take off from Italy or fly over the Italian national airspace. Consequently, Russia closed its airspace to airlines from 36 countries, including Italy. The impact of these cancellations was not significant in terms of revenue and margin reduction. No other consequences were recorded during 2022 both as regards the impact of high fuel prices on the airlines and the passenger load factor.</p> <p>However, the recovery trend over 2019 recorded in the first 6 months of 2022 slowed down a little due to the cancellation of flights imposed on many European airports during the summer due to a capacity reduction caused by the lack of both airline and airport personnel.</p>
<p>Outlook</p>	<p>The final passenger traffic figures at year-end 2022 show a clear recovery compared to 2021 (+137%, reaching 81.4% of pre-Covid 2019 traffic). As a direct consequence, after the negative results reported in 2020 and 2021 due to the pandemic, the Group returned to black ink in 2022. Despite the uncertainty factors mainly linked to the international scenario, mainly the ongoing conflict between Russia and Ukraine and the continuing inflationary dynamics, the Company remains confident in the continuous improvement of the expected results, also thanks to a constant increase in passenger traffic recorded in the first months of the year in both Tuscan airports.</p>

7. PROFILE OF THE FINANCIAL YEAR 2022

7.1 The macroeconomic scenario and the air transport industry

The world economy has slowed down in the last period of 2022 and is still being affected by the uncertainty caused by the war in Ukraine, high inflation, and restrictive monetary policies. In such a context, the OECD's outlook for 2023 also predicts a slowdown in global growth to +2.2% compared to last year's +3.1%.

The economic growth has been broadly stagnant in the euro area in the last quarter of 2022, while it had increased in the summer months, underpinned by the expansion of household investment and consumption. At the individual Country level, the GDP grew by 0.2% in Spain, 0.1% in France, and declined by 0.2% in Germany as a result of a general weakness in consumption and investment.

Inflation has remained high, with only the last two months of the year experiencing the first reductions since the summer 2021. This dynamic is mainly supported by increases in the energy component, which keeps influencing the prices of the other goods and services. The European Central Bank's projections for 2023 have been revised down by almost half a percentage point compared to previous projections, as the global economic cycle weakens and inflation continues to rise, predicting a GDP of 0.5%. As to the scope of recovery and resilience measures, within the framework of the so-called €750 billion *Next Generation EU* plan created to support the revival of the economy of the European Union, the second instalment of € 21 billion has been disbursed for Italy in October.

Italy's 2022 GDP, higher than the euro area average, had a strong growth (+3.7%), although lower than in 2021 (+6.5%), supported above all by the strong expansion of household investment and consumption.

ACI Europe, the association representing over 500 airports in 55 Countries, reported a 98% increase in European passenger traffic in 2022 on 2021, and a 21% decrease on 2019, the last pre-Covid reference year. Aircraft movements increased by +57% in Europe compared to 2021, but are still below 19% compared to pre-Covid 2019 levels. By contrast, the European cargo business decreased by 5% on 2021 and grew by 2% compared to pre-Covid 2019 levels.

According to the data issued by Assaeroporti, the Italian airport traffic totalled 164.6 million passengers in 2022, up by +104.1% compared to 2021 and down by 14.7% compared to 2019. Aircraft movements increased by +55% compared to 2021, while they decreased by 10.6% compared to 2019. The Cargo volume in Italian airports increased by +1.7% and +0.3% compared to 2021 and 2019, respectively.

7.2 Traffic trends in the Tuscan Airport System

The early months of 2022 were still negatively affected by the spread of the Omicron variant and the maintenance of restrictions on travellers' movements, with compulsory swabs also for vaccinated incoming travellers from EU countries and quarantine for non-vaccinated incoming and those arriving from non-EU countries in Italy until 31 January 2022. Only from mid-February, with the easing of restrictions on mobility, could we see a resumption of traffic, which continued in March with the elimination of quarantine for non-EU countries.

In 2022, Toscana Aeroporti's passenger traffic grew by +137% (+3,885,684 passengers) compared to 2021.

The table below shows monthly trends for 2022 and the comparison with 2021 and 2019 (pre-COVID period); the gradual resumption of traffic compared to the pre-Covid period is clearly visible.

Toscana Aeroporti - January-December 2022 Monthly Traffic								
Air-port	Month	2022	2021	2019	Diff. 2022/21	% Diff. 2022/21	Diff. 2022/19	% Diff. 2022/19
TA	Jan	191,455	36,704	460,725	154,751	421.6%	-269,270	-58.4%
TA	Feb	250,464	19,348	430,132	231,116	1194.5%	-179,668	-41.8%
TA	Mar	363,688	19,373	532,312	344,315	1777.3%	-168,624	-31.7%
TA	Apr	576,503	39,743	737,981	536,760	1350.6%	-161,478	-21.9%
TA	May	669,565	77,243	785,782	592,322	766.8%	-116,217	-14.8%
TA	Jun	754,919	212,812	841,983	542,107	254.7%	-87,064	-10.3%
TA	Jul	815,005	399,747	891,732	415,258	103.9%	-76,727	-8.6%
TA	Aug	807,359	485,678	905,069	321,681	66.2%	-97,710	-10.8%
TA	Sep	743,389	453,781	865,173	289,608	63.8%	-121,784	-14.1%
TA	Oct	678,813	457,940	774,476	220,873	48.2%	-95,663	-12.4%
TA	Nov	429,593	339,335	519,076	90,258	26.6%	-89,483	-17.2%
TA	Dec	442,093	295,458	517,350	146,635	49.6%	-75,257	-14.5%
TA	Total	6,722,846	2,837,162	8,261,791	3,885,684	137.0%	-1,538,945	-18.6%

For a correct analysis of data, we remind readers that the Florence airport remained closed from February 1st to April 1st, 2021, for the execution of works for the requalification of the runway pavement.

Toscana Aeroporti reported a total of approx. 6.72 million passengers in 2022, which reflects a +137% growth and a +101.6% increase in commercial passenger movements compared to 2021. Compared to 2019 (pre-Covid 19 period), Toscana Aeroporti had a -18.6% drop in passenger traffic. The table shows how the recovery trend recorded in the first 6 months of 2022 slowed down a little due to the cancellation of flights imposed on many European airports during the summer, due to a capacity reduction caused by the lack of both airline and airport personnel.

The scheduled flight load factor was 80.1%, up by 11.7 percentage points compared to 2021 (68.4%). The load factor was 83.9% in 2019.

Freight and mail traffic fell by 2.9% overall (-449 tons) in 2022 compared to 2021, being negatively affected by the suspension of Fedex operations from Pisa from the summer, due to the merger between Fedex and TNT, which led the carrier to focus on Italian airports where it already operated large capacity aircraft (737 tons 2022/21). This reduction was only partially offset by the growth of DHL's operations.

The Toscana Aeroporti traffic at 31 December 2022, distinguished in its various components, and the related comparison with the same period of 2021 is detailed below.

TOSCANA AEROPORTI TRAFFIC				
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Passengers	6.696.621	2.816.774	3.879.847	137,7%
Domestic (Scheduled + Charter)	1.580.030	974.247	605.783	62,2%
International (Scheduled + Charter)	5.116.591	1.842.527	3.274.064	177,7%
General Flight Passengers	26.225	20.388	5.837	28,6%
TOTAL PASSENGERS	6.722.846	2.837.162	3.885.684	137,0%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Flights	54.424	28.111	26.313	93,6%
Domestic (Scheduled + Charter)	11.316	7.545	3.771	50,0%
International (Scheduled + Charter)	41.586	18.698	22.888	122,4%
Cargo	1.522	1.868	-346	-18,5%
General Flights	14.469	11.463	3.006	26,2%
TOTAL FLIGHTS	68.893	39.574	29.319	74,1%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Tonnage	3.515.206	1.792.045	1.723.161	96,2%
Domestic (Scheduled + Charter)	743.591	475.357	268.234	56,4%
International (Scheduled + Charter)	2.629.340	1.169.955	1.459.385	124,7%
Cargo	142.275	146.733	-4.458	-3,0%
General Aviation Tonnage	209.759	157.897	51.862	32,8%
TOTAL TONNAGE	3.724.965	1.949.942	1.775.023	91,0%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Air cargo (kg)	14.658.384	15.091.495	-433.111	-2,9%
Ground cargo (kg)	246.435	245.368	1.067	0,4%
Mail (kg)	2.363	19.244	-16.881	-87,7%
TOTAL CARGO AND MAIL	14.907.182	15.356.107	-448.925	-2,9%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
TOTAL TRAFFIC UNITS	6.871.918	2.990.723	3.881.195	129,8%

The Italian airport system was also affected by the outbreak of the Omicron variant in the first few months of 2022. However, there was a recovery in the following months, with a +104.1% growth compared to 2021, although still below pre-Covid levels (-14.7% compared to 2019).

7.3 Traffic trends in the Pisa "Galileo Galilei" airport

The table below compares 2022 traffic trends against 2021, broken down into the various components:

PISA AIRPORT TRAFFIC				
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Passengers	4.482.191	1.988.180	2.494.011	125,4%
Domestic (Scheduled + Charter)	1.418.745	890.003	528.742	59,4%
International (Scheduled + Charter)	3.063.446	1.098.177	1.965.269	179,0%
General Flight Passengers	11.656	10.957	699	6,4%
TOTAL PASSENGERS	4.493.847	1.999.137	2.494.710	124,8%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Flights	31.722	17.698	14.024	79,2%
Domestic (Scheduled + Charter)	9.264	6.269	7.639	47,8%
International (Scheduled + Charter)	20.936	9.563	20.859	118,9%
Cargo	1.522	1.866	1.230	-18,4%
General Flights	5.937	5.699	4.149	4,2%
TOTAL FLIGHTS	37.659	23.397	14.262	61,0%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Tonnage	2.229.969	1.215.669	1.014.300	83,4%
Domestic (Scheduled + Charter)	630.387	413.197	217.190	52,6%
International (Scheduled + Charter)	1.457.307	655.869	801.438	122,2%
Cargo	142.275	146.603	-4.328	-3,0%
General Aviation Tonnage	95.206	88.480	6.726	7,6%
TOTAL TONNAGE	2.325.175	1.304.149	1.021.026	78,29%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Air cargo (kg)	14.593.098	15.086.415	-493.317	-3,3%
Ground cargo (kg)	171.900	142.386	29.514	20,7%
Mail (kg)	1.921	19.219	-17.298	-90,0%
TOTAL CARGO AND MAIL	14.766.919	15.248.020	-481.101	-3,2%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
TOTAL TRAFFIC UNITS	4.641.516	2.151.617	2.489.899	115,7%

A total of 4.5 million passengers transited through the Pisa airport in 2022, up by 124.8% compared to 2021 (with a difference of +2.494 million passengers), against a +90.8% increase in commercial passenger flights.

The load factor of flights operated in the period is 81.6%, up by 11.6 percentage points compared to 2021 (70% of the final value). The load factor was 86.9% in 2019.

The table below shows 2022 traffic trends in the Pisa airport by month and compares them with 2021 and 2019, when the airport operated at full capacity.

Pisa airport - January-December 2022 Monthly Traffic								
Airport	Month	2022	2021	2019	2022/21 DIFF.	2022/21 % DIFF.	2022/19 DIFF.	2022/19 % DIFF.
PSA	Jan	133.457	24.659	288.569	108.798	441,2%	-155.112	-53,8%
PSA	Feb	182.633	19.348	275.797	163.285	843,9%	-93.164	-33,8%
PSA	Mar	256.572	19.373	329.614	237.199	1224,4%	-73.042	-22,2%
PSA	Apr	383.739	26.273	485.081	357.466	1360,6%	-101.342	-20,9%
PSA	May	438.466	46.946	515.094	391.520	834,0%	-76.628	-14,9%
PSA	Jun	506.684	156.442	555.404	350.242	223,9%	-48.720	-8,8%
PSA	Jul	550.730	282.436	607.609	268.294	95,0%	-56.879	-9,4%
PSA	Aug	556.018	341.050	627.066	214.968	63,0%	-71.048	-11,3%
PSA	Sep	486.115	308.504	571.407	177.611	57,6%	-85.292	-14,9%
PSA	Oct	441.448	320.832	489.048	120.616	37,6%	-47.600	-9,7%
PSA	Nov	264.273	235.914	313.456	28.359	12,0%	-49.183	-15,7%
PSA	Dec	293.712	217.360	329.413	76.352	35,1%	-35.701	-10,8%
PSA	Total	4.493.847	1.999.137	5.387.558	2.494.710	124,8%	-893.711	-16,6%

Carriers and destinations operated in the Galilei airport are listed below: It should be remembered that the first months of 2022 were negatively affected by the spread of the Omicron variant and the consequent reintroduction of restrictions on traveller movements.

- The Irish company **Ryanair** operated in the January-March period on about 35 destinations. Flights to Wroclaw, Vienna and Palma de Mallorca were operated starting from the winter season 2021/2022. A slight reduction in flights observed in the January-February period (up to a maximum of 32) due to the outbreak of the Omicron Covid variant and the consequent travel restrictions. In addition, due to the Russia-Ukraine conflict, the link to Lviv was suspended. With the start of the summer season, operated flights gradually rose to 45, with the re-establishment of seasonal destinations, the return of the Warsaw Modlin flight and the opening of new Memmingen and Paphos flights, plus the new 2 weekly flights to Zadar and the resumption of the connection with East Midlands. Seasonal flights to Greece - Rhodes, Skiathos, Kefalonia, Chania, Corfu and Kalamata - were resumed starting from June, the last three after about two years of stop due to Covid-19. Ryanair operated more flights to Cork and Bordeaux in June and the flight to Brussels Zaventem that had been temporarily suspended since April 2022 was resumed. So, destinations served by Ryanair in June reached a total number of 54, 8 of which connected with Pisa for the first time (Agadir, Bordeaux, Wroclaw, Cork, Memmingen, Palma, Paphos and Zadar for the summer 2022). The carrier continued operating on 36 destinations during the winter.
- The British carrier **EasyJet** operated flights to Paris Orly and London Gatwick during the winter and increased the frequency of its flights month after month. Since the end of March, with the beginning of the summer season, the Manchester and Bristol flights were resumed, while since May the new seasonal connection to Amsterdam and, since June, flights to Berlin Brandenburg and London Luton (seasonal) also restarted operations.
- The Hungarian carrier **WizzAir** operated direct flights to Catania, Bucharest Otopeni (resumed in the summer), and Tirana using larger capacity aircraft (passing from the 180-seat AB320 aircraft to a mix of AB321 and AB321 NEO aircraft offering 230 and 239 seats, respectively).
- **Air Dolomiti** continued its operations on Frankfurt (Main), with up to 8 flights per week in the winter and up to 2 daily flights in the summer.
- The Czech airline **Silver Air** kept ensuring territorial continuity flights to/from the Elba Island (up to max 3 flights per week).
- The Moroccan company **Air Arabia Maroc** resumed its operations in February 2022 with a weekly flight to/from Casablanca.
- **Air Albania** operated up to 2 flights per week to/from Tirana during the summer and up to 4 in the winter.
- The other Albanian company, **Albawings**, operated up to 5 flights to/from Tirana every week.

- In March **British Airways** restarted operating its direct flight to London Heathrow with up to 17 weekly flights in the summer season. The connection continued in the winter with 3 weekly flights.
- **Transavia**, the carrier that connects the Pisa airport with Amsterdam, operated 2-3 weekly flights in the winter season and up to 9 weekly flights in the summer season.
- **Norwegian Airlines** have been operating their flight to Copenhagen since late March (up to 3 flights per week), while connections with Oslo were resumed in April (up to 3 weekly flights). Two weekly flights to Stockholm (ARN) and up to 2 weekly flights to Helsinki were resumed since May.
- **AerLingus** reconnected Pisa with Dublin with 3 weekly flights starting from the end of March.
- **Eurowings** connected Pisa with Cologne Bonn with up to 4 flights per week.
- **AirBaltic** started operating two weekly flights to Riga, thus increasing its operation period (flights had started in June in 2021).
- **Jet2.com** restarted flying to Manchester (with up to 3 flights per week) in April, and to Birmingham and Leeds, once per week each, since May. Connections are seasonal in nature.
- The carrier **SAS** operated seasonal flights to Copenhagen, Oslo and Stockholm during the highest season period.
- The Spanish carrier **Volotea** operated the bi-weekly seasonal flight to Nantes and, since June, the three-weekly seasonal flight to Olbia.
- The Norwegian carrier **Flyr** operated 2 weekly flights to Oslo in the summer season (3 in July).
- The low-cost United Arab Emirates carrier **FlyDubai** has been operating a new connection with Dubai three times a week since June 24th, also offering an extensive network of flights in partnership with Emirates. This connection continued during the winter season.
- The Swiss carrier **Edelweiss** operated 2 weekly flights to Zurich from June to September.

Scheduled passenger traffic by Country

A total of 29 markets have been connected with the Pisa airport with scheduled flights during 2022. Italy is the first market, with about 1.414 million passengers, accounting for 31.7% of the total number of passengers.

The table below shows the percentage incidence of each European country over the total scheduled passenger traffic in the Galilei airport during 2022 and the difference, both in absolute and percentage terms, compared to 2021.

Compared to 2021, we can notice the presence of the international markets for which flights had been suspended due to the persistence of the Covid pandemic.

For the sake of completeness, we point out that, like other European countries, Italy closed its airspace to Russian carriers from 27 February 2022, so no Russian carrier is allowed to land in Italy, take off from Italy or fly over the Italian national airspace. Consequently, Russia closed its airspace to airlines from 36 countries, including Italy.

The direct consequences of the war led to the cancellation of the flights from Pisa operated by Ryanair to Lviv (2 weekly flights) and by the Russian carrier Pobeda to Moscow Vnukovo (1 weekly flight).

The impact of these cancellations was not significant in terms of revenue and margin reduction. No other consequences were recorded during 2022 both as regards the impact of high fuel prices on the airlines and the passenger load factor.

Passenger Scheduled Traffic	2022	2021	Diff.	Diff. %	% over TOT
Italy	1.414.611	885.113	529.498	59,8%	31,7%
United Kingdom	780.341	138.539	641.802	463,3%	17,5%
Spain	461.804	181.346	280.458	154,7%	10,4%
France	219.997	100.251	119.746	119,4%	4,9%
The Netherlands	214.424	112.416	102.008	90,7%	4,8%
Albania	208.402	121.140	87.262	72,0%	4,7%
Germany	166.210	85.760	80.450	93,8%	3,7%
Belgium	134.777	60.429	74.348	123,0%	3,0%
Poland	111.807	33.411	78.396	234,6%	2,5%
Ireland	109.153	25.198	83.955	333,2%	2,4%
Romania	87.056	32.129	54.927	171,0%	2,0%
Morocco	76.074	35.502	40.572	114,3%	1,7%
Sweden	60.076	25.849	34.227	132,4%	1,3%
Denmark	55.285	17.869	37.416	209,4%	1,2%
Hungary	51.427	15.811	35.616	225,3%	1,2%
Greece	50.025	24.127	25.898	107,3%	1,1%
Czech Republic	43.878	19.834	24.044	121,2%	1,0%
Norway	37.771	3.114	34.657	1112,9%	0,8%
Austria	37.570	2.738	34.832	1272,2%	0,8%
Malta	37.490	17.143	20.347	118,7%	0,8%
Portugal	32.866	16.409	16.457	100,3%	0,7%
Cyprus	18.305		18.305	100,0%	0,4%
United Arab Emirates	14.285		14.285	100,0%	0,3%
Latvia	12.093	6.301	5.792	91,9%	0,3%
Finland	9.930		9.930	100,0%	0,2%
Croatia	7.613		7.613	100,0%	0,2%
Switzerland	2.660		2.660	100,0%	0,1%
Ukraine	1.055	3.290	-2.235	-67,9%	0,0%
Russian Federation	1.003	7.450	-6.447	-86,5%	0,0%
TOTAL	4.457.988	1.971.169	2.486.819	126,2%	100,0%

Cargo & Mail Traffic

Cargo traffic decreased by 3.2% (with -481 tons of cargo and mail) compared to 2021. The decrease is mainly due to the suspension of Fedex operations starting from the summer season (-737 tons) only partially offset by the growth of DHL operations. Fedex flights were stopped after the merger between Fedex and TNT, which led the carrier to focus on the Italian airports where they already operated with large-capacity aircraft.

7.4 Traffic trends in the Florence "Amerigo Vespucci" airport

The table below compares 2022 traffic trends against 2021, broken down into the various components.

FLORENCE AIRPORT TRAFFIC				
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Passengers	2.214.430	828.594	1.385.836	167,3%
Domestic (Scheduled + Charter)	161.285	84.244	77.041	91,4%
International (Scheduled + Charter)	2.053.145	744.350	1.308.795	175,8%
General Flight Passengers	14.569	9.431	5.138	54,5%
TOTAL PASSENGERS	2.228.999	838.025	1.390.974	166,0%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Flights	22.702	10.413	12.289	118,0%
Domestic (Scheduled + Charter)	2.052	1.276	776	60,8%
International (Scheduled + Charter)	20.650	9.135	11.515	126,1%
Cargo		2	-2	-100,0%
General Flights	8.532	5.764	2.768	48,0%
TOTAL FLIGHTS	31.234	16.177	15.057	93,1%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Commercial Tonnage	1.285.237	576.376	708.861	123,0%
Domestic (Scheduled + Charter)	113.204	62.160	51.044	82,1%
International (Scheduled + Charter)	1.172.033	514.086	657.947	128,0%
Cargo		130	-130	-100,0%
General Aviation Tonnage	114.553	69.417	45.136	65,0%
TOTAL TONNAGE	1.399.790	645.793	753.997	116,76%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
Air cargo (kg)	65.286	5.080	60.206	1185,2%
Ground cargo (kg)	74.535	102.983	-28.448	-27,6%
Mail (kg)	442	25	417	1668,0%
TOTAL CARGO AND MAIL	140.263	108.088	32.175	29,8%
	YOY 31.12.22	YOY 31.12.21	2022/21 DIFF.	2022/21 % DIFF.
TOTAL TRAFFIC UNITS	2.230.402	839.106	1.391.296	165,8%

A total of 2.28 passengers transited through the Florence airport in 2022, up by 166% compared to 2021 (+1,390,974 passengers), with a 118.1% increase in commercial passenger movements.

The load factor of flights operated in the period is 77.4%, up by 12.4 percentage points compared to 2021 (65% in 2021).

The table below shows 2022 traffic trends in the Florence airport by month and compares them with 2021 and 2019, when the airport operated at full capacity (pre-Covid).

We remind readers that, as previously pointed out, the Amerigo Vespucci airport remained closed for runway pavement renovation works from February 1st to April 1st, 2021.

Florence airport - January-December 2022 Monthly Traffic								
Airport	Month	2022	2021	2019	2022/21 DIFF.	2022/21 % DIFF.	2022/19 DIFF.	2022/19 % DIFF.
FLR	Jan	57.998	12.045	172.156	45.953	381,5%	-114.158	-66,3%
FLR	Feb	67.831	0	154.335	67.831	-	-86.504	-56,0%
FLR	Mar	107.116	0	202.698	107.116	-	-95.582	-47,2%
FLR	Apr	192.764	13.470	252.900	179.294	1331,1%	-60.136	-23,8%
FLR	May	231.099	30.297	270.688	200.802	662,8%	-39.589	-14,6%
FLR	Jun	248.235	56.370	286.579	191.865	340,4%	-38.344	-13,4%
FLR	Jul	264.275	117.311	284.123	146.964	125,3%	-19.848	-7,0%
FLR	Aug	251.341	144.628	278.003	106.713	73,8%	-26.662	-9,6%
FLR	Sep	257.274	145.277	293.766	111.997	77,1%	-36.492	-12,4%
FLR	Oct	237.365	137.108	285.428	100.257	73,1%	-48.063	-16,8%
FLR	Nov	165.320	103.421	205.620	61.899	59,9%	-40.300	-19,6%
FLR	Dec	148.381	78.098	187.937	70.283	90,0%	-39.556	-21,0%
FLR	Total	2.228.999	838.025	2.874.233	1.390.974	166,0%	-645.234	-22,4%

The carriers that operated in the Florence Vespucci airport in 2022 and the related destinations are listed below. Readers should remember that the first months of 2022 were adversely affected by the spread of the Omicron variant and the consequent reinstatement of restrictions on travellers' movements:

- The Dutch carrier **KLM** operated up to 27 weekly flights in the summer season and continued into the winter season with 1 daily flight.
- The French carrier **Air France** operated up to 4 daily flights in the winter and 6 in the summer.
- **Air Dolomiti** operated up to 15-16 weekly flights to Munich and Frankfurt in the winter season and up to 25 weekly flights to each destination in the summer.
- Since July, the Italian carrier **ITA Airways** operated two daily flights to Rome Fiumicino, which continued in the winter season as well.
- Since July, the canary Islands carrier **Binter Canarias** operated a new weekly flight to Gran Canaria – Las Palmas, which also continued into the winter season.
- **Blue Air** operated 2 weekly flights to Bucharest since March (up to 4 in the high summer season). Starting from 6 September 2022, these connections were suspended due to financial problems of the carrier.
- **Swiss Airlines** operated its weekly flights to Zurich reaching up to 3 daily flights and continued with the same frequency in the winter period. From 17 June 2022 until the end of October, the seasonal bi-weekly link to Geneva was also operated.
- The Spanish carrier **Iberia** operated 1 daily flight to/from Madrid until March. However, flights were reduced to 3 per week during the summer because the destination was covered by the other carrier of the IAG group, Vueling, which operated up to 10 weekly flights on that destination and completed the product for the Spanish capital.
- **Luxair** operated its seasonal connection with Luxembourg by increasing its frequency from 2 to 3 flights per week.
- The Czech airline **Silver Air** continued operating territorial continuity flights to the Elba Island with 2 flights per week and up to 4 in the summer.
- **British Airways** operated up to 13 weekly flights to London City and continued with 12 weekly flights into the winter season. Three flights per week were also operated to Edinburgh since the end of May.
- The Portuguese carrier **TAP** resumed its direct flights to Lisbon with up to 7 travels per week and the connection continued into the winter season with one daily flight.
- The Spanish carrier **Vueling Airlines** operated continuously on 6 destinations (Amsterdam, Barcelona, Catania, London Gatwick, Palermo, Paris Orly) during the whole winter. Flights to Madrid was also resumed with the start of the summer season and, starting from June, a direct flight to Olbia was added. In July, seasonal connections to Greece (Mykonos and Santorini) were started, in addition to the flight to Copenhagen. Flights to Madrid increased up to 10 travels per week, thus completing the product of

the IAG Group with Iberia, which confirmed its service for this destination with 13 flights per week (2 daily flights in total). The carrier also increased its weekly flights on already operated destinations. During 2022, the carrier operated on a total of 11 destinations.

- **Austrian Airlines** resumed their daily flight to Vienna starting from the summer. Flights rose to two per day from in mid-May. For the first time, the carrier continued its connection with the Florence airport with 4 flights per week.
- **Brussels Airlines** resumed its daily seasonal flight to Brussels from the end of March.
- The Swedish carrier **SAS** operated 3 flights per week to Copenhagen during the summer.
- **Albawings** operated 3 weekly flights to Tirana from May to mid-September.
- **Aegean Airlines**, a new carrier in Florence, operated a new flight to Athens. The new bi-weekly connection with Athens started on June 7th and continued with 1-2 weekly flights in the winter season as well.
- The Spanish carrier **Volotea** resumed its operations in Florence on May 27th and operated a seasonal flight to Bordeaux for the first time, thus expanding its offer from Tuscany in addition to the flights already operated from the Pisa airport. From 1 April 2023, the Iberian company will base one A319 Airbus in the Florence airport for connections with 11 destinations: Bilbao, Bari, Cagliari, Catania, Olbia, Palermo, Bordeaux, Lyon, Marseille, Nantes, Toulouse, and Hamburg.
- In the very high season (end of June-beginning of August), the Norwegian airline **Widerøe** operated a new connection to Bergen.
- **Aeroitalia** operated a few flights from Florence during the Christmas holidays: Catania, London Heathrow, Bucharest, and Trapani.

Scheduled passenger traffic by Country

A total of 17 markets have been connected with scheduled flights with the Florence airport in 2022.

The international market accounts for 92.8% of the total scheduled passenger traffic of the Amerigo Vespucci airport, while domestic traffic accounts for 7.2%. France, Germany, Spain and The Netherlands are the first four markets, accounting for 63.0% of the total scheduled traffic.

The table below shows the percentage incidence of each European country over the total number of scheduled passenger traffic recorded by the Vespucci airport in 2022 and the difference, both in absolute and percentage terms, compared to 2021:

Compared to 2021, we can notice the presence of the international markets for which flights had been suspended due to the persistence of the Covid pandemic.

Regarding the tensions created by the Russo-Ukrainian conflict, we note that the Florence airport had no connections with Russia.

Passenger Scheduled Traffic	2022	2021	Diff.	Diff. %	% over TOT
France	549.620	198.676	350.944	176,6%	24,9%
Germany	328.009	124.095	203.914	164,3%	14,8%
Spain	284.977	110.945	174.032	156,9%	12,9%
United Kingdom	236.390	39.027	197.363	505,7%	10,7%
The Netherlands	221.999	118.250	103.749	87,7%	10,0%
Switzerland	161.821	46.399	115.422	248,8%	7,3%
Italy	159.799	82.738	77.061	93,1%	7,2%
Austria	77.727	24.741	52.986	214,16%	3,5%
Portugal	49.774	10.581	39.193	370,4%	2,3%
Belgium	39657	22062	17.595	79,8%	1,8%
Denmark	37.059	9.417	27.642	293,5%	1,7%
Greece	18.335	2.755	15.580	565,5%	0,8%
Romania	18.154	20.599	-2.445	-11,9%	0,8%
Albania	14.896	4.192	10.704	255,3%	0,7%
Luxembourg	9.795	4.525	5.270	116,5%	0,4%
Norway	1.360		1.360	100,0%	0,1%
Czech Republic	187	6.675	-6.488	-97,2%	0,0%
TOTAL	2.209.559	825.677	1.383.882	167,6%	100,0%

In the January-September period of 2022, cargo traffic grew by +29.8%, mainly due to the growth of air freight (mainly with airline cargo, +60 tons), which offsets the reduction in road freight transport (-28 tons).

8. SIGNIFICANT EVENTS OCCURRED IN 2022

Like other European Countries, Italy closed its airspace to Russian carriers from February 27th, so no Russian airline can land in Italy, take off from Italy or fly over the Italian national airspace. Consequently, Russia closed its airspace to airlines from 36 countries, including Italy.

On 8 March 2022, the Holding TA received € 3.64 M from ENAC as a partial disbursement (50%) of the State aid for airport operators established by Art. 1, par. 715, of Law no. 178 of 30 December 2020 (called “Legge di bilancio 2021” - 2021 Budget Law).

The Ordinary Shareholders’ Meeting of Toscana Aeroporti S.p.A. of 28 April 2022 elected to distribute extraordinary dividends, partly from the Extraordinary Reserve, for a unit amount of € 0.3761 per ordinary share, before any statutory withholding tax, for an aggregate amount of € 7 M, paid out on 25 May 2022.

On 31 May 2022, the holding TA received € 3.4 M from ENAC as balance of the aid for airport operators established by the 2021 Budget Law mentioned above.

On 30 December 2022, TA completed the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) to Alisud S.p.A. for a countervalue of € 750 K. The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH’s share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH’s business plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA.

9. OPERATING RESULTS OF THE TOSCANA AEROPORTI GROUP

9.1 Consolidated Income Statement

In line with IFRS 5, after the sale of 80% of TAH's shares, the Handling business was classified as "discontinued operations", which means that, in the Income Statement for the financial year 2022, and for comparative purposes of the financial year 2021, income, revenue and expense items have been reclassified to "Net income from assets sold or held for sale".

In fact, according to IFRS 5, the Income Statement of the business line sold should not be considered for the determination of the year's result on each cost and revenue line by nature, but the overall result of the business line sold should be reflected in a specific separate line of the Income Statement called "Net income from assets sold or held for sale". IFRS 5 also requires the Income Statement of the comparative period to be re-disclosed in such a way as to make operating assets and sold assets comparable between the two financial years shown in the financial statements.

Therefore, the comparative data of the consolidated economic data for 2022 and 2021 presented below in this report reflect this recognition.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	31 DEC 2022	31 DEC 2021	Diff. Abs. 2022/2021	% Diff.
REVENUES				
Operating income				
Aviation revenues	59,476	27,351	32,125	117.5%
Non-Aviation revenues	30,709	14,457	16,253	112.4%
Network development expenses	(13,367)	(6,661)	(6,706)	100.7%
Total operating revenues	76,819	35,147	41,672	118.6%
Other revenues	6,182	1,863	4,319	231.8%
Revenues from construction services	7,407	11,522	(4,115)	-35.7%
TOTAL REVENUES (A)	90,407	48,531	41,876	86.3%
OTHER INCOME (B)	666	9,761	(9,096)	-93.2%
COSTS				
Operating Costs				
Consumables	1,101	708	393	55.5%
Cost of personnel	21,859	17,686	4,173	23.6%
Costs for services	34,533	19,540	14,993	76.7%
Sundry operating expenses	1,153	1,542	(389)	-25.2%
Airport fees	5,712	2,669	3,043	114.0%
Total operating costs	64,359	42,146	22,213	52.7%
Costs for construction services	5,805	9,822	(4,017)	-40.9%
TOTAL COSTS (C)	70,164	51,968	18,196	35.0%
GROSS OPERATING MARGIN / EBIT (A+B-C)	20,909	6,324	14,585	230.6%
Amortization and impairment	10,113	10,089	24	0.2%
Provision for risks and repairs	3,484	4,333	(849)	-19.6%
Value write-ups (write-downs) net of trade receivables and other receivables	115	1,115	(1,001)	-89.7%

OPERATING EARNINGS	7,197	(9,213)	16,411	NS
FINANCIAL OPERATIONS				
Financial income	94	7	87	1169.4%
Financial expenses	(3,983)	(2,580)	(1,403)	54.4%
Profit (loss) from equity investments	(242)	76	(318)	N/S
TOTAL FINANCIAL OPERATIONS	(4,131)	(2,497)	(1,634)	65.4%
PROFIT (LOSS) BEFORE TAX	3,066	(11,710)	14,777	N/S
Year's taxes	(1,712)	6,798	(8,510)	N/S
PROFIT FROM OPERATIONS	1,354	(4,913)	6,267	N/S
Net income from assets sold or held for sale	3,320	53	3,267	N/S
PROFIT/(LOSS) FOR THE PERIOD	4,674	(4,860)	9,534	N/S
Minority Interest's loss (profit) for the period	1	(396)	397	N/S
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	4,675	(5,256)	9,931	N/S

(*) Following the sale of the Handling business, the comparative figures for 2021 were re-disclosed in compliance with IFRS 5 "Non-current assets held for sale and discontinued operations".

In compliance with the content of CONSOB's Notice no. DEM/6064293 of 28 July 2006 and subsequent amendments and supplements (CONSOB's 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, with this Condensed Consolidated Financial Report TA, in addition to the financial measures prescribed by the IFRS, is providing some ratios derived from the latter, although not required by IFRS (Non-GAAP Measures).

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

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

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

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

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

REVENUES

Total consolidated revenues increased by 86.3%, passing from € 48.5 M in 2020 to € 90.4 M in 2022. This difference is the main result of the approx. € 41.7 M increase in operating revenues (up by 118.6%) resulting from increased traffic (+137% of passengers, +91% of tonnage, +74% of movements).

Furthermore, in compliance with IFRS 15, operating revenues have been booked after deducting network development expenses arising from marketing support agreements and show an increase of approximately € 6.7 M compared to 2021.

OPERATING INCOME

Consolidated operating revenues totalled € 76.8 M in 2022, up by approx. € 41.7 M, corresponding to +118.6%, compared to 2021.

Aviation revenues

Aviation revenues totalled € 59.5 M in 2022, up by 117.5% compared to 2021, when they were € 27.4 M. More specifically, revenues from rights, airport fees and charges increased by 118.5% as a direct consequence of the greater traffic managed in 2022 compared to 2021. Handling revenues totalled € 1.8 M, up by 89.4% for the same reason, i.e. more traffic managed in 2022 compared to 2021 (+74.1% of movements).

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 Hire, specific areas and other subconcessions);
- ii. through direct control (Advertising, Parking Lots, Business Centre, Welcome Desk, VIP Lounge, and Cargo Agency).

In 2022, revenues deriving from subconcession activities accounts for 65.1% of Non-Aviation operating revenues, while those deriving from directly managed activities accounts for the remaining 34.9%. In 2021, these percentages were 69.5% for indirect management and 30.5% for direct management, respectively.

Year-on-year data at 31 December 2020 for Non-Aviation revenues is € 30.7 M, down by 112.4% compared to 2021, when they were € 14.5 M.

Non-aviation activities were positively affected by the increased traffic managed in 2022, including parking lots (+ € 3,352 K, +144.5%), Food (+ € 2,366 K, +186.6%), Retail (+ € 2,671 K, +91.5%), Car Hires (+ € 3,841 K, +127.8%), VIP Lounges (+ € 2,242 K, +538.2%), Advertising (+ € 681 K, +59.7%), and other sub-concessions (+ € 1,021 K, +86.8%).

Network development expenses

Network development expenses totalled € 13.4 M in 2022, up by € 6,706 K (+100.7%) compared to 2021, when they were € 6.7 M, consistently with traffic trends.

OTHER REVENUES

Year-on-year data for “Other revenues” show € 6,182 K at 31 December 2022, a greater amount compared to 2021, when the total was € 1,863 K. The difference of about € 4,319 K substantially derives from the design and manufacturing activity under the multiannual framework agreement signed with ANAS (€ 3,870 K, zero at 31 December 2021). In addition, we point out that a higher number of utility connections were recovered by sub-concessionaires in the two airports (+ € 416 K).

REVENUES FROM CONSTRUCTION SERVICES

Revenues from construction services totalled € 7.4 M in 2022, down by € 4,115 K (-35.7%) compared 2021 due to greater investments made by the Group during the year.

OTHER INCOME

Year-on-year data for “Other income” show € 666 K at 31 Dec. 2021, down by € 9,096 K compared to 2021, when they totalled € 9,761 K. The difference is substantially explained by Government grants (approx. € 7.7 M) that were received by the parent company during 2021 under several decrees issued by the Government to support enterprises during the pandemic (“Decreto Sostegni” [Support Decree], equalization aid, etc.). The main contribution received in 2021, consisting of € 7.3 M, has been the one received under the

equalization fund established by the 2021 Budget Law and implemented with a Decree of the Ministry of Sustainable Infrastructure and Mobility on 25 November 2021, in agreement with the Ministry of the Economy and Finance, to support airport operators (€ 735 M) and airport handlers (€ 65 M).

COSTS

In 2022, costs totalled € 70.2 M, up by 35% compared to 2021, when they were € 52 M. This result is the consequence of a 52.7% increase in operating costs (from € 42.1 M in 2020 to € 64.4 M in 2022), directly related to the greater traffic managed in 2022 and to the simultaneous decrease of approximately € 4 M in construction service costs due to the lesser investments made during the year.

OPERATING COSTS

Operating costs totalled € 64.4 M in 2022, up by 52.7% compared to € 42.1 M reported at the end of 2021. This increase, deriving from the increased operation of the airport for the management of the increased traffic in the two Tuscan airports, is to be compared with the 118.6% increase in operating revenues, which proves the continuous focus on cost mitigation, aimed at improving profits.

Consumables totalled € 1,101 K in 2022, up by € 393 K compared to the same period of 2021, an increase mainly due to higher consumption of fuel materials (+ € 277 K), clothing (+ € 35 K), and materials for operating and security services (+ € 70 K), a direct consequence of the increased operations in the two airports during the period at issue.

The Group's Cost of Personnel totalled € 21.86 M in 2022, up by € 4,173 K compared to 2021 (+23.6%). Despite the moderate increase in the Group's workforce compared to the same period of 2021 (+v0.8%) and the greater traffic handled (+137% passengers), the cost of labour increased as a result of a higher number of operating staff necessary for the increased requirements (reduced use of "social shock absorbers") and the need to replace absent personnel due to Covid-19. Please note that the Florence Amerigo Vespucci airport temporarily suspended its operations from February to April 2021 for the execution of runway requalification works. The 2022 cost was also affected by increased variable compensation compared to the same period of 2021.

Costs for services totalled € 34.5 M in 2022, up by 76.7% compared to 2021, when they were € 19.5 M (+ € 14,993 K). The increased costs of the period are mainly due to the higher costs for operating services (+ € 6,911 K), essentially linked to the increased traffic handled during the period, including portering (+ € 442 K), security services (+ € 1,257 K), VIP lounges (+ € 590 K), aircraft cleaning (+ € 221 K), and PRM support (+ € 330 K). Shuttle bus service (+ € 365 K) and cleaning of premises (+ € 267 K). Increased operating services also include the new cost for design and manufacturing services outsourced to the investee A.C. Quasarda for € 3,677 K (€ 0 in 2021), covered by "Other revenues" as described above. Moreover, costs for professional services have increased (+ € 838 K), essentially consisting in legal fees paid for defence in litigation, utilities (+ € 5,980 K; +211%), and maintenance services (+ € 428 K).

"Sundry operating expenses" totalled € 1,153 M in 2022, down by € 389 K (-25.2%) compared to 2021. This reduction is mainly due to lower taxes (€ -146 K) and non-recurring costs (€ -278 K).

"Airport fees" totalled € 5,712 K in 2022, up by 114% compared to 2021, as a direct consequence of the increased traffic managed in 2022.

COSTS FOR CONSTRUCTION SERVICES

“Costs for construction services” totalled approximately € 5.8 M in 2022, down by € 4,017 K compared to 2021 for the same reasons indicated in the comment to the corresponding revenue item.

YEAR'S RESULT

The **EBITDA** (gross operating margin) is **positive for € 20.9 M** in 2022, up by approximately **€ 14.6 M** compared to 2021, when it totalled € 6.3 M. Please note that the EBITDA includes Government grants for € 7.7 M for the financial year 2021 and € 315 K for 2022.

Amortization and provisions for liabilities totalled € 13.7 M in 2022, down by € 1.8 M compared to 2021. This is mainly due to lower amounts set aside in the provision for repair for € 781 K and lower amounts set aside in the provision for bad debt for € 1 M.

The 2022 **EBIT** (operating profit) is **positive** for approximately **€ 7.2 M**, up by € 16.4 M compared to 2021, when it was negative for approx. € 9.2 M.

Financial operations passed from a negative figure of € 2,497 K in 2021 to a negative figure of € 4,131 K in 2022. The € 1,634 K difference is mainly the consequence of higher bank interests (+ € 1,012 K) on the SACE loan and lower interest expenses generated by the discounting of the provision for repair (+ € 375 K). Furthermore, we point out an equity interest loss (€ -318 K) essentially relating to the sale of the shares in the associated company “Immobili Careggi” to the Azienda Ospedaliera Universitaria di Careggi (Florence Careggi Hospital).

The **Profit Before Tax (PBT)** shows **profits for approx. € 3.1 M** in 2022, up by approx. € 14.7 M compared to 2021, when it was negative for € 11.7 M.

The year's taxes totalled € 1.7 M.

Therefore, based on the data disclosed above, the year 2022 was closed with a **net profit from operations of approximately € 1.4 M**, up by € 6.3 M compared to 2021, when it was negative for € 4.9 M.

As stated above, the **Net income from assets sold or held for sale** totalled € 3.3 M and includes both the net year's income for assets sold (- € 682 K) and the result of the sale (+ € 4 M). The same figure for 2021, € 12 K, is the net income for the assets sold.

The net profit for the period at 2022 year-end is approximately **€ 4.7 M** against a loss of approximately € 4.9 M in 2021.

After deducting minority interest (about € 1 K in 2022 against € -396 K in 2021), the **Group's net profit** in 2022 reached about **€ 4.7 M** against a loss of about € 5.3 M in 2021.

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 2022 and the same value at 31 December 2021.

ASSETS	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
NON-CURRENT ASSETS			
Intangible assets	190,200	189,119	1,081
Property, plant and equipment	26,391	29,022	(2,631)
Rights of use	3,904	4,583	(678)
Equity investments in other entities	2,962	2,953	10
Equity investments in associated companies	572	632	(59)
Other financial assets	4,015	3,211	804
Receivables from others due beyond the year	1,482	162	1,320
Deferred tax assets	9,883	13,076	(3,194)
TOTAL NON-CURRENT ASSETS	239,410	242,757	(3,347)
CURRENT ASSETS			
Contract assets	1,924	-	1,924
Trade receivables	16,909	16,233	676
Current tax assets	270	637	(368)
Other tax assets	669	2,342	(1,673)
Receivables from others, due within the year	7,696	15,919	(8,223)
Other current financial assets	294	-	294
Cash and cash equivalents	55,772	54,147	1,625
TOTAL CURRENT ASSETS	83,534	89,278	(5,744)
TOTAL ASSETS	322,943	332,035	(9,092)

The difference in total assets, down by € 9.1 M compared to total assets at 31 December 2021, mainly reflects the decrease in non-current assets (€ -3.3 M) and the simultaneous reduction in current assets for approx. € 5.7 M). Overall, about € 7 M of the total difference above derives from the divestment of the Handling business.

In detail, non-current assets decreased due to the negative changes in intangible and tangible assets resulting from year's investments lower than amortization and depreciation (€ -1.6 M) and to the reduction in deferred tax assets (€ -3.2 M), the latter being mainly due to the exit of TAH from the consolidation area for approx. € 2.4 M, as well as to the partial use of the tax losses accumulated at 31 December 2021 on the positive results of the current year for the Group's companies.

Current assets were mainly affected by a decrease in receivables from others (- € 8.2 M), resulting from the collection of government grants (€ 9.4 M) and tax credits (- € 1.7 M), partially mitigated by the increase in trade receivables (€ 676 K) and by the recognition of contract assets (+ € 1,924 K) relating to the multi-year works carried out by TAC. The € 676 K increase in trade receivables is the result of the increase in the parent company's receivables, partially mitigated by the reduction in TAH's receivables for about € 3.6 M.

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
CAPITAL AND RESERVES			
Share Capital	30,710	30,710	-
Capital reserves	66,788	79,833	(13,045)
IAS adjustments reserve	(3,229)	(3,229)	-
Profit/(Loss) carried forward	642	(586)	1,228
Group's profit (loss) for the period	4,675	(5,256)	9,931

TOTAL GROUP SHAREHOLDERS' EQUITY	99,586	101,472	(1,886)
MINORITY INTEREST	1,170	1,153	18
TOTAL SHAREHOLDERS' EQUITY	100,756	102,624	(1,868)
NON-CURRENT LIABILITIES			
Provisions for liabilities and expenses	1,237	2,213	(975)
Provisions for repair and replacement	17,887	16,987	901
Provisions for employee retirement and benefits	2,307	5,278	(2,971)
Financial liabilities due beyond one year	66,515	94,037	(27,522)
Financial liabilities for rights of use beyond one year	3,491	3,993	(502)
Other payables due beyond the year	2,251	2,778	(527)
TOTAL NON-CURRENT LIABILITIES	93,688	125,285	(31,596)
CURRENT LIABILITIES			
Financial liabilities due within one year	68,447	50,711	17,737
Financial liabilities for rights of use within one year	589	727	(138)
Current tax liabilities	673	32	640
Other tax liabilities	7,387	9,928	(2,541)
Trade payables	36,703	30,580	6,123
Payables to social security institutions	1,170	1,596	(426)
Other payables due within the year	9,934	8,404	1,530
Provisions for repair and replacement (current portion)	3,596	2,147	1,449
TOTAL CURRENT LIABILITIES	128,499	104,126	24,373
TOTAL LIABILITIES	222,187	229,411	(7,224)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	322,943	332,035	(9,092)

The Shareholders' Equity decreased by about € 1.9 M mainly as a consequence of the decrease in capital reserves due to the coverage of the previous year's losses (€ 5.3 M) and to the distribution of reserves (€ 7 M), partially mitigated by the positive effect of the year's operating result (+ € 9.9 M).

Non-current liabilities include a decrease in financial liabilities (- € 27.5 M) caused by the reclassification of payables with maturity date within the following year among current liabilities, by the approx. € 3 M decrease in the Employee Benefit Fund after the divestment of the liability relating to TAH (€ 2 M), and by the provision for risks (€ 1 M), also due to the sale of TAH (€ 1.1 M); these changes were partially mitigated by the increase in the long-term share of the provision for replacement and repair (+ € 0.9 M).

Current liabilities (+ € 24.4 M) include increased short-term bank loans obtained (+ € 17.7 M), trade payables (+ € 6.1 M) and other payables (+ € 1.5 M), and the reduction of tax liabilities (- € 2.5 M).

INVESTED CAPITAL

The table below compares the summarized data regarding the capital invested at 31 December 2022 and at 31 December 2021, followed by the main comments on the reported differences.

Amounts in €K	CONSOLIDATED F.S. AT 31 Dec. 2022	CONSOLIDATED F.S. AT 31 Dec. 2021	2022/2021 Abs. Diff.
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NON-CURRENT ASSETS	239,410	242,757	(3,347)
NET WORKING CAPITAL	(30,994)	(16,558)	(14,437)
MEDIUM/LONG-TERM LIABILITIES	(22,264)	(24,898)	2,634
INVESTED CAPITAL	186,152	201,301	(15,150)
SHAREHOLDERS' EQUITY	100,756	102,624	(1,868)
NET FINANCIAL INDEBTEDNESS	85,395	98,677	(13,282)

Fixed assets decreased by about € 3.3 M, mainly due to the decrease in prepaid taxes (- € 3.2 M) after the sale of TAH (€ -2.4 M), year's investments net of amortization/depreciation (- € 1.55 M) and rights of use (- € 678 K), which decrease has been partially mitigated by a € 2.1 M increase in financial assets relating to the new € 1.3 M account payable to TAH beyond the year and the increase in guarantee deposits (+ € 549 K).

The net working capital, negative for about € 31 M at 31 December 2022, increased by € 14.4 M compared to 31 December 2021, mainly due to the simultaneous increase in current liabilities (+ € 6.1 M) and to the decrease in receivables from others (- € 8.2 M).

Non-financial medium/long-term liabilities decreased essentially due to the decrease in the Employee Benefit Fund (- € 3 M), of which € 2 M due to the sale of TAH.

As a result of the operations described above, the invested capital of the TA Group decreased by € 15.2 M at 31 December 2022 compared to 31 December 2021, with a balance of € 186.2 M.

9.3 Cash flow analysis

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

<i>Euro K</i>	2022	2021
OPERATING ACTIVITY		
Net result for the period	4,674	(4,860)
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	10,493	10,391
- Impairment of assets	107	315
- Profit / loss from equity investments	242	(76)
- Difference in provision for liabilities and charges	150	196
- Net difference in employee benefits	(518)	(635)
- Net difference in provisions for repair	1,714	(3,288)
- Result of the disposal of subsidiaries	(4,002)	-
- Other non-monetary differences	(105)	(1,756)
- Financial expenses for rights of use	126	132
- Other net financial expenses (income)	3,787	2,451
- Net changes in (prepaid)/deferred taxes	635	(7,257)
- Taxes for the period	943	(155)
- (Increase)/decrease in inventories	(1,924)	-
- (Increase)/decrease in trade receivables	(5,568)	(2,943)
- Increase/(decrease) in other receivables	10,022	(94)
- Increase/(decrease) in payables to suppliers	11,086	6,541
- Increase/(decrease) in other payables	919	1,730
<i>Cash flow generated by operating activities</i>	32,782	693
- Paid financial expenses	(2,295)	(1,631)
- Paid income taxes	(53)	-
Cash flow generated by operating activities	30,434	(938)
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(1,384)	(3,250)
- Divestment of tangible assets	141	346
- Investments in intangible assets	(7,722)	(11,825)
- Investments in equity and other financial assets	(1,075)	(7)
- Dividends received	13	58
- Net acquisition of controlled companies	(1,000)	(992)
- Net disposal of controlled companies	611	-
Cash flow generated (absorbed) by investments activities	(10,417)	(15,671)
FINANCIAL ASSETS		
- Dividends paid	(7,000)	-
- Short-/long-term loans taken out	59,500	57,200
- (Repayment of) short-/long-term loans	(70,006)	(61,924)
- (Repayment of) financial liabilities for rights of use	(887)	(863)
Cash flow generated (absorbed) by loans	(18,392)	(5,587)
Increase / (decrease) in available cash and cash equivalents	1,625	(22,197)
Cash and cash equivalents at beginning of period	54,147	76,344
Cash and cash equivalents at end of period	55,772	54,147

At 31 December 2022, cash and cash equivalents totalled € 55.8 M, up by € 1.6 M compared to cash and cash equivalents at 31 December 2021, when they were € 55.1 M.

The items of the Consolidated Statement of Cash Flows at 31 December 2022 specifically include:

- Cash flows generated by operating activities for € 30.4 M
- Investments in airport infrastructure for € 9.1 M
- Net difference in TA loans for € 10.5 M
- Distribution of reserves for € 7 M

9.4 Consolidated Net Financial Position

To complete the information above, the Consolidated Net Financial Position of the Group at 31 December 2022 and at 31 December 2021 is provided below as required by CONSOB's Notice no. 6064293 of 28 July 2006 (aggregated on the basis of the ESMA Guidelines published in 2021).

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
<i>Euro K</i>	31 Dec. 2022	31 Dec. 2021	Diff. Abs.
A. Cash	55,772	54,147	1,625
B. Cash equivalents	-	-	-
C. Other current financial assets	294	-	294
D. Liquid assets (A) + (B) + (C)	56,065	54,147	1,918
E. Current financial liabilities	40,264	41,166	(902)
F. Current portion of non-current financial liabilities	29,772	11,272	18,500
G. Current financial liabilities (E) + (F)	70,036	52,437	17,599
H. Net current financial liabilities (G) - (D)	13,971	(1,710)	15,680
I. Non-current financial debt	70,006	98,030	(28,024)
J. Debt instruments	-	-	-
K. Trade payables and other non-current liabilities	1,419	2,357	(938)
L. Non-current financial liabilities (I) + (J) + (K)	71,425	100,387	(28,962)
M. Total financial liabilities (H) + (L) (NFP)	85,395	98,677	(13,282)

At 31 December 2022, current bank liabilities (use of short-term credit lines) totalled € 40.3 M, to which we should add the item "Current portion of non-current liabilities", which includes the portions due within the next 12 months of medium-long term loans (€ 28,183 K), financial liabilities for rights of use (€ 589 K), and other liabilities related to the purchase of the TAC investment (€ 1 M).

In addition, there are approximately € 70 M of non-current bank liabilities, which mainly consist in the non-current share of outstanding loans (€ 66.5 M) and in the non-current share of financial liabilities for rights of use (€ 3.5 M).

The item "Trade payables and other non-current liabilities" includes the non-current portion of financial liabilities relating to the purchase of the TAC investment (€ 1.4 M).

At 31 December 2022, the Group's cash on hand is € 56.1 M.

Therefore, the **Consolidated Net Financial Indebtedness** at the closing date (31 Dec. 2022) is **€ 85.4 M**, down by € 13.3 M compared to 31 December 2021.

Based on the details given above, the new **debt-to-equity ratio** at 31 December 2022 is **0.85** (against 0.96 at 31 Dec. 2021).

The composition of the **Net Adjusted Financial Position** used by the Management for periodic monitoring, is given below. Compared to the financial liabilities described in the previous point, the item does not

include the other payables for deferred payments for corporate acquisitions and financial liabilities for rights of use.

ADJUSTED NET FINANCIAL LIABILITIES ("Banks")			
<i>Euro K</i>	31 Dec. 2022	31 Dec. 2021	Diff. Abs.
Total Net Financial Indebtedness	85,395	98,677	(13,282)
(Liabilities for deferred payment of acquisitions)	(2,419)	(3,357)	938
(Liabilities for payments to leasing companies)	(4,080)	(4,720)	640
Total Adjusted Net Financial Indebtedness	78,897	90,600	(11,704)

Therefore, at the closing date (31 Dec. 2022) the **Adjusted Consolidated Financial Position** of the Group is **€ 78.9 M**, down by € 11.7 M compared to 31 December 2021.

Consequently, the new **Adjusted Debt-to-Equity ratio** at 31 December 2022 is **0.78** (against 0.88 at 31 Dec. 2021).

9.5 Consolidated key financial ratios

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

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

We remind readers that the 2021 ratios were recalculated on the basis of the profit and loss items re-disclosed in compliance with IFRS 5 ("Non-current assets held for sale and discontinued operations").

Profitability Ratios	Consolidated F.S.	Consolidated F.S.
	31.12.2022	31.12.2021
ROE		
Net Income / Shareholders Equity	4,64%	-4,74%
Gross ROE		
Profit Before Tax / Shareholders Equity	3,04%	-11,41%
ROI		
Operating Income / Net Invested Capital (1)	3,87%	-4,58%
ROS		
Operating Income / Revenues (2)	7,96%	-18,98%
FINANCIAL EXPENSES / REVENUES RATIO		
Financial expenses/Revenues (2)	4,41%	5,32%
EBITDA / FINANCIAL EXPENSES RATIO		
EBITDA/Financial expenses	5,2	2,5
Equity Ratios	Consolidated F.S.	Consolidated F.S.
	31.12.2022	31.12.2021
STOCK TO LIABILITIES RATIO		
Current assets / Current liabilities	0,65	0,86
DEBT TO EQUITY RATIO		
Debt (NFP) / Shareholders Equity	0,85	0,96
NET DEBT TO EBITDA RATIO		
Debt (PFN) / EBITDA	4,08	15,60
EQUITY TO NON-CURRENT ASSET RATIO		
Shareholders Equity / Non-current Assets	0,42	0,42

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

At the end of 2022, the Group's investments totalled **about € 9.1 M**, of which € 7.7 M relating to intangible assets and € 1.4 M relating to tangible assets.

Amounts shown in € K	Airport	Sub-tot	Sub-tot	Sub-tot	TOTAL
Toscana Aeroporti investments 31.12.2022					9.107
A) Amortization of intangible assets				7.722	
- Software				61	
- Other intangible assets				77	
- Concession rights				1.723	
Self-service bag drop system	PSA/FLR		689		
BHS and baggage carousel improvement	PSA/FLR		312		
Land acquisition for expansion of airport grounds	PSA		215		
Flight infrastr. - work on AVL systems	FLR		150		
Fixed GPU underboard 400 Hz systems	PSA		146		
Expansion of flight infrastr. and strip areas	FLR		63		
First flush rainwater harvesting and treatment syst.	FLR		50		
Other minors	PSA/FLR		98		
- Assets under construction				5.684	
Planning of new terminal in Florence	FLR		2.652		
Master plan Florence	FLR		2.367		
Canopy for vehicles	FLR		125		
Renovation of existing runway	FLR		89		
New terminal	PSA		69		
Sewer by-pass	PSA		218		
Other minors	PSA/FLR		164		
- Current software:				177	
B) Tangible assets					1.384
- Plant and machinery				977	
Supply and inst. management of parking lots	PSA		707		
Acquisition of ramp vehicles and equipment	PSA/FLR		244		
Other minors	PSA/FLR		27		
- Assets under construction				79	
Supply and inst. management of parking lots	PSA		43		
New FIREWALL system for perimeter protection	PSA/FLR		36		
- Other assets				328	
Motor vehicles	PSA/FLR		167		
Electronic equipment (HW)	PSA/FLR		87		
Furniture and fittings	PSA/FLR		63		
Other minors	PSA/FLR		11		

Investments in intangible fixed assets include € 7,407 K of concession rights, of which € 2,652 K for the design of the new terminal in Florence, € 2,367 K for the Florence Master Plan, € 689 K for the new self-service baggage drop system in both airports, € 312 K for BHS improvement in both airports, and € 218 K for the sewage by-pass in the Pisa airport.

The balance of investments in tangible fixed assets shows € 1,384 K, which include € 707 K for the new parking lot information system of the Pisa airport and € 244 K for the purchase of ramp vehicles and equipment in both airports.

11. HUMAN RESOURCES

The Group's Staff

On 30 December 2022, the majority stake in TAH's share capital was sold, so the average workforce of the TA Group, net of the outgoing TAH personnel, was 358.5 FTEs (Full-Time Equivalent units), which reflects a 2.8 (0.8%) FTE increase in absolute terms compared to 2021. Including TAH's workforce, the TA Group would have had an average workforce of 692.8 FTEs against 677.7 FTEs in 2021 (+2.2%) and a global workforce of 752 units at 31 December 2022 against 826 at 31 December 2021 (-9%).

The incremental change is due to both the increased traffic managed at the two airports, which was very small in 2021 as a result of the various waves of the Covid-19 pandemic, and the comparison with a year during which the Florence Amerigo Vespucci airport had remained temporary closed in February and March 2021 for the requalification of its flight runway.

The average number of TA employees is 236 FTEs, up by 2.6 FTEs in absolute terms (0.8%) compared to 2021. In the first half of 2022, TA employees benefited from temporary unemployment benefits ("Cassa Integrazione Guadagni Straordinaria"), a situation that was closed by the companies, in agreement with trade unions, after the significant increase in traffic handled since the spring.

The number of employees of the subsidiary Jet Fuel, the company that manages the fuel storage facility in the Pisa airport, reached 12.74 FTEs. However, Jet Fuel used temporary unemployment benefits in the first half of 2022.

The subsidiary TAE stabilized its workforce reaching a total of 6.68 FTEs. We remind readers that, for infrastructure development, TAE also uses technical staff (engineers, land surveyors, etc.) seconded by the Parent Company TA.

The average number of TAC employees is 13.08 FTEs, down by 1.4 FTEs (-10%) in absolute terms compared to 2021.

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

FTEs	2022	2021	Diff.	% Diff.
Toscana Aeroporti	326.0	323.40	2.6	0.8%
Jet Fuel	12.74	11.25	1.5	13.2%
TAE	6.68	6.52	0.2	2.4%
TAC	13.08	14.53	-1.4	-10.0%
Group	358.5	355.7	2.8	0.8%

NOTE: Part-time personnel is calculated proportionally to full-time units (1 FTE).

The Group's Cost of Personnel totalled € 21.6 M in 2022, down by € 4,061 K compared to 2021 (+23.2%). Despite the moderate increase in the Group's workforce compared to the same period of 2021 (+0.8%) and the greater traffic handled (+137% passengers), the cost of labour increased as a result of a

higher number of operating staff necessary for the increased requirements (reduced use of “social shock absorbers”), the need to replace absent personnel due to Covid-19, and finally for the last salary increase provided for under the National Collective Bargaining agreement (“CCNL”) of the airport operator (July 2022). Compared with 2021, the cost of 2022 was also affected by increased variable compensation and the renewal of the CCNL on 1 July 2022.

Technical training and education

In spite of the pandemic, anti-infection restrictions and the adoption of social “shock absorbers” that made it difficult to organize classroom courses, the Group managed to deliver a total of 27,693 hours of training, 47% of which attended by female staff and 53% by male staff, against 15,284 hours delivered in 2021.

12. OCCUPATIONAL HEALTH & SAFETY

TA’s Prevention and Protection Service (PPS) kept monitoring the main occupational health and safety issues in the Pisa and Florence airports throughout 2022.

In the first six months of 2022, the Prevention and Protection Service was nevertheless engaged in pandemic risk management activities, such as adapting corporate procedures to the applicable legislation from time to time enacted to mitigate the spread of the Covid-19 virus.

Before the significant recovery of operations, safety information signage was adapted to new requirements according to the applicable provisions.

There were no cases of SARS-CoV-2 infection throughout 2022 in the Company (specifically there were no infection foci caused by failure to comply with protocol rules or symptoms during working hours).

The following professional roles are on duty for each company:

- Employer
- Airport Safety Managers (only in TA)
- PPSM (Prevention and Protection Service Manager, in Italian “RSPP”)
- Prevention and Protection Service (PPS) - service outsourced to TA, which also provides it for its own subsidiaries
- Health surveillance facility (Competent Physician, etc.)
- Emergency management personnel

For TA, in compliance with Art. 16 of Legislative Decree no. 81/2008, the Employer appointed two officers (for the Pisa and Florence airports) to ensure the constant monitoring of specific safety aspects in the two sites.

The safety organizational chart was revised in the second half of 2022, especially as regards the role of Executive (“Dirigente”) as defined in Legislative Decree no. 81/08: the number of people playing this role was reduced and the role of Manager (“Preposto”) was extended to all those who directly supervise employees.

In addition, the Employee Safety Representatives (in Italian “RLS”, *rappresentanti dei lavoratori per la sicurezza*) of each company are on duty in each site and are involved by the PPS to play an active role in inspections, reporting of events or aspects to be monitored, risk assessment and the related prevention measures, as well as in periodic meetings (Art. 35 of Leg. Dec. 81/08).

The Prevention and Protection Service directly trains all the personnel (Employees, Managers and Executives) in compliance with Legislative Decree no. 81/08 and the relevant agreements between regional governments and the central government.

Maintenance of the ISO 45001:2018 certification

In November 2022, TA received a three-day audit from the certification body “DNV”, the purpose of which was to re-obtain the UNI ISO 45001:2018 certification. The audit was successfully concluded with no non-conformities (NCs). The renewal of the helps the companies to be compliant with the provisions set forth in Art. 16, par. 3, and Art. 30 of Leg. Dec. no. 81/08, which require the adoption of a model for the supervision of the tasks of the Employer and their delegates, with significant positive implications on the administrative responsibility of companies for occupational health and safety crimes, as provided for in the Organizational Model required by Leg. Dec. no. 231/2001.

Risk Assessment and PPE

The identification and assessment of risks is a constantly ongoing process based on which the “DVR” (Documento di Valutazione dei Rischi, i.e. risk assessment) is regularly updated and supplemented.

The operating procedures or prevention and mitigation measures are formalized by issuing specific risk information (*INFO Sicurezza*) that focus attention on the most important aspects of the employees’ occupational health and safety.

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

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

Emergency and evacuation drills

The annual emergency management and evacuation tests were organized and carried out by TA, in compliance with D.M. [Ministerial Decree] dated 10 March 1998 in March 2022 for the Florence airport and in February 2022 for the Pisa airport. The tests, consisting in the simulation of fire scenarios, were performed successfully with the involvement of Handlers and Entities and confirmed an effective coordination in the emergency response.

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

- Pisa airport (10 February 2022 - starting fire at the baggage claim carousel system managed by the Cooperative);
- Florence airport (23 March 2022 - starting fire at the baggage claim carousel system managed by the Cooperative).

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

Labour accidents

The excellent performance in terms of number of accidents and related working days lost for TA has been confirmed (1 only incident in 2022).

The events are mostly due to oversight or inexperience (the so-called “human factor”) rather than being related to vehicles, equipment or dysfunctional work processes.

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

For further details, please consult the Consolidated Non-Financial Statement 2022.

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

Law Decree no. 5 of 9 February 2012 (converted by Law no. 35 of 4 April 2012) amended certain provisions concerning minimum security measures by deleting, in particular, the Safety Plan. However, the abolition

of the obligation to draw up a Safety Plan does not exempt the company from the obligation to fulfil all the other privacy requirements.

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

14. RESEARCH & DEVELOPMENT

The Toscana Aeroporti Group, in continuity with the policy adopted over the last two years and in response to the changing business needs in terms of remote work (which, after the many extensions, has become, in fact, a routine working mode), continued to provide a fully efficient service and ensure the highest safety standards thanks to the considerable efforts made by both the ICT staff and our outsourcers (first-level help desk support).

The technological investments, process improvements, standardization, integration, and consolidation implemented in previous years on our information systems have enabled us to keep providing a rapid response not only to the persisting and growing business needs, but also to the latest threats that were progressively acknowledged by the various vendors of the Toscana Aeroporti infrastructure, as well as by the dedicated SOC infrastructure. This allowed us to capitalize on the work done in the past, to exploit the scalability obtained with previous actions, and to innovate technological solutions, where necessary.

More specifically, during 2022 TA:

- Completed the implementation of a Security Operation Centre (SOC), operating 24x7, aimed at identifying, classifying and notifying the presence of ongoing and potential cyber threats in our networks and information systems. After a careful analysis of the technological solutions available, this service was eventually implemented in the first months of 2022 bringing our capacity to identify cyberattacks at an earlier stage to a higher level.
- Digitalized the service for assistance to passengers with reduced mobility (PRM), making this process - which involves several players (the airport operator, the handling company, the service contractor) - more efficient through the use of handheld devices for the detection and management of assistance cases, the allocation of tasks, and service reporting
- Completed the corporate proxy replacement project (technical security improvement for Internet access from airport workstations) and replaced perimeter security devices (firewalls) with new generation systems
- Designed the development of a new corporate protocol system for the management of incoming and outgoing communications according to the principles of efficiency, confidentiality and traceability of activities
- Completed the migration of the corporate email system onto the Microsoft 365 platform, with the simultaneous implementation of an email communication protection system based on a Phishing and Impersonation Protection solution
- Activated a private mobile network via private APN on a WindTre infrastructure to manage the corporate mobile phone data traffic that needs accessing the private resources of Toscana Aeroporti on the go, while making communications more accessible and secure, and avoiding public exposure of particularly sensitive services
- Undertook an assessment action for the provision of terminal service operator services
- Started a feasibility study regarding solutions for the verification and reporting of queuing using automatic detection systems already tested in other airports of the Corporación America Group

- Introduced an upgraded enterprise mobile device management (MDM) software for more effective configuration control
- Implemented a new web solution for the management of whistleblowing reports according to the Whistleblowing Regulation
- Prepared a proof of concept for the video analysis of risk situations relating to aircraft movements in airport stands

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

Revenues, costs, receivables and payables at 31 December 2022 from/to parent companies, subsidiaries, associates and other related parties concern the sale of assets or services that consist of routine Group operations. Transactions are performed at an arm's length, based on the characteristics of the goods sold and the services delivered. Information on relationships with related parties, including the disclosures required by CONSOB's Notice no. DEM/6664293 of 28 July 2006, is provided in the Explanatory Notes to the Consolidated Financial Report.

At 31 December 2022, the TA Group holds interests in the following other associated companies:

- Toscana Aeroporti Handling S.r.l.

Toscana Aeroporti Handling S.r.l. started operations on 1 July 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 of conducting additional activities related to the handling business. Handling activities include airport ground aircraft, passenger and cargo handling services. As already pointed out several times, on 30 December 2022 the majority interest in TAH (80%) was sold; consequently, our consolidation area changed following this transaction and TAH became an associated company.

At 31 December 2022, in continuity with the previous years, TAH was awarded a ca. € 1,122 K contract by TA for staffing services and provided handling services to TA for a total value of approximately € 797 K.

- Alatoscana S.p.a.

Company that manages the Elba Island airport. TA owns a 13.27% share in the share capital of this company (13.27% at 31 Dec. 2021), and the majority is owned by Regione Toscana (51.05%) and by the Maremma and Tirreno Chamber of Commerce (34.36%).

A service level agreement is in place with this Associate at 31 December 2022 for the continuation of previous years' staff activities, for a global value of approx. € 32 K.

- AC.Quasarda S.c.a.r.l.

This consortium was created in 2021 by Toscana Aeroporti Costruzioni S.r.l. and Cemes S.r.l. to manage a contract with ANAS for the design and construction of the central Jersey barrier on the Carlo Felice highway in Sardinia. The share of 72.42% is owned by TAC and, according to the by-laws of the consortium, TAC and Cemes jointly control A.C. Quasarda.

At 31 December 2022, the TA Group recognized € 3,677 K of design and manufacturing services outsourced to A.C. Quasarda, relating to the progress of contract works, as "Operating costs". In addition, TA recognized about € 23 K relating to recovered costs as "Other revenues".

The main relationships with the other related parties at 31 December 2022 are:

- Delta Aerotaxi S.r.l.

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

- the sub-concession of office premises and other types of spaces in the two airports for € 149 K of revenues at 31 December 2022;
- Aviation revenues for € 232 K for the invoicing of airport fees, taxes and extra handling services relating to general Aviation in the Pisa airport.
- Additional revenues for about € 34 K from the aforesaid associate have been recognized at 31 December 2022 and consist in 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 2022, the parent company recognized the following transactions with the related party Corporate Air Services S.r.l., the entity that manages general Aviation at the Florence airport, which is also indirectly connected with TA through SO.G.IM. S.p.a. and a TA shareholder:

- Aviation revenues for € 762 K for the invoicing of airport fees, taxes, handling fees and centralized general aviation infrastructure in the Florence airport, € 63 K for the same services provided in the Pisa airport;
- the subconcession of office premises and other types of spaces in the Pisa airport for a value of € 33 K in revenues for TA at 31 December 2022;
- Non-aviation revenues for € 96 K at 31 December 2022 relating to the sub-concession of a 130 sq. m. area in the air-side zone of the Florence airport.

Additional € 5 K in revenues have been recognized at 31 December 2022 in connection with said related party relating to 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. to be used exclusively for the installation of a removable object to be used for the delivery of General Aviation catering services in the Florence airport (€ 32 K of revenues for TA at 31 December 2022).

Lastly, the Group accrued a further € 7 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.

- Corporación America Italy S.p.A.

Since 2016, the parent company adopted the Tax Consolidation option provided for by Articles 117 to 129 of the TUIR (*Testo Unico delle Imposte sui Redditi* - Consolidated Text on Income Taxation), with Corporación America Italia S.p.A. as consolidating entity. 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 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 D.P.R. 917/86, companies can contribute the excessive interests payable that can no longer be deducted for one of them in order to reduce the global aggregate income of the Group until the Gross Operating Income amount produced in the same tax period by other consolidated entities is reached. At 31 December 2022, TA owes about € 93 K

to the subsidiary CAI generated by the IRES (the Italian corporate income tax) accrued on the result of the period. As a result of the Tax Consolidation, Corporación America Italia S.p.A. recognized TA an income of approximately € 103 K as lower current taxation.

- ACI Engineering Uruguay S.A.

This company is related to TA as it is part of the Corporación America Group and involved in the design of the airport infrastructure through a 4-million-dollar (\$4M) agreement for the design of the new Florence Passenger Terminal.

At 31 December 2022, a final amount of € 912 K has been recognized as “Construction services costs” for the design services delivered for the new Florence terminal.

Finally, we specify that no non-core transactions were performed with related parties in 2022 and that Toscana Aeroporti S.p.A. does not own and did not purchase or transfer treasury stock or stock of controlling companies, including through the intermediary of trust companies or another person.

Shareholdings of the members of the Board of Directors and of the Board of Auditors

At the date of this financial statement, the parent company TA is owned with the following shares:

- 7,925 shares owned by Statutory Auditor Roberto Giacinti;
- 2,403 shares owned by Board Member Saverio Panerai.

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

16.1 Toscana Aeroporti S.p.A.

For financial, economic, and equity information regarding the holding TA, and for a comparison between the Management Income Statement, Balance Sheet and Net Financial Position of 2022 against 2021, please refer to the Explanatory Notes to the financial statements.

16.2 Parcheggi Peretola S.r.l.

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

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

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

Amounts in €K	2,022	2,021	Abs. Diff.	% Diff.
REVENUES				

Non-Aviation revenues	1,493	525	968	184%
Other revenues	41	41	-	0%
TOTAL REVENUES (A)	1,534	566	968	171%
OTHER INCOME (B)	-	222	-222	-100%
COSTS				
Costs for services	195	130	64	49%
Sundry operating expenses	60	55	4	8%
TOTAL COSTS (C)	255	186	69	37%
GROSS OPERATING MARGIN / EBIT (A+B-C)	1,280	603	677	112%
% incid. over total revenue	83.4%	6.6%		
Amortization and impairment	40	41	-1	-3%
OPERATING EARNINGS	1,240	561	678	121%
% incid. over total revenue	80.8%	5.0%		
FINANCIAL OPERATIONS	-	-	-	-
PROFIT (LOSS) BEFORE TAX	1,240	561	678	121%
Year's taxes	-343	-99	-245	248%
PROFIT/(LOSS) FOR THE PERIOD	897	463	434	94%

Profits and losses for 2022 include revenues for € 1,534 K, up by € 968 K (+171%) compared to 2021, mainly due to the highest number of passengers transiting through the Florentine airport (+166%).

As to costs, they totalled € 255 K at 31 December 2022, up by 37% compared to € 186 K in 2021, and the most important component is the parking lot management and maintenance service (€ 93 K), professional services (€ 45 K), and utilities (€ 27 K).

The 2022 Gross Operating Margin (EBITDA) is positive for € 1,280 K, up by € 677 K compared to 2021, and the year's net profit is € 897 K, up by approx. € 434 K compared to profits of € 463 K in 2021.

Parcheggi Peretola has a positive net financial position of € 679 K at 31 December 2022 (€ 730 K at 31 December 2021).

16.3 Toscana Aeroporti Engineering S.r.l.

Toscana Aeroporti Engineering ("TAE") is a fully owned subsidiary of Toscana Aeroporti, whose mission is to provide TA with the engineering services required for the implementation of the program for the development of the two (Florence and Pisa) airports.

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

1. Secondment of technical/engineering staff by TA (10 units at 31 December 2022);
2. In-house staff (8 units at 31 December 2022);
3. specialized service contractors.

In continuity with last year, 2021, the design activities carried out by TAE on behalf of TA throughout 2022 mainly consisted in the preparation of the projects for the new Florence passenger terminal (and related works); the definition of preparatory works – first part serving the expected expansion of the Pisa airport terminal; the design of the first phase works of the program for the improvement of the general aviation spaces in the Pisa airport; the review of the design proposed by the sub-concessionaires operating in the Pisa and Florence airports; the design of minor land-side works.

TAE completed project management support activities with the testing of the BHS installations and systems in Pisa and Florence, as well as of the rainwater harvesting, treatment, collection and management systems existing in the air-side area of the Florence airport.

Works for the upgrading and requalification of the flight infrastructure and related strips of the Florence airport continued (particularly as regards Phase 2 activities) and works for the preliminary preparation of the first functional portion of the planned expansion of the Pisa passenger terminal were started.

At 31 December 2022, the company had 8 direct employees and, consistently with 2021, staff-related activities have been carried out by the Holding under a servicing agreement signed between the parties.

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

Amounts in €K	2022	2021	Diff. Abs.	% Diff.
REVENUES				
Other revenues and income	4,818	2,525	2,293	91%
TOTAL REVENUES (A)	4,818	2,525	2,293	91%
OTHER INCOME (B)	-	-	-	
COSTS				
Consumables	2	-	2	-
Cost of personnel	476	442	34	8%
Costs for services	4,252	2,022	2,230	110%
Sundry operating expenses	5	4	0.6	13%
TOTAL COSTS (B)	4,734	2,468	2,266	92%
GROSS OPERATING MARGIN / EBIT (A+B-C)	83	57	27	47%
% incid. over total revenue	2%	-188%		
Amortization and impairment	22	22	-	-
OPERATING EARNINGS	61	35	27	78%
% incid. over total revenue	1%	-193%		
FINANCIAL OPERATIONS	(20)	(4)	(16)	437%
PROFIT (LOSS) BEFORE TAX	41	31	11	35%
Year's taxes	(15)	(16)	1	-4%
PROFIT/(LOSS) FOR THE PERIOD	26	15	11	74%

Revenues totalled € 4,818 K in 2022, reflecting the year's portion of the projects commissioned by TA, as better described above.

Costs totalled € 4,734 K in 2022 and mainly include € 476 K for in-house staff, € 3,424 K for outsourced survey and design costs, and € 576 K for TA seconded staff costs.

The EBITDA for the period is € 83 K and the net profit for the period is € 26 K.

TAE has a positive Net Financial Position of € 239 K at 31 December 2022 (against € 356 K at 31 December 2021).

16.4 Jet Fuel Co. S.r.l.

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

A total of 87,911 cubic metres of jet fuel passed through the storage facility during 2022, with a 79.5% volume increase compared to the 48,977 cubic metres of 2021. The company provided into-plane services for 87,911 cubic metres of fuel, with an 86.9% decrease compared to the 47,110 cubic metres of 2021.

At 31 December 2022, Jet Fuel had a sub-licensing agreement in place with TA for the management of the centralized fuel storage facility, for a global value of € 501 K (JF's airport fee) in 2022, administrative service (€ 20 K), rental of operating premises for about € 14 K, and other services (airport permits, parking lots, etc.) for a approx. € 10 K.

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

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

Amounts in €K	2022	2021	Abs. Diff.	% Diff.
REVENUES				
Aviation revenues	2,853	1,545	1,307	84.6%
Other revenues	12	4	8	237.7%
TOTAL REVENUES (A)	2,864	1,549	1,316	85.0%
OTHER INCOME (B)	50	154	(104)	-67.5%
COSTS				
Consumables	88	51	38	74.4%
Cost of personnel	799	543	255	47.0%
Costs for services	394	391	3	0.6%
Sundry operating expenses	27	17	11	63.7%
Airport fees	501	289	212	73.4%
TOTAL COSTS (B)	1,809	1,291	518	40.1%
GROSS OPERATING MARGIN / EBIT (A+B-C)	1,105	412	694	168.5%
% incid. over total revenue	39%	6%		
Amortization and impairment	148	152	(5)	-3.0%
Provision for risks and repairs	-	60	(60)	N/S
Bad debt reserve	-	1	(1)	N/S
OPERATING EARNINGS	958	199	759	381.5%
% incid. over total revenue	33%	-11%		

Financial operations	(8)	(9)	0	-4.8%
PROFIT (LOSS) BEFORE TAX	950	190	759	399.0%
Year's taxes	(268)	(5)	(262)	N/S
PROFIT/(LOSS) FOR THE PERIOD	682	185	497	268.8%

Jet Fuel's total revenues reached € 2,864 K in 2022 (against € 1,549 K at 31 Dec. 2021) and mainly include the fuel storage service for € 1,251 K and the into-plane service for € 1,197 K. The company did not receive government grants in 2022 ("DL Sostegni", equalization aid), but received € 153 K in 2021.

The main costs of 2022 are € 1,809 K (€ 1,291 K in 2021) and include the cost of personnel (€ 799 K), the airport subconcession fee (€ 501 K), tank truck maintenance and fuel costs (€ 137 K), professional services (€ 116 K), and industrial insurance (€ 79 K).

Consequently, the 2022 result is a positive EBITDA of € 1,105 K (€ 412 K in 2021) and a net operating profit of € 682 K for the period, compared to the € 185 K loss reported in 2021.

Jet Fuel's net financial position at year-end 2022 is positive for € 527 K (negative for € 157 K at 31 Dec. 2021).

16.5 Toscana Aeroporti Engineering S.r.l.

On 26 January 2021, Toscana Aeroporti S.p.A. signed an agreement for the acquisition of 51% of Cemes Aeroporti S.r.l., a recently incorporated company (July 2020) operating in the building sector, which changed its name into Toscana Aeroporti Costruzioni S.r.l. (TAC). The business purpose of this company is to build airports, roads, railways; perform river and maritime works; develop noise mitigation systems and prefabricate concrete elements for road, airport and railway facilities.

During 2022, the company completed the improvement of the fire prevention systems in the Pisa and Florence airports and continued the requalification of the flight infrastructure in the Florence airport (flight runway and adjacent strip areas), which was completed in the first quarter of 2023. In the Pisa airport, works were executed for the construction of a sub-service network as a preparatory work for the relocation of the sewer system as part of the preliminary works for the expansion of the Pisa passenger terminal. In addition, unscheduled maintenance works were completed to improve the safety of the building of the Pisa Fire Brigade at the Pisa airport.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. 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.

Amounts in €K	2022	2021	Abs. Diff.	% Diff.
REVENUES				
Other revenues	6,072	10,785	-4,713	-44%
TOTAL REVENUES (A)	6,072	10,785	-4,713	-44%
OTHER INCOME (B)	-	4	-4	N/S
COSTS				
Consumables	210	2,511.7	-2,302	-92%
Cost of personnel	923	1,120	-196	-18%
Costs for services	5,639	6,649	-1,010	-15%

Sundry operating expenses	90	72	18	25%
TOTAL COSTS (C)	6,862	10,352	-3,491	-34%
GROSS OPERATING MARGIN / EBIT (A+B-C)	-789	437	-1,226	-281%
% incid. over total revenue	-13.0%	4.0%		
Amortization and impairment	1,307	1,298	8	1%
OPERATING EARNINGS	-2,096	-862	-1,234	143%
% incid. over total revenue	-34.5%	-8.0%		
FINANCIAL OPERATIONS	-2	-	-2	N/S
PROFIT (LOSS) BEFORE TAX	-2,098	-862	-1,236	143%
Year's taxes	52	142	-91	-64%
PROFIT/(LOSS) FOR THE PERIOD	-2,046	-720	-1,327	184%

The main revenues of 2022 mainly include approx. € 1.6 M for the portion of works completed in the projects commissioned by the parent company and € 3.8 M for work done for third parties.

On the cost side, the most significant component is the cost of services, approx. € 5.6 M. In detail, these consisted in outsourced work for approx. € 4.6 M, cost of personnel for € 923 K; professional services for € 349 K; seconded personnel for € 205 K; consumables for € 210 K.

Consequently, the 2022 EBITDA is negative for € 789 K (positive for € 437 K in 2021) and the loss for the year is € 2,046 K (loss of € 720 K in 2021).

The NFP of TAC at 31 Dec. 2020 is negative for € 686 K (negative for € 315 K at 31 Dec. 2021).

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

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

- RISKS ASSOCIATED WITH THE GENERAL CONDITIONS OF THE ECONOMY AND THE INDUSTRY, AS WELL AS WITH THE COVID-19 OUTBREAK

The main factors that may affect operations in the transport sector where the Group operates are, *inter alia*, the gross domestic product (GDP), the business and consumer confidence level, the unemployment rate and the oil price. In general, the international political unrest, the credit crunch, the high unemployment rate, the reduction in the household income available in real terms as a consequence of the macroeconomic and inflation scenario and the consequent decrease in consumption, as well as events like the Covid-19 outbreak, are still affecting the recovery of air transport. In detail, should the economic weakness persist, also in the light of the conflict between Ukraine and Russia that started at the end of February 2022 and of the economic sanctions against Moscow, it cannot be excluded that the situation may lead to the continued negative impact on the economic and financial situation of the Company and the Group. In addition, this conflict, combined with post-lockdown demand peaks and disruptions in the global supply chain, led to higher raw material prices with significant impacts on energy costs and on the purchase price of certain materials. Moreover, the rising cost of jet fuel and the rerouting of flights to avoid overflying the Russian airspace to reach Asia have increased costs, which could result in an increase in the cost of air tickets for passengers. With regard to the COVID-19 pandemic, in spite of a first part of the year

still affected by the spread of virus variants, the rest of 2022 was characterized by a clear recovery in the traffic managed by Toscana Aeroporti in the two airports, with an 81.4% recovery over the traffic recorded in 2019. Despite the persisting uncertainty due to the possible emergence of new variants which might slow down the return of traffic to pre-pandemic levels, 2023 traffic data are clearly continuing to confirm the recovery trend against pre-COVID-19 traffic data.

For further insights, see the sections “Liquidity risk” and “Update on the impact of the Covid-19 pandemic and of the Russia-Ukraine war” of the Explanatory Notes.

- RISKS ASSOCIATED WITH CLIMATE CHANGE

As regards risks related to climate change (to be considered an exogenous risk for the Company and the Group), TA's Management is gaining further insight on their potential implications on the business with the objective to continuously monitor the situation, also in the light of the additional information that will be acquired during this year. To date, these risks are not considered to be directly affecting the core business of the Group, at least in the short term.

In order to identify the main risks related to the activities of Toscana Aeroporti, a correlation matrix identifying environmental aspects and their related impacts has been developed. The assessment will use parametric criteria that will be cross-referenced with a contribution index to identify significance. For each impact, both the associated risks and the activities implemented to minimize them are identified, and both short- and long-term improvement projects are defined.

The monitoring of climate change risks also includes the consideration of thermal stress and heavy rainfall, two phenomena related to global warming. This because temperatures may somehow affect aircraft performance, while rainfall is a potential cause of local weather events, such as flooding.

Always relating to global warming, which is strongly influenced by emissions of climate-altering gases into the atmosphere, Toscana Aeroporti started planning and implementing a number of synergistic actions to reduce CO₂ emissions, such as participation in the Airport Carbon Accreditation (ACA) program, the design of renewable electricity generation systems to be developed.

Finally, there could be indirect effects resulting, for example, from the introduction of regulatory obligations which may affect the operations of carriers or modify passenger behaviours.

The TA Management will monitor the evolution of these phenomena in order to identify any economic and financial consequences on its multi-year plans, both in terms of investments and of current operating costs. therefore, we cannot exclude that the effects of climate change may affect the future cash flows of the Company and the Group over a long-term horizon.

In addition, the criteria underlying our corporate environmental policies should allow the Group to adopt climate change resilient development pathways and implement actions that are consistent with the 17 Sustainable Development Goals (SDGs) developed by the United Nations.

- RISKS ASSOCIATED WITH CYBERSECURITY

The increasing pervasiveness and effectiveness of global cyberattacks, combined with the increased reliance on remote work required by the Covid-19 pandemic, may increase the risk of illegal intrusion into airport information and technology systems. Toscana Aeroporti pays great attention to the protection of its corporate information system and its infrastructure from unauthorized access and cyberattacks that could also cause the temporary suspension of operational services, the potential loss of sensitive and/or confidential data as well as reputational damage. The main protection measures adopted against IT risks are periodic vulnerability assessments and system penetration tests that are conducted in compliance with the industry best practices, as well as the consequent risk remediation strategies and the continuous updating of our IT systems based to the periodic reports of the competent bodies and of the vendors of technological solutions.

- 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, 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 Annual Report, consultations with airport users have been positively concluded for both the Pisa and Florence airports according to the preliminary procedure established by the tariff models for 2023. TA is presently studying the situation, together with its trade association, to understand how any future condition might impact said new tariff models and how to mitigate any risks in their future application.

- RISKS ASSOCIATED TO DELAYS IN THE IMPLEMENTATION OF THE INVESTMENTS PLANNED

The Toscana Aeroporti Group could find it hard to implement the investments announced in the Action Plan approved by ENAC within the expected time frame, due to unforeseeable or difficult to estimate events. External events such as, for example, delays in the authorization procedure or in the execution of the works, also resulting from the evolution of the Covid-19 outbreak or from legal disputes and petitions, may generate higher investment expenses, require a greater use of financial resources, and end up by negatively affecting the applicable tariffs, and consequently the Group's economic, equity and financial situation. The Investment Plans of the Florence and Pisa airports have been prepared on the basis of the actions planned in the Master Plans, according to a modular pattern related to air traffic trends. The health emergency due to COVID-19 forced the Group to redefine the timing of its main investments in infrastructure, including the construction of the new runway of the Florence airport. More generally, the entire time frame of the infrastructure development described in the master plans of the two airports had to be redefined in order to better respond to the new traffic requirements and to allow for an adequate return on the investment and financial sustainability.

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

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

During 2022, the Tuscan airport system carried approx. 6.7 million passengers, with an overall difference of +137% for the Passenger component, +61% for the Flights component, +78% for the Tonnage component, and -3% for the Cargo & Mail component compared to the aggregate 2021 data regarding Passengers, Flights, Tonnage, and Cargo&Mail in the Pisa and Florence airports. The total incidence of the first three carriers is 63.1%. In detail, the incidence of the first carrier is 47%, while the second and third carriers account for 9.7% and 6.4%, respectively.

In order to minimize the risk of concentrating traffic on certain carriers, Toscana Aeroporti pursues a marketing and commercial strategy aimed, *inter alia*, at diversifying airlines in the two airports. This strategy is implemented, for example, by keeping continuous direct contacts with the carriers and taking part in major global aviation events, while carrying out constant analyses and monitoring the reference markets.

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

- BUSINESS DISRUPTION RISK

Business activities and services may be interrupted by various kinds of events, which may last for shorter or longer periods of time, with impacts on the operation of the airports managed by Toscana Aeroporti and on the business and financial performance of the Group. More specifically, disruptions of business activities generated by prolonged unusual events (e.g., wars, pandemics, volcanic eruptions, etc.) capable of causing long-lasting negative effects on air transport demand may critically impact the business activity of the Group. Natural, atmospheric and/or weather events, as well as the unavailability of the infrastructure and/or systems, may also be causes of disruption of airport operations. To tackle this, Toscana Aeroporti has defined and implemented specific safety measures. In addition, although no such event occurred in the past, since the Pisa airport is a military facility that was later opened to civil air traffic, civil aviation could be significantly limited or even suspended in case of a war or uncommon events of particular significance. The activities of the Group may also be totally or partially disrupted by strikes of its own personnel or of the personnel of any airline, air traffic control service provider or third parties operating in the two airports. With a view to mitigating the potential damage caused by disruptions due to personnel strikes and grievances, the Company maintains a continuous dialogue with trade unions. Furthermore, during this year of post-Covid restart, which was still characterized by some problem in the transport sector due to the high passenger traffic combined with reduced manpower, particularly in certain European countries where no long-term “social shock-absorbers” were adopted, the Group called all its operating staff back into service and stopped giving temporary unemployment benefits. Then we started new personnel recruitment for the season, not only before the opening of the summer season, but also afterwards, with the purpose of achieving and ensuring the highest levels of service.

- FINANCIAL RISK

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

18. SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2012022

New flights operated in the Florence airport

The Spanish airline **Volotea** announced that, effective from 6 April 2023, it will base 1 Airbus A319 at Florence airport to connect the airport with 12 destinations: Bilbao, Bari, Cagliari, Catania, Palermo, Bordeaux, Lyon, Marseille, Nantes, Toulouse starting from April, Olbia from June 19th, and Hamburg from October 10th. Flights are already on sale in the airline's website.

British Airways announced and opened for sales a daily direct flight to London Heathrow operated with Ab320neo starting from mid-April.

Widerøe increased its flights to Bergen in the high season period and also opened to sales a new flight to Oslo Torp.

The Swedish carrier **SAS** increased its seasonal operations on Copenhagen and opened a new connection with Oslo and Stockholm Arlanda.

The Italian carrier **ITA Airways** increased its flights to Rome starting from June, passing from the current 2 daily flights to 4.

Swiss airlines increased operations on Zurich in the summer, passing from 3 daily flights to 4 with night stops.

Air Serbia opened a new seasonal connection with Belgrade with 2 flights per week starting from the end of May.

The Spanish carrier **Vueling** opened sales for its flights to Bilbao, Düsseldorf, and Bari.

Starting from 28 March 2023, **Albawings** restarted operating its flight to Tirana three times a week, in addition to the flight operated on an annual basis from the Pisa airport.

New flights operated in the Pisa airport

Ryanair already opened its bi-weekly flight to Birmingham for sales from June, while the new bi-weekly flight to Copenhagen and the new flight to Kos operated in the very high season have been opened since July. This carrier also re-established the Glasgow Prestwick link starting from the summer season.

From 23 June to 29 September 2023 **FlyDubai** increased its operations in Pisa passing from 3 to 4 weekly flights in the very high season.

Aegean Airlines re-operated its connection to Athens on a weekly basis during the peak season.

19. OUTLOOK

The final passenger traffic figures at year-end 2022 show a clear recovery compared to 2021 (+137%, reaching 81.4% of pre-Covid 2019 traffic).

As a direct consequence, after the negative results reported in 2020 and 2021 due to the pandemic, the Group returned to black ink in 2022.

Despite the uncertainty factors mainly linked to the international scenario, mainly the ongoing conflict between Russia and Ukraine and the continuing inflationary dynamics, the Company remains confident in the continuous improvement of the expected results, also thanks to a constant increase in passenger traffic recorded in the first months of the year in both Tuscan airports.

20. PROPOSED ALLOCATION OF THE YEAR'S PROFITS

We propose that the **operating profit of Euro 2,054,996** of the parent company Toscana Aeroporti be set aside in the legal reserve for Euro 102,750 and in the extraordinary reserve for Euro 1,952,246.

Dear Shareholders,

We invite you to approve the Financial Statement for the year 2022 prepared by Toscana Aeroporti S.p.a. based on the valuation criteria described in the Explanatory Notes.

For the Board of Directors
The Chairman

(Marco Carrai)

CONSOLIDATED FINANCIAL STATEMENT

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in €K	Notes	2022	of which Related Parties	2021 (*)	of which Related Parties
REVENUES					
Operating income		76,819	1,368	35,147	1,143
Other revenues		6,182	99	1,863	96
Revenues from construction services		7,407		11,522	
TOTAL REVENUES (A)	7.1	90,407	1,467	48,531	1,239
OTHER INCOME (B)	7.2	666		9,761	
COSTS	7.3				
Operating Costs					
Consumables	7.3.1	1,101		708	
Cost of personnel	7.3.2	21,859		17,686	
Costs for services	7.3.3	34,533	-	19,540	16
Sundry operating expenses	7.3.4	1,153		1,542	
Airport fees	7.3.5	5,712		2,669	
Total operating costs		64,359	-	42,146	16
Costs for construction services	7.3.6	5,805	4,588	9,822	-
TOTAL COSTS (C)		70,164	4,588	51,968	16
GROSS OPERATING MARGIN / EBIT (A+B-C)		20,909	(3,121)	6,324	1,223
Amortization and impairment	7.4	10,113		10,089	
Provision for liabilities and repair	7.5	3,484		4,333	
Value write-ups (write-downs) net of trade receivables and other receivables	7.6	115		1,115	
OPERATING EARNINGS		7,197	(3,121)	(9,213)	1,223
FINANCIAL OPERATIONS					
Financial income	7.7	94		7	
Financial expenses	7.8	(3,983)		(2,580)	
Profit (loss) from equity investments	7.9	(242)		76	
TOTAL FINANCIAL OPERATIONS		(4,131)	-	(2,497)	-
PROFIT (LOSS) BEFORE TAX		3,066	(3,121)	(11,710)	1,223
Year's taxes	7.10	(1,712)	103	6,798	99
RESULT FROM OPERATING ACTIVITIES		1,354	(3,019)	(4,913)	1,322
Net income from assets sold or held for sale	7.11	3,320		53	
PROFIT/(LOSS) FOR THE PERIOD		4,674	(3,019)	(4,860)	1,322
Minority Interest's loss (profit) for the period	7.12	1		(396)	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD		4,675	(3,019)	(5,256)	1,322
Profit (loss) per share (€) attributable to the Shareholders of the parent company		0.251		(0.282)	
Diluted profit (loss) per share (€) from operating activities	7.13	0.073		(0.285)	
Diluted profit (loss) per share (€) from assets sold or held for sale		0.178		(0.285)	

(*) Following the sale of the Handling business, the comparative figures for 2021 were re-disclosed in compliance with IFRS 5 “Non-current assets held for sale and discontinued operations”.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in €K	Notes	2022	2021
PROFIT/(LOSS) FOR THE PERIOD (A)		4,674	(4,860)
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>			
- Profit (loss) arising from the determination of the Termination Benefit after tax	8.16	284	99
- Profit (loss) arising from the determination of the Employee Termination Benefit, after deducting the taxes of assets sold or held for sale		174	94
Total other profit (loss) before tax (B)		458	193
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		5,132	(4,667)
Comprehensive Minority Interest profit (loss) for the period	8.16	(18)	(409)
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		5,114	(5,076)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in €K)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
NON-CURRENT ASSETS			
Intangible assets	8.1	190,200	189,119
Property, plant and equipment	8.2	26,391	29,022
Rights of use	8.3	3,904	4,583
Equity investments in other entities	8.4	2,962	2,953
Equity investments in associated and jointly-controlled companies	8.5	572	632
Other financial assets	8.6	4,015	3,211
Receivables from others due beyond the year	8.7	1,482	162
<i>of which to Related Parties</i>		1,342	162
Deferred tax assets	8.8	9,883	13,076
TOTAL NON-CURRENT ASSETS		239,410	242,757
CURRENT ASSETS			
Contract assets	8.9	1,924	-
Trade receivables	8.10	16,909	16,233
<i>of which to Related Parties</i>		1,026	490
Current tax assets	8.11	270	637
Other tax assets	8.12	669	2,342
Receivables from others, due within the year	8.13	7,696	15,919
<i>of which to Related Parties</i>		417	-
Other current financial assets	8.14	294	-
Cash and cash equivalents	8.15	55,772	54,147
TOTAL CURRENT ASSETS		83,534	89,278
TOTAL ASSETS		322,943	332,035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in €K)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec. 2022	31 Dec. 2021
CAPITAL AND RESERVES			
Share Capital		30,710	30,710
Capital reserves		66,788	79,833
IAS adjustments reserve		(3,229)	(3,229)
Profit/(Loss) carried forward		642	(586)
Group's profit (loss) for the period		4,675	(5,256)
TOTAL GROUP SHAREHOLDERS' EQUITY		99,586	101,472
Minority interest		1,170	1,153
TOTAL SHAREHOLDERS' EQUITY	8.16	100,756	102,624
NON-CURRENT LIABILITIES			
Provisions for liabilities and expenses	8.17	1,237	2,213
Provisions for repair and replacement	8.18	17,887	16,987
Provisions for employee retirement and benefits	8.19	2,307	5,278
Financial liabilities due beyond one year	8.20	66,515	94,037
Financial liabilities for rights of use beyond one year	8.21	3,491	3,993
Other payables due beyond the year	8.22	2,251	2,778
TOTAL NON-CURRENT LIABILITIES		93,688	125,285
CURRENT LIABILITIES			
Financial liabilities due within one year	8.20	68,447	50,711
Financial liabilities for rights of use within one year	8.21	589	727
Current tax liabilities	8.23	673	32
Other tax liabilities	8.23	7,387	9,928
Trade payables	8.25	36,703	30,580
		<i>of which to Related Parties</i>	
		3,456	-
Payables to social security institutions	8.26	1,170	1,596
Other payables due within the year	8.27	9,934	8,404
Provisions for repair and replacement (current portion)	8.18	3,596	2,147
TOTAL CURRENT LIABILITIES		128,499	104,126
TOTAL LIABILITIES		222,187	229,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		322,943	332,035

Statement of changes in consolidated shareholders' equity (amounts shown in €K)

Note 8.16

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY / EXTRAORDINARY RESERVES	OTHER RESERVES	IAS ADJUSTMENT RESERVE	TOTAL RESULT RESERVES	TOTAL GROUP'S S.E.	MINORITY INT. S.E.	TOTAL SHAREHOLDERS' EQUITY
S.E. AT 01 January 2021	30,710	18,941	5,369	38,783	24,585	(3,229)	(8,612)	106,547	222	106,769
NET YEAR'S PROFIT (LOSS)	-	-	-	-	-	-	(5,256)	(5,256)	396	(4,860)
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	180	180	13	193
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	(5,076)	(5,076)	409	(4,667)
PROFIT ALLOCATION	-	-	-	(7,845)	-	-	7,845	-	-	-
MINORITY INTEREST'S NET WORTH FROM CORPORATE COMBINATION TRANSACTIONS	-	-	-	-	-	-	-	-	522	522
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	-	(7,845)	-	-	7,845	-	522	522
S.E. AT 31 December 2021	30,710	18,941	5,369	30,938	24,585	(3,229)	(5,842)	101,472	1,153	102,624
S.E. AT 01 January 2022	30,710	18,941	5,369	30,938	24,585	(3,229)	(5,842)	101,472	1,153	102,624
NET YEAR'S PROFIT (LOSS)	-	-	-	-	-	-	4,675	4,675	(1)	4,674
OTHER COMPON. OF THE COMPR. I.S.	-	-	-	-	-	-	439	439	19	458
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	5,114	5,114	18	5,132
PROFIT ALLOCATION	-	-	-	(6,045)	-	-	6,045	-	-	-
DISTRIBUTION OF RESERVES	-	-	-	(7,000)	-	-	-	(7,000)	-	(7,000)
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	-	(13,045)	-	-	6,045	(7,000)	-	(7,000)
S.E. AT 31 December 2022	30,710	18,941	5,369	17,893	24,585	(3,229)	5,317	99,586	1,170	100,756

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in €K (Note 8.15)</i>	2022	2021
OPERATING ACTIVITY		
Net result for the period	4,674	(4,860)
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	10,493	10,391
- Impairment of assets	107	315
- Profit / loss from equity investments	242	(76)
- Difference in provision for liabilities and charges	150	196
- Net difference in employee benefits	(518)	(635)
- Net difference in provisions for repair	1,714	(3,288)
- Result of the disposal of subsidiaries	(4,002)	-
- Other non-monetary differences	(105)	(1,756)
- Financial expenses for rights of use	126	132
- Other net financial expenses (income)	3,787	2,451
- Net changes in (prepaid)/deferred taxes	635	(7,257)
- Taxes for the period	943	(155)
- (Increase)/decrease in contract assets	(1,924)	-
- (Increase)/decrease in trade receivables	(5,568)	(2,943)
- Increase/(decrease) in other receivables	10,022	(94)
- Increase/(decrease) in payables to suppliers	11,086	6,541
- Increase/(decrease) in other payables	919	1,730
Cash flow generated by operating activities	32,782	693
- Paid financial expenses	(2,295)	(1,631)
- Paid income taxes	(53)	-
Cash flow generated by operating activities	30,434	(938)
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(1,384)	(3,250)
- Divestment of tangible assets	141	346
- Investments in intangible assets	(7,722)	(11,825)
- Investments in equity and other financial assets	(1,075)	(7)
- Dividends received	13	58
- Net acquisition of controlled companies	(1,000)	(992)
- Net disposal of controlled companies	611	-
Cash flow generated (absorbed) by investments activities	(10,417)	(15,671)
FINANCIAL ASSETS		
- Dividends paid	(7,000)	-
- Short-/long-term loans taken out	59,500	57,200
- (Repayment of) short-/long-term loans	(70,006)	(61,924)
- (Repayment of) financial liabilities for rights of use	(887)	(863)
Cash flow generated (absorbed) by loans	(18,392)	(5,587)
Net increase/(decrease) in cash and cash equivalents	1,625	(22,197)
Cash and cash equivalents at beginning of period	54,147	76,344
Cash and cash equivalents at end of period	55,772	54,147

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DEC. 2022

1. General information

The Toscana Aeroporti Group (hereinafter also “Group” or “TA Group”) includes the parent company Toscana Aeroporti S.p.A. (hereinafter also the “Parent Company” or “TA”), a public limited company with registered office at the address registered in the Register of Companies of Florence, and its subsidiaries Toscana Aeroporti Engineering S.r.l., Parcheggio Peretola S.r.l., Jet Fuel Co. S.r.l., and Toscana Aeroporti Costruzioni S.r.l. Please note that the consolidation area has changed as a result of the sale on of the majority equity interest in the share capital (80%) of the subsidiary Toscana Aeroporti Handling S.r.l. finalized 30 December 2022.

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

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

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

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

The limited auditing activity conducted on the 2022 Consolidated Financial Statement of the TA Group has been carried out by the auditor “PricewaterhouseCoopers S.p.A.”

2. Form and content of the consolidated financial statements

The 2022 Consolidated Financial Statement of the TA Group has been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at 31 Dec. 2022, as 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’s Notice no. 6064293 of 28 July 2006 concerning “Company disclosures required by to Art. 114(5) of Leg. Dec. no. 58/98”). Furthermore, we considered the International Financial Reporting Interpretations Committee (“IFRIC”), formerly Standing Interpretations Committee (“SIC”).

Format of account statements

As regards the format of financial statements, the Company decided to present the following types of consolidated statements: Statement of Financial Position, Income Statement, Statement of

Comprehensive Income, Statement of Changes in the Consolidated Shareholders' Equity, Statement of Cash Flows and Explanatory Notes. In their turn, Assets and Liabilities have been shown in the Balance Sheet based on their classifications as current and non-current.

Income Statement

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

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

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income" (hereinafter also briefly "SCI"), which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are 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 recognized in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

3. Consolidation area and criteria

The consolidation area includes the Parent Company and the companies directly or indirectly controlled by Toscana Aeroporti. A company is controlled when the Group is exposed to or is entitled to receive variable returns from investment in the company and can influence such returns through the exercise of its decision-making power on the company. The subsidiaries are consolidated in full and are listed in section 1 of these Explanatory Notes 4 of the Report on Operations.

The structure of the group has changed since 31 December 2021 as a result of the sale of 80 % of TAH's shares. For further details, see section 6.2 of these Explanatory Notes.

Companies are included in the consolidation area from the date on which the Group gains control over them, while they are excluded from the date on which the Group loses control over them, as defined above. The main consolidation criteria used in preparing the financial statements for the year, in compliance with IFRS at 31 Dec. 2022, are described below:

- a. The book value of the investments made in controlled companies is eliminated against the related Shareholders' equity, against the recognition of the assets and liabilities of the investees on a line-by-line basis. Control exists when the Group is exposed or is entitled to receive variable returns from its involvement in the entity and has the capacity to influence said variable returns with its power over the controlled company. The acquisition of a controlled company is recognized according to 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 fair value of the consideration, plus any minority interest in the acquiree (In the event of a step acquisitions, the fair value at the acquisition date of the interest in the acquiree previously held by the acquirer is also added), and the fair value of the assets acquired and of the liabilities assumed is classified as Goodwill and is recognized on the balance sheet as an intangible asset. Instead, any negative difference ("negative goodwill") is booked to the Income Statement at the acquisition date. Minority shareholders' shares are recognized proportionally to the net assets that can be identified at the acquisition date. If the control of a company is acquired, in which a minority interest was already held, the previously held investment is measured at fair value and the effects of this adjustment are recognized in the Income Statement.
- c. Once control has been acquired on the acquiree, any acquisition of further shares is accounted for by recognising the difference between the price paid and the value of the corresponding share of booked Shareholders' equity of the acquiree directly to reduce the consolidated Shareholders' equity. Similarly, in the event of a transfer of shares 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.
- d. 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.
- e. 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.
- f. 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.
- g. Minority interest in the net assets of the consolidated subsidiaries is identified separately from the Group's Shareholders' Equity. Said interest is determined based on the percentage held in the assets and liabilities identified at the acquisition date and in the Shareholders' equity variations after that date. For the acquisitions completed before the date of first application of the IFRS, as permitted by IFRS 1, the consolidation is done according to the previously applicable standards.

4. Accounting standards and valuation criteria adopted

The accounting standards and valuation criteria adopted for the preparation of the financial statements for the business year closed on 31 December 2020 are described below. The basic valuation criterion adopted in the preparation of balance sheet is the historical cost method, except for those accounting items for which a fair value valuation method is used, as specified below.

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.

Goodwill

In the case of acquisition of business entities, the assets, liabilities and potential liabilities acquired and identifiable are recognized at their fair value at the acquisition date. The positive difference between the fair value of the consideration, plus any minority interest in the acquiree (In the event of a step acquisitions, the fair value at the acquisition date of the interest in the acquiree previously held by the acquirer is also added), and the fair value of the assets acquired and of the liabilities assumed is classified as Goodwill and is recognized on the balance sheet as an intangible asset. Instead, any negative difference ("negative goodwill") is booked to the Income Statement at the acquisition date. Minority shareholders' shares are recognized proportionally to the net assets that can be identified at the acquisition date.

If the control of a company is acquired, in which a minority interest was already held, the previously held investment is measured at fair value and the effects of this adjustment are recognized in the Income Statement.

The costs of the business combination transaction are recognized in the Income Statement.

The potential considerations, i.e. the obligation of the acquirer to transfer additional assets or shares to the seller in the event that certain future events or conditions occur, are recognized at fair value at the acquisition date as part of the consideration transferred in exchange for the same acquisition. Any subsequent change in the fair value of such arrangements is recognized in the Income Statement.

Goodwill is not amortized, but is reviewed every year - or more frequently, if specific events or changed circumstances indicate the possibility of an impairment - to identify any impairment according to the criteria laid down by IAS 36 "Impairment of assets". After initial recognition, goodwill is valued at cost, after deducting any accumulated impairment loss.

Other Intangible Assets

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

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

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

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

Assets from construction services in progress at year-end are measured on the basis of the progress of works and this valuation converges in the Income Statement item "Revenue from construction services". Repair or replacement activities are not capitalized and converge in the estimate of the provision described below.

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

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

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

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

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

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

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

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

In particular, with regard to the amortization of concession rights, account is taken of the sum that the incoming concessionaire will be obliged to pay to the outgoing concessionaire, at the natural maturity of the concession, which will be determined in compliance with regulatory analytical accounting rules. Concession rights include the sums relating to the portion of scheduled maintenance works that is recognized in the balance sheet within the framework of the determination of the provision for repair, but in regulatory analytical accounting reflects assets that will not be completely amortized at the concession expiry date.

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 intangibles with an indefinite useful life other than goodwill have been booked in the balance sheet.

Property, Plant and Equipment

Property, plant and equipment are booked at their purchase cost (more specifically, according to this principle, the value of land is separated from the value of the buildings built on said land and only the building is depreciated) and the cost includes incidental, direct and indirect costs for the portion

reasonably attributable to the asset. For an asset that justifies capitalization, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of asset itself.

If the individual components of a complex tangible asset have different useful lives, they are booked separately to be depreciated consistently with their relative duration (so-called “Component Approach”). The costs incurred after the purchase are capitalized only if they increase the future economic benefits implied in the asset to which they refer. All the other costs are booked in the Income Statement when they are incurred. Tangible assets in progress are valued at cost and depreciated starting from the year when they start being used.

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

The rates applied are specified below:

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

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

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

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

Impairment

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

Intangible assets with indefinite useful life (goodwill) are tested for impairment every year in order to determine whether there have been losses of value, regardless of whether or not there are impairment indicators.

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 recognized in the Income Statement.

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

When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit), except for goodwill, is adjusted upward to its new estimated recoverable amount, but

without exceeding the net carrying value the asset would have had if the impairment had not been recognized. The reversal is recognized immediately in the income statement.

Leases (for the lessee)

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

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

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

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

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

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

Leases (for the lessor)

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

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

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

For operating leases, the Group recognizes the lease payments as income on a straight-line basis or according to any other systematic criterion.

The costs incurred for the realization of the income, including amortization, are recognized as costs.

Non-current assets held for sale

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

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

Disclosure of relationships between operating assets and sold operating assets

Considering that neither IFRS 5 nor IAS 1 provide guidance on how relationships between operating assets and sold operating assets should be disclosed, we selected a method that recognizes these transactions taking into account the elimination of intra-group transactions between the two categories of assets.

Equity investments in associated and jointly-controlled companies

Associated companies and joint ventures are included in the balance sheet starting from the date on which the significant influence or joint control commences and until the time this situation ceases to exist. 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 recognized 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 recognized 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 recognized among the other components of the Statement of Comprehensive Income. If the share of the Group's losses in an associate is equal or greater than the Group's interest in that associate, the Group will suspend the recognition of its share of further losses. After deleting the investment, any further loss is set aside and 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-recognized loss.

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

Financial assets (including equity investments in other entities)

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

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

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

- the financial operations model consists in holding the asset solely for the purpose of collecting the relevant cash flows; and
- the financial asset generates, at contractually predetermined dates, cash flows representing exclusively the return on the financial asset itself.

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

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

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

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

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

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

Financial instruments are removed from the balance sheet when, as a result of their transfer or extinction, the Group is no longer involved in their management and the related risks and benefits no longer affect the Group.

Fair value hierarchy

For all transactions and (financial or non-financial) balances for which an accounting standard requires or permits fair value measurement, the Group applies the following criteria:

- a. Identification of the unit of account, i.e., the level at which an asset or liability is aggregated or disaggregated for recognition under IFRS;
- b. Identification of the main market (or of the most advantageous market) in which transactions could take place for the asset or liability to be valued; if there is no evidence to the contrary, the currently used market will be assumed to be the main market or the most advantageous market;
- c. Definition of the highest and best use for non-financial assets: if there is no evidence to the contrary, the highest and best use will be the current use of the asset;
- d. Definition of the most appropriate valuation methods for the estimation of fair value: these methods maximize the use of observable data, which market participants would use in determining the price of the asset or liability;
- e. Determination of the fair value of assets as the price that would be perceived for their sale, and of liabilities and equity instruments as the price that would be paid for their transfer in a regular transaction between market participants at the valuation date;
- f. Inclusion of non-performance risk in the valuation of assets and liabilities and, particularly for financial instruments, determination of an adjustment factor in the measurement of fair value to include, in addition to the counterparty credit risk (CVA, credit valuation adjustment), the own credit risk of the entity (DVA, debit valuation adjustment).

Based on the data used for fair value valuation, a fair value hierarchy has been identified to classify assets and liabilities measured at fair value or for which the fair value is disclosed in the financial statements:

- a. Level 1 – includes the prices quoted in active markets for assets or liabilities that are identical to those to be valued;
- b. Level 2 – includes observable data, different from those included in Level 1, such as: (i) prices quoted in active markets for similar assets or liabilities; (ii) prices quoted in non-active markets for similar

- or identical assets or liabilities; (iii) other observable data (interest rate curves, implicit volatility, credit spreads);
- c. Level 3 – uses non-observable data, which can be used when no observable input data is available. Non-observable data used for fair value valuation reflect the assumptions market participants would assume in price fixing for the assets and liabilities to be valued.

Trade and sundry receivables

Trade receivables and the other receivables are initially recognized at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt.

The Group measures any impairment/write-down of receivables by adopting an expected loss approach. For trade receivables, the Group has adopted a 'simplified approach' to valuation that does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss ("ECL") calculated over the lifetime of the receivable ("lifetime ECL"). In detail, the policy implemented by the Group consists in stratifying trade receivables into categories based on the number of days that a trade receivable is past due and the allocation is defined on the basis of the historical experience of credit losses, adjusted to take into account specific forecasting factors referred to creditors and the economic environment.

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

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

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

Derivative instruments and hedge accounting

Derivative instruments are initially recognized at fair value, which is the initial price, and then adjusted to fair value at the subsequent closing dates. Fair value differences are booked in the Income Statement. We specify that the Group does not own financial derivative instruments used solely for hedging purposes.

Cash and cash equivalents

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

Financial liabilities

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

They also include trade and miscellaneous payables.

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

Provisions for liabilities and expenses

The TA Group recognizes provisions for liabilities and expenses when it has a legal or implicit obligation towards third parties and the use of the resources of the Group is likely to be necessary 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 compliance with the requirements introduced by IFRIC 12, the concessionaire is not entitled to recognize the infrastructure as property, plant and equipment and the accounting of the work done on the infrastructure differs depending on its nature. More specifically, they are distinguished into two categories:

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

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

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

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

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

Provisions for employee retirement and benefits

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

- costs for the performance of the service are recognized in the income statement among personnel costs;
- net financial expenses on defined benefits liabilities or assets are recognized 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 recognized in the income statement), and any change in the limit of the assets are recognized immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Tax assets and liabilities

Deferred taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available in the future against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that a sufficient taxable income capable of fully or partly recovering such assets is no longer probable.

Deferred taxes are determined on the basis of the taxable rates expected to be used during the business year in which said deferrals will be realized, considering the applicable or future known applicable tax

rates. Deferred taxes are directly recognized in the Income Statement, except for those relating to items booked directly in the statement of comprehensive Income, in which case the related deferred taxes are also booked in the statement of comprehensive Income.

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

Recognition of revenues

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

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

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

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

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

Aviation revenues

The Group fulfils its obligations to do in relation to airport fees by making the airport infrastructure available to carriers for landing, take-off, lighting and parking of aircraft, boarding and landing of passengers and goods, and for the use of centralized infrastructures. In addition, as to handling activities, the Group fulfils its obligations to do by providing ground handling services to passengers and aircraft.

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

Non-Aviation revenues

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

- Revenues from parking lots consist in the price received for the offering of parking slots inside and outside the airport site, based on a public rate table that is defined for all the sales made. The Group fulfils its

obligations to do in connection with this service by making parking spaces available to its customers. Revenues deriving from the performance obligations in question are recognized when they are fulfilled based on their progress, considering that the Group provides the service to customers over a given period of time (the time of parking).

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

Revenue from construction services in favour of the Grantor

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

Other revenues

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

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

Revenues from “Design and manufacturing services” rendered to entities outside the Group are recognized when the control of the goods and services is transferred to the customer for a sum that reflects the consideration the Group believes it will probably receive in exchange for those goods or services. The TA Group fulfils its performance obligations over time by developing the orders in its portfolio concerning, to date, complex and integrated activities in the design and construction of civil engineering works. No meaningful estimates can be identified for this item in consideration of the characteristics of the contracts and of Ta’s role in the order scheme. The Group systematically updates the assumptions underlying the order budgets in order to reflect in the balance sheet the most reasonable estimate of the contract prices accrued and the economic result of the order. In this respect, we specify that the TA Group recognizes the unconditional right to receive remuneration for the work performed (invoices issued and to be issued) as “Trade receivables” and the sum owed by the principals for contract work performed as “Contract assets”, after deducting any advance payment made and received.

Grants

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

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

Costs

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

Financial expenses

Financial expenses are recorded on an accrual basis and include interests payable on financial debts determined by using the effective interest rate method and exchange rate differences payable. Financial expenses also include the financial component of the annual contribution to the provision for repairs. Financial expenses incurred for investments in assets for which a given period of time normally elapses to make the asset ready for use are capitalized and amortized along the useful life of the related class of assets.

Financial income

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

Dividends

Dividends from minority investments recognized 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 recognized in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognized 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 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.

Foreign currency translation criteria

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

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

Use of estimates

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

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

Recoverable value of non-current assets

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

Provisions for repair and replacement

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

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

Recoverability of deferred tax assets

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

Current taxes

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

Pension schemes and other post-employment benefits

Employee termination benefits or indemnities and net financial expenses are valued by using an actuarial method that requires the use of estimates and assumptions for the determination of the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates, and considers the probability of occurrence of potential future events through the

use of demographic parameters like mortality rates or employee resignation or retirement rates. The assumptions used for the valuation are detailed in the section “Provisions for employee benefits”.

Provision for bad debt

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

Potential liabilities

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

RECENTLY-ISSUED PRINCIPLES

New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2020

The following IFRS standards, amendments and interpretations were first applied by the Group as of January 1, 2022:

On 14 May 2020, the IASB published the following amendments named:

- Amendments to IFRS 3 “Business combinations”: the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework in the reviewed version, without this involving changes to the provisions of the standard.
- Amendments to IAS 16 “Property, Plant and Equipment”: the purpose of the amendments is not to allow the deduction, from the cost of tangible assets, of the amount received from the sale of goods produced in the testing phase of the asset. These sales revenues and the related costs are therefore recognized in the Income Statement.
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”: the amendment clarifies that the estimate of the price of a contract must include all the costs that can be directly attributed to the contract. Consequently, the valuation of the price of a contract includes not only incremental costs (e.g., the cost of direct material used in processing), but also all the costs the company cannot avoid because it has entered into the agreement (e.g., the depreciation of the machinery used to fulfil the contract).
- Annual improvements 2018-2020: the amendments were made to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”, to IFRS 9 “Financial Instruments”, to IAS 41 “Agriculture”, and to the Illustrative Examples of IFRS 16 “Leases”.

The implementation of the new amendments had no significant impact on either values or financial reporting.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group at 31 December 2022

- On 18 May 2017, the IASB published IFRS 17 “Insurance Contracts”, which is intended to replace IFRS 4 “Insurance Contracts”. This standard will become effective on 1 January 2023, but early application is permitted only for entities adopting IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.
- On 9 December 2021, the IASB published an amendment called “Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”. The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. It aims to avoid the temporary accounting mismatch between financial assets and insurance liabilities, and thus to improve the usefulness of comparative information for the readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments called “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments are intended to improve the accounting policy disclosure to provide investors and other primary users of the financial statements with more useful information and to help companies distinguish changes in accounting estimates from accounting policy changes. The amendments will become effective on 1 January 2023, but early adoption is permitted. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of these amendments.
- On 7 May 2021, the IASB published the “Amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. This document clarifies how deferred taxes should be accounted for relating to certain transactions that may generate assets and liabilities of the same amount, such as leases and decommissioning obligations. The amendments will become effective on 1 January 2023, but early adoption is permitted. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of this amendment.

Accounting standards, amendments and interpretations not yet applicable

At the date of this report, 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:

- On 23 January 2020, the IASB published the “Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and, on 31 October 2022, published “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”. The purpose of these documents is to clarify how debt and the other short/long-term liabilities should be classified. The amendments will become effective on 1 January 2023, but early adoption is permitted.
- On 22 December 2022, the IASB published “Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. This document requires the lessee-seller to measure the lease liability arising from a sale and leaseback transaction, so as not to recognize income or loss relating to the retained right of use. These amendments will become effective on 1 January 2023, but early adoption is permitted.
- Amendment to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”: the approval process is suspended pending the conclusion of the IASB project on the equity method.

- IFRS 14 “Regulatory Deferral Accounts”: the approval process is suspended pending the new accounting standard on “Rate-regulated Activities”.

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.

5. Concessions

The core business of the Group is the operation of the Concession given to the Parent Company Toscana Aeroporti for the management of the Amerigo Vespucci airport in Florence and the Galileo Galilei airport in Pisa, consisting in the operation and development of the infrastructure of the two airports in Tuscany. Essential information relating to the concession contracts of the companies of the Group is given below. Under the concessions in force, airport concessionaires are entitled to collect boarding fees from airport users, which are annually updated on the basis of a special tariff formula provided by the Italian transport regulatory authority “Autorità di Regolazione dei Trasporti” (“ART”), against the obligation to pay the concession leases, carry out the necessary expansion and modernization works in the airports under concession, and maintain and manage the airport plot of land under concession. Upon expiry, concessions are not automatically renewed, but are awarded again through a public call for tenders, as required by the applicable legislation; all the airport infrastructure developed (which are called “transferable assets”) by the concessionaire must be transferred in a good state of maintenance to the Grantor, and the incoming concessionaire will pay the residual carrying amount of transferable assets, called the “step-in value”¹).

6. Corporate events and transactions

6.1 Update on the impact of the Covid-19 pandemic and the Russia-Ukraine war

The year 2021, and particularly the first quarter, was still affected by the impact of the global health crisis caused by the SARS-COV-2 virus outbreak (hereinafter also briefly “Covid-19” or “Coronavirus”).

Toscana Aeroporti reported a total of ca. 6.7 million passengers in 2022, which reflects a +137% increase and a +74.1% increase in commercial passenger movements compared to 2021. Compared to the pre-Covid-19 period, Toscana Aeroporti reported a -19% decrease in passenger traffic, with a considerable improvement starting from the summer season.

We also remind readers that new international tensions have appeared since February 2022 as a result of the war between Russia and Ukraine. This event had no significant impact on passenger volumes and the Group's revenues, but impacted the macroeconomic scenario with an increase in energy and gas costs.

The growth in traffic and margins resulted in a positive cash flow for the year 2022 arising from operations, including the effect of the collection of Government grants received under paragraph 715 of Art. 1, of Law no. 178 of 30 December 2020 (hereafter referred to as the “2021 Budget Law”), which allowed us to repay the € 10.5 M loan and to invest € 9.1 M.

As regards the initiatives implemented by the TA Management in response to the effects of the pandemic and the Russian-Ukrainian war, the Group maintained throughout 2022 a number of countermeasures aimed at adjusting costs to a reduced traffic demand, including the use of temporary unemployment benefits (“Cassa Integrazione Guadagni”) - which was definitively closed in the summer - and the mitigation of costs for services related to non-strategic activities.

In addition, as it also happened at 31 December 2021, in 2022 the Company obtained again a specific exemption from the bank “Banca Infrastrutture Innovazione e Sviluppo (BIIS, of the Intesa San Paolo

¹ Art. 703 of the Navigation Code: “The outgoing concessionaire shall continue managing the ordinary operations of the airport under the same conditions as those laid down in the concession agreement until the new concessionaire takes over, after paying the related “Step-In Value” due, unless ENAC determines otherwise, specifying the reason(s), concerning the correct performance of the service”.

Group) concerning the measurement of financial ratios required in the loan agreement signed by the parent company, with an outstanding debt of € 14.6 M at 31 December 2022 (expiry 2027).

We also remind readers that, considering the significant losses suffered by the airport sector, an € 800 M provision had been set aside with the “2021 Budget Law” to mitigate the economic effects of the Covid-19 emergency on the entire airport sector, of which € 735 M to be used by airport operators and € 65 M by ground handling service providers. The amount of the grant to which the Group was entitled for the damages suffered in the period going from 1 March 2020 to 30 June 2020, determined with the calculation recommended by the applicable legislation and applied for on 27 January 2022, has been € 9.5 M, of which approximately € 7.3 M for the parent company TA and approximately € 2.2 M for TAH, cashed during 2022. In the context just described, Toscana Aeroporti keeps monitoring the economic and financial outlook of the Group, also based on information obtained from external sources such as independent surveys conducted by the main players of the industry, which surveys confirmed that the air transport industry is not expected to return to pre-Covid-19 traffic levels until 2024.

In a short to medium-term horizon, given the above assumptions for the recovery of traffic levels, 2023 volumes are expected to be still lower than those reported before the pandemic. However, the increasing trend is confirmed, even compared to 2022 year-end data, when the passengers who transited through Tuscan airports were over 80% of pre-Covid levels.

The TA Management will continue to monitor the evolution of the pandemic and the war in order to be ready to adopt the most appropriate measures, where necessary, to mitigate costs, consistently with the necessary service levels and protection of liquidity, while ensuring the maintenance of infrastructure development plans, to allow Toscana Aeroporti to continue its development in the medium term.

However, a potential resurgence of the pandemic or a worsening of the macroeconomic scenario, also in connection with the Russia-Ukraine war, with a possible adverse impact on future traffic volumes and on our financial economic performance cannot be excluded.

In conclusion, the Management estimated that traffic levels will continue to recover in 2023 with respect to the 2020-2022 period, even though still significantly below pre-Covid-19 levels. This growth trend will allow the Group to recover earnings that, together with the available cash and non-revolving credit and with the cost reduction measures adopted consistently with the volumes to be managed, may allow the Group to meet its short-term obligations and keep operating as a going concern in the foreseeable future. See further considerations in the section “Liquidity risk”.

6.2 Disposal of the TAH shareholding

On 30 December 2022, TA completed the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) in favour of Alisud S.p.A. for a price of € 750 K, thus losing control on this subsidiary. The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH’s share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH’s Business Plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA. In line with IFRS 5, after this divestment, the Handling business was classified as “discontinued operations”, which means that, in the Income Statement for the year 2022 and, for comparative purposes, of 2021, the revenue and expense items of this business have been reclassified to the item “Net income from assets sold or held for sale” (for more details on this transaction, read the following section).

In fact, according to IFRS 5, the Income Statement of the business line sold should not be considered for the determination of the year’s result on each cost and revenue line by nature, but the overall result of the business line sold should be reflected in a specific separate line of the Income Statement called “Net income from assets sold or held for sale”. IFRS 5 also requires the Income Statement of the comparative period to be re-disclosed in such a way as to make operating assets and sold assets comparable between the two financial years shown in the financial statements.

Therefore, the comparative data presented in the remainder of this report reflect this re-reporting.

This section provides analytical details of the contents of the items relating to the sold operating assets, as reported in the Consolidated Income Statement, in the Consolidated Balance Sheet, and in the Consolidated Cash Flow Statement.

From a methodological point of view, please note that, referring to the recognition of sold operating assets under IFRS 5, the following process was adopted:

1. The individual profit and loss items that are recognized under the “Net income from assets sold or held for sale” are related to the Income Statement of Toscana Aeroporti Handling S.r.l. for the entire financial year, with the appropriate IAS/IFRS adjustments.
2. The individual income statement items relating to Operating assets and the item “Net income from assets sold or held for sale” comprise the total effects of the elimination of intra-group transactions.
3. The item “Net income from assets sold or held for sale” also includes the capital gain recognized as a result of the disposal of the net assets that make up the operating asset sold.
4. As to the Cash Flow Statement, the cash flows related to the operating assets sold have been recognized in the specific detailed table provided in this section, which includes a summary of the cash inflows/outflows of operating, investment, and financing activities.

The breakdown of revenue and expenses recognized in the Net income from assets sold and held for sale is presented below.

Amounts in €K	2022	2021
REVENUES		
Operating income	21,180	11,379
Other revenues	42	51
TOTAL REVENUES (A)	21,222	11,430
OTHER INCOME (B)	(85)	2,373
COSTS		
Operating Costs		
Consumables	238	104
Cost of personnel	15,184	9,722
Costs for services	5,625	3,557
Sundry operating expenses	330	210
Total operating costs	21,377	13,593
TOTAL COSTS (C)	21,377	13,593
GROSS OPERATING MARGIN / EBIT (A+B-C)	(240)	211
	(0)	
Amortization and impairment	487	616
Provision for risks and repairs	60	120
Value write-ups (write-downs) net of trade receivables and other receivables	5	26
OPERATING EARNINGS	(792)	(551)
	(0)	
FINANCIAL OPERATIONS		
Financial expenses	(25)	(11)
TOTAL FINANCIAL OPERATIONS	(25)	(11)
PROFIT (LOSS) BEFORE TAX	(817)	(562)
Year's taxes	135	615
YEAR'S RESULT	(682)	53

Summary of the result of the disposal

Amounts in €K

750

Price of the disposal	
Earn-out	193
TAH minority shareholding	188
Amount received / to be received (A)	1,130
Net assets disposed of (B)	(2,872)
Result of the disposal (C=A-B)	4,002
Net income of the asset sold for the period (D)	(682)
Net income from assets sold and held for sale (C+D)	3,320

The effect of the collection, net of the cash included in the sold assets, is € 610 K.

The earn-out and the 20% minority interest, accounted for after losing control, have been recognized at fair value.

During 2022, TAH managed a total of 48,181 commercial aviation movements in the two airports, corresponding to an 88.5% market share (92% in 2021 with 25,869 movements). The +86.2% change in movements between the two financial years under examination is linked, as for the other companies of the Group, to the resumption of traffic in the two Tuscan airports. In terms of assisted movements, the 2022 market share of each individual airport for commercial aviation traffic is 82.4% for Pisa (88.9% in 2021) and 97.1% for Florence (97.3% in 2021).

The main revenues for 2022 concern € 21.2 M of handling services and, at year-end, show a +86.1% increase over 2021, in line with the increased operations of the two airports (+74.1% movements, +91% tonnage).

The main costs of 2022 consist in the cost of personnel (€ 15.2 M) and the cost of outsourced services (€ 5.6 M), both increased as a consequence of the increased traffic managed during the year at issue compared to the previous year.

The EBITDA for the period is negative for € 240 K and the operating loss reported by the company in 2022 is € 682 K.

The assets and liabilities related to operating assets disposed of as at 30 December 2022 are as follows:

ASSETS	30 December 2022
Intangible assets	33
Property, plant and equipment	787
Other financial assets	9
Deferred tax assets	2,414
TOTAL NON-CURRENT ASSETS	3,242
Trade receivables	2,286
Other tax assets	53
Receivables from others, due within the year	44
Cash and cash equivalents	139
TOTAL CURRENT ASSETS	2,521
TOTAL ASSETS (A)	5,763
LIABILITIES	30 December 2022
Provisions for liabilities and expenses	1,125
Provisions for employee retirement and benefits	1,992
Other payables due beyond the year	1,345
TOTAL NON-CURRENT LIABILITIES	4,462
Current tax liabilities	23

Other tax liabilities	194
Trade payables	2,344
Payables to social security institutions	512
Other payables due within the year	1,101
TOTAL CURRENT LIABILITIES	4,173
TOTAL LIABILITIES (B)	8,636
NET ASSETS SOLD (A-B)	(2,872)

Finally, the cash inflows/outflows of operating, investment and financing activities related to the divested assets are detailed below.

Cash inflows (outflows) from sale of assets	2022	2021
Cash and cash equivalents at beginning of period	2,008	3,989
Cash and cash equivalents at end of period	139	2,008
Increase/(decrease) in available cash and cash equivalents	(1,870)	(1,981)
Cash flow generated by operating activities	3,300	(2,002)
Cash flow generated (absorbed) by investments activities	(8)	40
Cash flow generated (absorbed) by loans	(5,162)	(19)
Increase/(decrease) in available cash and cash equivalents	(1,870)	(1,981)

7. Information on the items in the Consolidated Income Statement

In line with IFRS 5, after this divestment, the Handling business was classified as “discontinued operations”, which means that, in the Income Statement for the year 2022 and, for comparative purposes, of 2021, the revenue and expense items of this business have been reclassified to the item “Net income from assets sold or held for sale” (see section 6.2 for more details). Therefore, the comparative data presented in the remainder of this report reflect this re-reporting.

For details of the balances of the items of the Consolidated Income Statement resulting from relations with related parties, see Annex C to these Explanatory Notes.

Summary of the impacts of the Covid-19 epidemic on the Income Statement

The following main changes occurred in 2022, compared to 2021, due to the gradual resumption of operations towards pre-Covid-19 levels:

1. The recovery of air traffic (+137% of passengers compared to 2021, equalling ca. +3.9 million);
2. The consequent increase in operating revenues, which increased by approx. € 41.7 M (+118.6%), reflecting greater traffic trends;
3. The continuation of cost reduction actions throughout the year, such as the use of temporary unemployment benefits (“CIGS”), the revision of supply agreements for goods and services, and so on, which led to a + € 22.2 M mitigation of higher operating costs in 2022 (+52.7%) compared to 2021;
4. Lower revenues (- € 4.1 M) and costs (- € 4 M) for construction services incurred in 2022 for the infrastructure investments in the two Tuscan airports.

7.1 REVENUES

Total consolidated revenues increased by 86.3%, passing from € 48.5 M in 2021 to € 90.4 M in 2022. This difference results from the € 41.7 M increase in operating revenues, the € 4.3 M increase in other revenues, and the simultaneous € 4.1 M decrease in revenues from construction services.

Amounts in €K	2022	2021	Abs. Diff. 2022/2021	% Diff.
REVENUES				
Operating income				
Aviation revenues	59,476	27,351	32,125	117.5%
Non-Aviation revenues	30,709	14,457	16,253	112.4%
Network development expenses	(13,367)	(6,661)	(6,706)	100.7%
Total operating revenues	76,819	35,147	41,672	118.6%
Other revenues	6,182	1,863	4,319	231.8%
Revenues from construction services	7,407	11,522	(4,115)	-35.7%
TOTAL REVENUES (A)	90,407	48,531	41,876	86.3%
OTHER INCOME (B)	666	9,761	(9,096)	-93.2%

Consolidated operating revenues totalled € 76.8 M in 2022, up by 118.6% compared to 2021. The analysis of the Group's operating revenue trends for the two business units - Aviation and Non-Aviation - is given below.

7.1.1 Aviation revenues

Aviation revenues totalled € 59.5 M in 2022, up by 117.5% compared to 2021, when they totalled € 27.4 M. The table below breaks down 2022 aviation revenue items and the related differences, both in absolute and percentage terms, compared to 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
AVIATION REVENUES				
Passenger boarding fees	25,734	10,375	15,359	148.0%
Landing/departure fees	14,662	7,348	7,314	99.5%
Stopover fees	1,100	1,415	(315)	-22.3%
PRM assistance fees	4,258	1,769	2,489	140.7%
Cargo fees	322	347	(25)	-7.1%
Passenger security fees	6,913	2,977	3,936	132.2%
Baggage security fees	2,717	1,020	1,697	166.3%
Handling	1,821	961	860	89.4%
Centralised infrastructures	1,949	1,139	810	71.1%
TOTAL AVIATION REVENUES	59,476	27,351	32,125	117.5%

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

7.1.2 Non-Aviation revenues

Non-Aviation revenues totalled € 30.7 M in 2022, up by 112.4% compared to 2021, when they totalled € 14.5 M.

The table below provides details on Revenues from Non-Aviation business referred to 2022 and to 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
NON-AVIATION REVENUES				
Parking lots	5,671	2,319	3,352	144.5%
Food	3,634	1,268	2,366	186.6%
Retail	5,588	2,917	2,671	91.5%
Advertising	1,823	1,142	681	59.7%
Real Estate	1,727	1,681	45	2.7%
Car rental	6,847	3,006	3,841	127.8%
Other subconcessions	2,197	1,176	1,021	86.8%
VIP Lounges	2,659	417	2,242	538.2%
Air tickets	156	180	(24)	-13.4%
Cargo agency	408	351	57	16.1%
TOTAL NON-AVIATION REVENUES	30,709	14,457	16,253	112.4%

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

7.1.3 Network development expenses

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

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

Network development expenses totalled € 13.4 M in 2022, up by € 6.7 M (+100.7%) compared to 2021, when they totalled € 6.7 M. The difference is substantially in line with the increased traffic managed during the year and with aviation revenue trends.

7.1.4 Other revenues

The table below provides details on the “Other revenues” of 2022 against those of 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
OTHER REVENUES				
Design and manufacturing services	3,870	0	3,870	N/S
Utilities and others	2,059	1,643	416	25.3%
Services and consulting	98	101	(3)	-2.9%
Minors	155	119	36	29.9%
TOTAL OTHER REVENUES	6,182	1,863	4,319	231.8%

Year-on-year data for “Other revenues” show € 6,182 K at 31 December 2022, a greater amount compared to 2021, when the total was € 1,863 K. The difference of approximately € 4,319 K substantially derives from the design and manufacturing activities carried out by the TA Group through its subsidiary TAC under the

multi-year framework agreement signed with ANAS (€ 3,870 K, zero at 31 December 2022). In addition, we point out that a higher number of utility connections were recovered by sub-concessionaires in the two airports (+ € 416 K).

7.1.5 Revenues from construction services

Revenues from construction services totalled € 7.4 M in 2022, against € 11.5 M in 2021 (-35.7%). For further details, see section 10 “The Group’s investments” in the Report on Operations.

Additional information on revenues

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

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
Revenues not included in the scope of IFRS 15 (*)	21,569	11,110	10,459	94.1%
“Over time” revenues	68,839	37,422	31,417	84.0%
“Point in time” revenues	-	-	-	N/S
TOTAL REVENUES	90,407	48,531	41,876	86.3%

(*) These are revenues from operating leases (sub-concessions) where the Group is the lessor.

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

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

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
Fixed	2,619	1,638	981	59.9%
Variable depending on an index or rate	18,103	8,599	9,505	110.5%
Variable not depending on an index or rate	846	873	(27)	-3.1%
Total revenues not included in the scope of IFRS 15	21,569	11,110	10,459	94.1%

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

Amounts in €K	31 DEC 2022	31 DEC 2021
Within the year	11,592	9,348
Included between 1 and 2 years	3,664	6,730
Included between 2 and 3 years	2,905	3,081

Included between 3 and 4 years	1,168	2,289
Included between 4 and 5 years	717	733
Beyond 5 years	85	446
Total	20,132	22,627

7.2 OTHER INCOME

The table below details the “Other income” of 2022 against the same item of 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
OTHER INCOME				
Grants	315	7,665	(7,349)	-95.9%
Capital gains from disposal of fixed assets	52	98	(46)	-46.9%
Compensation and reimbursements	193	242	(49)	-20.3%
Proceeds from concession value	105	1,756	(1,651)	-94.0%
TOTAL OTHER INCOME	666	9,761	(9,096)	-93.2%

This difference essentially derives from Government grants (approx. € 7.7 M) recognized by the parent company throughout 2021 with the succession of decrees issued by the Government to support enterprises during the pandemic (“Decreto Sostegni” [Support Decree], Equalization Aid, etc.). The main contribution received in 2021, consisting of € 7.3 M, has been the one received under the equalization fund established by the 2021 Budget Law and implemented with a Decree of the Ministry of Sustainable Infrastructure and Mobility on 25 November 2021, in agreement with the Ministry of the Economy and Finance, to support airport operators (€ 735 M) and airport handlers (€ 65 M).

Income from the residual value of approx. € 1.8 M received has been recognized as required by the provisions of Art. 703 of the “Codice della Navigazione” (Navigation Code), in terms of the value that the incoming concessionaire has to pay to the outgoing concessionaire, which is determined by using regulatory analytical accounting rules. In detail, the amount in question, recognized as a contraentry to concession rights, refers to the share of scheduled maintenance work that has been recognized in the accounts within the framework of the provision for repair, but which, in regulatory analytical accounting, reflects assets that will not be completely amortized at the concession expiry date.

7.3 COSTS

Costs totalled € 70.2 M in 2022, up by 35% compared to 2021, when they totalled € 52 M. This is the result of the simultaneous +52.7% increase in operating costs (which passed from € 42.1 M in 2021 to € 64.4 M in 2022) and of the reduction of costs for construction services, which passed from € 9.8 M in 2021 to € 5.8 M in 2022 (-40.9%).

Amounts in €K	2022	2021	Abs. Diff. 2022/2021	% Diff.
COSTS				
Operating Costs				
Consumables	1,101	708	393	55.5%
Cost of personnel	21,859	17,686	4,173	23.6%
Costs for services	34,533	19,540	14,993	76.7%
Sundry operating expenses	1,153	1,542	(389)	-25.2%

Airport fees	5,712	2,669	3,043	114.0%
Total operating costs	64,359	42,146	22,213	52.7%
Costs for construction services	5,805	9,822	(4,017)	-40.9%
TOTAL COSTS (C)	70,164	51,968	18,196	35.0%

OPERATING COSTS

Operating costs totalled € 64.3 M, up by 53.7% compared to the € 42 M reported at the end of 2021.

7.3.1 Consumables

This item refers to the cost of consumables, which totalled € 1,101 K (€ 708 K in 2021). and includes:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
CONSUMABLES				
Stationery	27	20	7	35.8%
Fuels, lubricants	692	415	277	66.9%
Materials for car parking lots	8	5	3	55.1%
Safety Serv. Contr. (mat.)	81	44	37	84.4%
Clothing	92	57	35	61.7%
Mat. for operating services	201	168	33	19.7%
TOTAL CONSUMABLES	1,101	708	393	55.5%
% incid. over Operating Costs	1.7%	1.7%		

The decrease is mainly due to the reduced purchase of personal protection equipment (PPE) and to the lower sanitation expense linked to the health emergency (€ -201 K) compared to 2020, which are partially mitigated by the increase in fuel costs (+30.4%, equalling € 100 K).

7.3.2 Cost of personnel

The Group's cost of personnel totalled € 21.9 M in 2022, up by € 4.2 M compared to 2021 (+23.6%). In spite of the moderate increase in the Group's workforce compared to the same period of 2021 (+0.8%) and the greater traffic handled (+137% passengers), labour costs increased as a result of a greater presence of personnel required by the increased operating requirements (reduced use of "social shock absorbers") and the need to replace absent personnel due to Covid-19. Please note that the Florence Amerigo Vespucci airport temporarily suspended its operations in the February to April 2021 period to execute runway requalification works. The 2022 cost was also affected by increased variable compensation compared to the same period of 2021.

This cost item is broken down below:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
STAFF COST				
Remuneration	21,580	17,519	4,061	23.2%
<i>of which:</i>				
Wages	13,552	10,700	2,852	26.6%
Salaries	2,035	1,916	119	6.2%
Social security contributions	4,632	3,875	757	19.5%
ETB	1,362	1,028	334	32.4%

Other labour costs	279	167	112	67.0%
<u>of which:</u>				
Contributions to CRAL	4	4	(1)	-14.0%
Benefits to personnel	274	162	112	69.4%
Administered and sundry	2	2	0	22.0%
TOTAL COST OF STAFF	21,859	17,686	4,173	23.6%
% incid. over Operating Costs	34.0%	42.0%		

The table below provides details on the average annual staff (expressed in Full-Time Equivalents, FTEs) existing in 2022 and any difference compared to 2021:

EFT Table	2022	2021	Diff.	% Diff.
Toscana Aeroporti	325.96	323.40	2.6	0.8%
Jet Fuel	12.74	11.25	1.5	13.2%
TAE	6.68	6.52	0.2	2.4%
TAC	13.08	14.53	(1.4)	-10.0%
Group	358.45	355.70	2.8	0.8%

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

The table below provides details on the staff existing at 31 December 2022 and any difference compared to 2021.

No. of employees	31 Dec. 22	31 Dec. 21	Diff.	% Diff.
Toscana Aeroporti	347	353	(6)	(1.7%)
Jet Fuel	12	13	(1)	(7.7%)
TAE	8	7	1	14.3%
TAC	12	14	(5)	(35.7%)
Group	376	387	(11)	(2.8%)

7.3.3 Costs for services

On the whole, costs for services in 2022 and 2021 consist of:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Commercial services	126	159	(33)	-20.7%
Institutional expenses	1,630	1,375	255	18.5%
Other services	4,625	3,464	1,161	33.5%
Personnel services	961	670	291	43.5%
Maintenance services	5,237	4,809	428	8.9%
Utilities	8,814	2,835	5,980	211.0%
Operating services	13,140	6,229	6,911	111.0%

TOTAL COSTS FOR SERVICES	34,533	19,540	14,993	76.7%
% incid. over Operating Costs	53.7%	46.4%		

Commercial Services, which totalled € 126 K in 2022 (€ 159 K in 2021), include the following costs:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Commercial services	126	159	(33)	-20.7%
<u>of which:</u>				
Advertising commissions	15	9	6	65.1%
Management of advertising systems	50	27	24	90.0%
Retail promotions	-	63	(63)	-99.3%
Dry cleaning service	60	60	-	N/S

Institutional expenses totalled € 1.6 M in 2022 (€ 1.4 M in 2021), mainly including the cost of the Board of Directors and Board of Auditors.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Institutional expenses	1,630	1,375	255	18.5%
<u>of which:</u>				
Directors' fees	1,044	929	115	12.4%
Auditors' fees	236	236	0	0.0%
Directors' business travels	269	168	101	60.0%
Legal, notarial, meeting expenses	25	34	(10)	-27.6%
Participation in conferences	56	8	48	N/S

Other services, which totalled € 46 M (€ 3.5 M in 2021), mainly include professional services, industrial insurance, and communication costs.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Other services	4,625	3,464	1,161	33.5%
<u>of which:</u>				
Professional services	3,452	2,615	838	32.0%
Industrial insurance	753	575	178	31.0%
Communication	400	252	148	58.8%
Other minors	19	22	(3)	-15.0%

The main difference in these costs is caused by the higher costs incurred for professional services (+ € 838 K) by the Holding and, in most cases, related to the final balance of legal fees paid for disputes concerning the approval of the Florence Master Plan.

Other personnel services totalled € 961 K (€ 670 K in 2021) and mainly include canteen, payroll service, transfers, and employee training costs.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Personnel services	961	670	291	43.5%
<u>of which:</u>				
Canteen	452	342	109	31.9%
Insurance	135	164	(29)	-17.8%
Preventive medicine and med. examinations	53	7	45	637.0%
Training	53	62	(10)	-15.7%
Staff recruitment	53	13	41	327.5%
Payroll services	73	41	32	76.5%
Other personnel services	7	0	7	NS
Journeys	135	40	95	237.1%

“Maintenance services” totalled € 5.2 M (€ 4.8 M in 2021) and include airport infrastructure, system and installation, equipment and vehicle maintenance.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
COSTS FOR SERVICES				
Maintenance services	5,237	4,809	428	8.9%
<u>of which:</u>				
Equipment/truck maintenance	493	341	152	44.7%
BHS system maintenance	893	794	99	12.5%
Infrastructure maintenance	2,031	1,854	177	9.6%
IT maintenance	1,820	1,820	-	0.0%

Utility services, which totalled € 8.86 M (€ 2.84 M in 2021), mainly include costs for electricity, gas, water, and telephone services.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
COSTS FOR SERVICES				
Utilities	8,814	2,835	5,980	211.0%
<u>of which:</u>				
Electricity	4,299	1,395	2,904	208.1%
Water	410	268	142	53.0%
Telephones	199	210	(11)	-5.3%
Mobile phones	167	195	(28)	-14.5%
Gas	3,647	710	2,937	413.4%
Minors	91	55	36	65.1%

The main increases in the price of gas (+ € 2,937 K) and electricity (+ € 2,904 K) are mostly linked to tariff changes following the Russia-Ukraine crisis.

Operating Services totalled € 13.1 M (€ 6.2 M in 2021) and mainly include external costs for porters, surveillance, cleaning, rentals, first aid care, and other services typically associated with airport operations. The increase over 2021 is in line with the increased operations of the two Tuscan airports.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
COSTS FOR SERVICES				
Operating services	13,140	6,229	6,911	111.0%
<u>of which:</u>				
Porterage	1,012	570	442	77.6%
Aircraft and vehicle cleaning	24	42	(19)	-44.5%
Agency/Warehouse service	280	254	25	10.0%
Cleaning	1,080	813	267	32.9%
PRM Support	910	580	330	57.0%
Surveillance service	3,410	2,153	1,257	58.4%
Services Centre	92	139	(47)	-34.0%
Connection with AZ ARCO system	10	21	(11)	-53.8%
Rental of machines and equipment	263	226	37	16.5%
Management of parking lots	291	122	169	138.2%
Gardening	100	76	23	30.4%
VIP Lounge	693	103	590	572.0%
First Aid Service	404	362	42	11.6%
Shuttle bus	537	172	365	211.9%
Other operating services	89	10	80	833.1%
Emergency management services	269	584	(315)	-54.0%
Outsourced design and manufacturing services	3,677	0	3,677	N/S

Increased operating services also include the new cost for design and manufacturing services outsourced to the investee A.C. Quasarda for € 3,677 K (€ 0 in 2021).

7.3.4 Sundry operating expenses

Sundry operating expenses totalled € 1.2 M (€ 1.5 M in 2021) and mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs, and other minor costs.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
SUNDRY OPERATING EXPENSES				
Publications	14	10	5	47.4%
Ins. entities and sundry institutions	217	287	(70)	-24.4%
Taxes and levies	583	728	(146)	-20.0%
Entertainment	64	36	28	76.4%
Sundry administrative costs	249	173	76	43.9%
Others	27	309	(282)	-91.3%
SUNDRY OPERATING EXPENSES	1,153	1,542	(389)	-25.2%
% incid. over Operating Costs	1.8%	3.7%		

In particular, we point out that, in 2022, compared to 2021, the item “Others” includes lower non-recurring costs (- € 278 K) and a lower burden of taxes and duties (-146 K).

7.3.5 Airport fees

Airport fees, which totalled € 5.7 M (€ 2.7 M in 2021), include concession fees and the fee paid to the Fire Protection Fund.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
AIRPORT FEES				
Concession and security fees	4,531	1,696	2,835	167.2%
Fire Brigade fee	1,181	973	208	21.3%
TOTAL AIRPORT FEES	5,712	2,669	3,043	114.0%
% incid. over Operating Costs	8.9%	6.3%		

The increase is due to the higher traffic reported at the end of 2022 compared to 2021 (+137% in terms of passengers, equal to + € 2.835 K in fees).

7.3.6 Costs for construction services

Costs for construction services, which totalled € 5.8 M (€ 9.8 M in 2021), reflect the investments made in the airport infrastructure under concession in 2022.

The lower costs of € 4 M are explained by the same reasons indicated in the comments to the corresponding revenue item.

7.4 Depreciation/amortization and impairment

This item totalled € 10.1 M in 2022 (€ 10.1 M in 2021) and includes the amortization of intangible assets for € 6.5 M (€ 6.2 M in 2021), the depreciation of tangible assets for € 2.8 M (€ 3 M in 2021), and the amortization of rights of use for € 662 K (€ 643 K in 2021).

7.5 Provision for liabilities and repair

This item, which totalled approx. € 3.5 M (€ 4.3 M in 2021), includes the additions made to the provision for liabilities (€ 237 K) and to the provision for repair (€ 3.2 M), which is the year’s provision required for future maintenance expenses relating to the repair work and replacements necessary to keep the assets used under the two ENAC concessions in secure and operating conditions. The total of the item also contains € 107 K of impairments (€ 315 K) determined in 2021.

7.6 Net revaluation (impairment) of trade and other receivables

This item amounts to € 1,141 K (€ 1,668 K in 2020) and consists of the addition made to the provision for bad debt.

Amounts in €K	31 DEC 2022	31 DEC 2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
Provision for bad debt	99	1,115	(1,015)	-91.1%
Credit loss	15	1	15	N/S
Use of provision for bad debt	-	-	-	
TOTAL	115	1,115	(1,001)	-89.7%

The addition made to the provision in 2021 was affected by the deterioration of receivables due to ongoing insolvency procedures for some customers and to the general lack of liquidity linked to the collapse of the tourism sector as a result of the global health emergency.

7.7 Financial income

This item totalled approx. € 94 K (€ 7 K in 2021) and mainly includes financial revaluation (write-up) for € 62 K, interests receivable accrued on non-bank loans for € 26 K), and bank interest for € 4 K).

7.8 Financial expenses

This item totalled € 3,983 K (€ 2,580 K in 2021) and mainly includes interests payable and commissions on bank current accounts for € 3,016 K (€ 2,062 K in 2021); financial expenses on employees' defined-benefit liabilities for € 119 K (€ 43 K in 2021); financial expenses relating to the discounting of the provision for repair and replacements for € 635 K (€ 260 K in 2021); and financial expenses on financial liabilities for rights of use for € 126 K (€ 131 K in 2021).

7.9 Profit (loss) from equity investments

This item shows a negative balance of € 242 K (against a positive value of € 76 K in 2021) and derives from the recognition in the Shareholders' Equity of equity investments in associated companies (Alatoscana S.p.A., Toscana Aeroporti Handling S.r.l.) and in jointly controlled companies (A.C. Quasarda Scarl), as well as the negative result of the sale of the Immobili Careggi investment to the majority shareholder Azienda Ospedaliera Universitaria di Careggi.

7.10 Year's income taxes

The item shows a negative balance for 2022, € 1,712 K (against a positive balance of € 6,798 K in 2021).

In particular, this amount includes:

- Current taxes for € 899 K arising from the 2022 taxable income of the Group companies (of which € 668 K of the parent company TA);
- Deferred tax assets for € 916 K (of which € 639 K of the parent company TA);
- Income from tax consolidation with the controlling company Corporación America Italia S.p.A. for € 103 K (€ 99 K in 2021).

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

7.11 Net income from assets sold or held for sale

As pointed out in the introduction, the net income from assets sold or held for sale, a total of € 3.3 M, includes both the net year's income from sold assets (negative for € 682 K) and the income from the sale (positive for € 4 M). The same data for 2021, € 53 K, represents the net income obtained with the sale of the assets.

7.12 Minority Interest's loss (profit) for the period

This item shows the minority interest of the subsidiaries Jet Fuel and TAC.

Based on property rights existing in 2022, the year's profit of the controlled company Jet Fuel - € 711 K (€ 223 K in 2021) - is a minority interest to a 66.67% extent, which corresponds to approx. € 474 K (€ 149 K in 2021).

Based on property rights existing in 2022, the year's profit of the controlled company TAC - a loss of € 968 K - is a minority interest to the extent of 49%, which corresponds to € 475 K.

The overall minority interest loss for the period is € 1 K (€ 396 K in profits in 2021).

7.13 Earnings (loss) per share / Diluted earnings (loss) per share

The earnings (loss) per share and the diluted earnings (loss) per share of 2022, which equals 0.251 (- € 0.282 in 2021), has been calculated by dividing the Groups profit for the period (€ 4,675 K) by the weighted

average of the ordinary shares outstanding during the period (18,611,966 shares), as no dilution factor applied. The earnings (loss) per share from operating activities and from assets sold or held for sale has been recognized according to the same criterion.

8. Information on the items of the Consolidated Statement of Financial Position

The items of the Consolidated Statement of Financial Position as at 31 December 2022 are commented below, indicating the comparison with balances as at 31 December 2021.

For the details of the balances of the items of the Consolidated Statement of Financial Position arising from relations with related parties, please refer to note no. 10.4 in “Relations with related parties”.

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2022 and a comparison against 31 December 2019 are given below.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
TOTAL NON-CURRENT ASSETS	239,410	242,757	(3,347)

8.1 Intangible assets

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Goodwill	3,735	3,735	0
Concession rights (royalties)	159,026	159,241	(215)
Patents and intellectual property rights	422	673	(250)
Construction in progress and advance payments (intang.)	26,754	25,245	1,509
Other fixed assets	262	225	37
Intangible assets	190,200	189,119	1,081

In addition to the information provided in the introduction, aggregate investments for approximately € 7.7 M in intangible assets were made in 2022, consisting of:

<i>(amounts in €K)</i>	31 Dec. 2022
Concession rights (royalties)	1,723
Construction in progress (concession rights)	5,684
Work in progress (Software)	177
Other minor intangibles	77
Software	61
Total	7,722

For a detailed analysis of the investments made in 2022, see section 10 of the Report on Operations. During 2022, assets were disposed of for € 91 K, as a result of the sale of the TAH majority shareholding. Movements of intangible assets are detailed in Annex A and information on the various categories of intangible assets is given below.

a. Goodwill

The value of goodwill at 31 December 2022 is € 3.7 M (€ 3.7 at 31 Dec. 2020) and has been accounted for in 2021 after the acquisition of 51% of Cemes Aeroporti S.r.l. (a company operating since July 2020 in the

construction sector), which simultaneously took the name of Toscana Aeroporti Costruzioni S.r.l. (“TAC”). The business purpose of TAC is to build airports, roads, railways; execute river and maritime works; develop noise mitigation systems and prefabricate concrete elements for road, airport and railway facilities. The acquisition is part of Ta’s investment strategy aimed to the development of infrastructures for the Florence and Pisa airports through a subsidiary.

The goodwill refers to the experience in the industry of the acquired company and to the possibility to streamline the infrastructure development strategy of the Florence and Pisa airports through the subsidiary.

The goodwill is tested annually for impairment using the method described in the dedicated section below.

b. Concession rights

The value of this item at 31 December 2022 is € 159 M (€ 159.2 M at 31 December 2021), down by € 215 M due to the effect of the year’s infrastructure investment (€ 5.9 M), net of amortization (€ 6.3 M). For further details, see section 10 in the Report on Operations.

The total amount of concession rights, including the related work in progress, is € 186 M.

c. Industrial patent rights

This item totalled € 422 K at 31 December 2022 (€ 673 K at 31 December 2021), down by € 250 K as a result of the higher amortization with respect to the year’s investments.

d. Construction (work) in progress

At 31 December 2022, this item includes almost exclusively concession rights for € 26.8 M (€ 25.2 M at 31 December 2021), up by € 1.5 M due to the effect of the new ongoing investments of € 5.9 M, a difference that is partially offset by the item “Concession rights” for € 4.3 K after the conclusion of the related projects.

Please note that the value of construction in progress includes approx. € 16.8 M relating to the investment for the development of the Florence airport Master Plan and approx. € 5 M of investment for the design of the new Florence terminal.

Concerning these investments, we remind readers that the decisions of the Italian Regional Administrative Court (“TAR”) and of the Council of State, pronounced in 2019 and February 2020, respectively, which required TA to restart the VIA procedure in order to overcome some weaknesses in the preliminary documentation, do not question the technical validity of the project and do not identify any regulatory or environmental impediment to its implementation; in fact, TA can reuse the specialist analyses and design work developed until now for the new work approval procedure.

During 2022, the Company continued to cooperate with ENAC in order to restart of the approval process, also in the light of the provisions of Law Decree 76/2020 (so-called “Decreto Semplificazioni” or Simplification Decree), which may help reducing the necessary authorization timeframe.

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

Impairment test

At 31 December 2022, pursuant to IAS 36 “Impairment of Assets”, an impairment test was performed on data at 31 December 2022, as approved, together with the Group’s Business Plan, by the Board of Directors on 10 March 2023, on both the CGUs of the Florence and Pisa airports.

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

More specifically, the expected cash flows of the two airports estimated for the residual duration of the respective concessions (2048 for Pisa and 2045 for Florence - conventionally defined as 2044 in view of the

expiry of the concession in February 2045), having acknowledged the postponement of the completion of the new Florence airport until the new approval process is completed, have been approved by the Board of Directors of the holding TA on 10 March 2023 and discounted by determining the recoverable value in use of the respective CGUs, which value was compared with the related book value.

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

The objectives and assumptions of the Plan have been determined by taking into account the historical results of operations and have been processed based on accurate estimates of passenger traffic and of the related revenues, also by using industry-related growth factors and especially considering the significant reduction in the demand determined at the end of the years 2021 and 2022 due to the impact of the Covid-19 pandemic.

The definition of the main drivers of the Plan, particularly as regards future traffic development forecasts, has also been based on external information, such as independent surveys conducted by primary operators of the sector. In the light of the information acquired from internal and external sources, the Plan forecasts are based on a possible recovery of pre-Covid passenger traffic levels not earlier than 2024, with a 2023 still below 2019 levels, but showing a significant recovery.

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

- Growth rate of operating revenues for the Florence airport: 5.4% CAGR for 2024-2045 (against 3.6% in 2021)

- Growth rate of operating revenues for the Pisa airport: 3.8% CAGR for 2024-2048 (against 2.8% in 2021)

As to the discounting of cash flows, the Group adopted a WACC (weighted average cost of capital) that reflects the current market valuation of interest rates and takes into account the specific risks of the business activity in which the CGUs operate, therefore establishing a WACC of 8.12% (against a WACC of 6.78% in 2021).

The Group then conducted a sensitivity analysis on the results of the test against the variations expected in basic assumptions (use of revenue growth rate and discount rate) that affect the value in use of the CGUs. Even in the event of a 1% increase in the WACC used, the analyses would not show an impairment. In addition, also based on Consob's Warning Notice no. 1/21 of 16 February 2021 and on the recommendations issued by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", as well as considering the basic scenario commented above and supported by external studies, as specified above, the expected scenario is one of persisting adverse effects of the pandemic and the present macroeconomic context. According to the assumed scenario, the expectation to reach the foreseen EBITDA should be put off of another two years. In fact, the EBITDA expected by the respective CGUs for 2023 was also applied to the years 2024 and 2025, and only in 2026 can we assume that the margin levels defined in the basic scenario for the 2024 Plan will be reached. Despite this further significantly negative impact, the value of use of the CGUs examined is still higher than their net carrying amounts.

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

In addition, the Group conducted a further simulation aimed at defining the reduction of revenues and, for the same amount, of the profits expected in the plan, which would determine a recoverable amount not lower than the carrying amount of the CGUs. The reduction in revenues, which, without any reduction in the amount of costs, would result in a recoverable amount not lower than the carrying amount of the CGUs, would be about 18.4% for Florence airport and about 17.6% for Pisa airport.

Considering that the recoverable value is determined based on estimates, the Group cannot ensure that an impairment may appear in future periods. In the current market context, the various factors used for

the processing of the estimates could be reviewed. The Group will constantly monitor these factors and any possible impairment.

e. Other fixed assets

The value of this item at 31 December 2022 is € 262 K (€ 225 K at 31 December 2021), and refers to investments in leased assets, particularly on the municipal road of “Via del Termine” near the Florence airport.

8.2 Property, plant and equipment

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Land, Buildings	16,836	17,082	(246)
Other assets	1,609	2,233	(624)
Ind. and comm. equipment	733	974	(241)
Plant and machinery:	7,003	8,440	(1,437)
Construction in progress and advance payments (tang.)	211	293	(82)
Property, plant and equipment	26,391	29,022	(2,631)

On the whole, approximately € 1.4 million were invested in 2022 for:

<i>(amounts in €K)</i>	31 Dec. 2022
Plant and machinery:	977
Motor vehicles	167
Furniture and fittings	74
Hardware	87
Construction (work) in progress	79
Total	1,384

For a detailed analysis of the main investments made in 2022, see section 10 of the Report on Operations. Disposal of assets for € 299 K were made during 2022 in connection with the exit of TAH. Movements regarding property, plant and equipment is given in Annex B.

8.3 Rights of use

At 31 December 2022, the value of the rights of use of the Company is € 3.9 M, including:

1. Rights of use on land, buildings and improvements for € 3.6 M, relating to long-term contracts signed for the concession of car park areas, with terms ranging from 9 to 20 years;
2. Rights of use on vehicles, furniture and fittings for € 349 K, relating to long-term contracts signed for corporate cars, with terms ranging from 3 to 4 years.

The details of the year are provided below.

Data in €K	31 Dec. 2022	31 Dec. 2021
Values at January 1st	4,583	4,542
Acquisitions	120	821
Disposals	-	-
Depreciation	(798)	(779)
Year-end rights of use	3,904	4,583

8.4 Investments in other entities

At 31 December 2022, the TA Group owns shares in other investments for € 2,962 K (€ 2,953 K at 31 Dec. 2020), consisting of in:

- Firenze Parcheggi S.p.A. (8.16% of the share capital): € 2,823 K
- I.T. Amerigo Vespucci S.p.a. (0.17% of the share capital): € 40.6 K
- Consorzio Turistico Area Pisana S.c.a.r.l. (2.37% of the share capital): €420
- Toscana 24 Srl (4% of the share capital): € 30 K
- Consorzio Pisa Energia S.c.r.l. (3,53 % of the share capital): €831
- Consorzio per l'Aeroporto di Siena (0.11% of the share capital): € 8.5 K
- Firenze Convention Bureau S.c.r.l. (2,77 % of the share capital): € 6.3 K
- Firenze Mobilità S.p.a. (3.98% of the share capital): € 42.5 K
- Società Esercizio Aeroporto della Maremma S.p.a. (0.39% of the share capital): € 10.2 K
- A. C. Quasarda S.c.a.r.l. (72.42% of the share capital): € 7.2 K

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

No significant change in the fair value of Equity Investments in other Entities - is recognized at 31 December 2022.

8.5 Investments in associated and jointly controlled companies

At 31 December 2022, the value of TA's equity interests in associates and related entities is € 572 K (€ 632 K at 31 Dec. 2021), as shown in the table below.

- Alatoscana for € 378 K (€ 376 K at 31 December 2021);
- Toscana Aeroporti Handling for € 187 K (zero at 31 December 2021);
- A.C. Quasarda for € 7.2 K (€ 7.2 K at 31 December 2021).

The 20% stake in TAH, acquired on 30 Dec. 2022, following the loss of control, was measured at fair value. For further considerations on the characteristics of the entities in question, see the section "Relationships with associated companies, jointly-controlled companies and related parties" of the Report on Operations.

No impairment indicator applies to Equity Investments in related entities.

8.6 Other financial assets

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Guarantee deposits	742	193	549
Receivables from others due beyond the year	3,210	3,017	193
Financial instruments	63	-	63
Other financial assets	4,015	3,211	804

Guarantee deposits

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

Receivables from others, due beyond the year

The receivable mainly consists in the confirmatory deposit paid on the of € 3 M price 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. See also the further considerations developed in section

8.1.d “Construction (work) in progress” and 10.7.3 “Other liabilities with a potentially unfavourable outcome”.

The amount also includes the earn-out component to be received for the disposal of TAH for € 193 K, a financial asset measured at fair value (FVTPL).

Financial instruments

This item, totalling approximately € 63 K at 31 December 2022, refers to the fair value of the option right of the parent company TA for the sale of the remaining 20% share today owned in TAH’s share capital, as provided for in the sale contract.

8.7 Trade receivables due beyond the year

These refer to trade receivables for agreed repayment plans. The value at 31 December 2022 is € 1,482 K (€ 162 K at 31 December 2021), mainly referring to the plan for the repayment of receivables from the related party TAH for € 1,342 K.

8.8 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 € 9,883 K (€ 13,076 K at 31 December 2021). This amount mainly includes tax effects determined on the 2021 tax loss of the Parent Company and its main subsidiaries, on the temporary differences determined on taxed provisions (for repair, for bad debt, etc.), and the accounting of intangible assets (concession rights) under IFRIC 12. For details regarding the composition of the item and the related details, see Annex D.

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

The difference in deferred tax assets mainly results from:

- Exit of the subsidiary Toscana Aeroporti Handling s.r.l. from the consolidation area (with an effect of approx. - € 2,400 K);
- Use of past tax losses against the achievement of positive tax results (with an effect of approx. € - 1,450 K);
- Changes in taxed funds and other minor changes (with an effect of approx. € + 660 K).

The recoverability of deferred tax assets relating to tax losses is reflected in the capacity to produce tax profits in future financial years, as can be inferred from the multi-year plan approved by the Board of Directors of the parent company on 10 March 2023, also considering that applicable tax laws allow companies to use past tax losses along an unlimited time horizon.

CURRENT ASSETS

The composition of current assets at 31 December 2022 and a comparison against 31 December 2019 are given below.

	Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
TOTAL CURRENT ASSETS		83,534	89,278	(5,744)

8.9 Contract assets

This amount includes the sum owed by the client ANAS for the works carried out during the year, net of advance payments made and received, under the framework agreement that will terminate in 2025.

8.10 Trade receivables

The main item includes receivables from customers for € 16,909 K at 31 December 2022 (€ 16,233 K at 31 December 2021), net of the provision for bad debt, as detailed in the table below:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Gross trade receivables	21,958	21,524	435
- Provision for bad debt	(5,049)	(5,291)	242
Trade receivables	16,909	16,233	676

The provision for bad debt was increased during the year with the addition of € 115 K and decreased for the use of € 356 K.

Data in €K	
Provision for bad debt at 31 Dec. 2021	5,291
Addition	115
Use	(356)
Provision for bad debt at 31 Dec. 2022	5,049

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

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	21,958	10,556	4,123	820	483	220	5,756
Expected loss rate		-0.1%	-0.2%	-4.9%	-8.8%	-27.4%	-85.0%
Provision for bad debt	(5,049)	(8)	(8)	(40)	(43)	(60)	(4,891)
Total at 31 Dec. 2022	16,909	10,549	4,116	780	440	160	865

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	21,524	8,163	4,143	1,339	333	743	6,804
Expected loss rate		0.0%	-0.3%	-1.3%	-5.5%	-8.3%	-76.2%
Provision for bad debt	(5,291)	-	(11)	(18)	(18)	(61)	(5,182)
Total at 31 Dec. 2021	16,233	8,163	4,132	1,321	314	681	1,622

Trade receivables also include receivables from associated and jointly-controlled companies shown in the following table:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Alatoscana	-	32	(32)
Immobili AOU Careggi	-	107	(107)
Toscana Aeroporti Handling	686	-	686
A.C. Quasarda	23	-	23
Receivables from associated companies	709	138	571

8.11 Current tax assets

This item, which consists of € 270 K at 31 December 2022 (€ 637 K at 31 December 2021) mainly refers to current taxes receivable, of which € 210 K of TA to Corporación America Italia S.p.A. relating to the tax consolidation contract), € 60 K of other controlled companies (relating to IRES/IRAP advance payments).

8.12 Other taxes receivable

This item totalled approx. € 669 K at 31 Dec. 2022 (€ 3.2 M at 31 Dec. 2021), and mainly consists of:

- a € 522 K VAT credit of the subsidiaries;
- a € 73 K VAT credit of Vola Srl (former subsidiary, now liquidated);
- a € 46 K credit on investments in operating assets made by the parent company TA;
- € 27 K of ART bonus of the parent company.

8.13 Receivables from others due within the year

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Public subsidies (State, Region)	191	9,552	(9,361)
Receiv. fm carriers for Municipal addit. tax pass. boarding fees	4,864	4,299	565
Advance payments made to suppliers	1,035	819	216
Accrued income & Prepaid expenses	800	366	434
Monopoly products receivables	52	56	(4)
Other minor receivables	755	827	(72)
Receivables from others, due within the year	7,696	15,919	(8,223)

The “Public subsidies” item includes the aids received from the State and Region, which are described in detail in section 7.2 “Other income”.

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

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

8.14 Other current financial assets

This item shows a value of € 294 K at 31 Dec. 2022 (zero at 31 Dec. 2021), including the value of Government Bonds (BTPS) owned by the subsidiary Jet Fuel.

8.15 Cash and cash equivalents

This item shows a value of € 55,772 K at 31 Dec. 2022 (€ 54,147 K at 31 Dec. 2021) and almost exclusively includes cash owned in current bank accounts and the remaining cash on hand component. The difference in cash mainly reflects:

- Cash flows generated by operating activities for € 30.4 M;
- Investments in airport infrastructure for € 9.1 M
- Net difference in TA loans for € 10.5 M
- Distribution of reserves for € 7 M

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

8.16 SHAREHOLDERS' EQUITY

The Shareholders' Equity decreased by about € 1.9 M mainly as a consequence of the decrease in capital reserves due to the coverage of the previous year's losses (€ 5.3 M) and to the distribution of reserves (€ 7 M), partially mitigated by the positive effect of the year's operating result (+ € 9.9 M).

The Group's objectives in managing capital are to:

- protect business continuity, so as to keep providing returns to shareholders and benefits to other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may, *inter alia*, adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce its indebtedness.

The Shareholders' equity consists of the following items:

Share Capital

At 31 December 2022, the fully paid-up share capital of the parent company consists of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2021).

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

Capital reserves

Capital reserves consist of:

- a share premium reserve for € 18,941 K created with the paid capital increase determined upon listing SAT (Società Aeroporto Toscano Galileo Galilei S.p.a.) on the Stock Exchange in July 2007;
- a legal reserve for an amount of € 5,369 K (€ 5,369 K at 31 December 2020);
- statutory reserves for € 17,893 K (€ 30,938 K at 31 December 2021). The € 13,045 K decrease is the consequence of the coverage of the loss for the financial year 2021, as proposed by the Board of Directors of the parent company on 16 March 2022 and approved by the Shareholders' Meeting of the parent company on 29 April 2022, as well as of the distribution of € 7 M in reserves approved by the Shareholders' Meeting (unit amount per share: € 0.3761).
- other reserves mainly consisting 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.

IAS adjustments reserve

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

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

Profit/(Loss) carried forward

This item includes profit carried forward for € 642 K (- € 586 K at 31 December 2021). The difference derives from the allocation of the 2021 result and from the actuarial effect of the recalculation of employee benefits according to IAS 19 "Employee Benefits".

Other components of the Statement of Comprehensive Income

The value at 31 December 2022 is broken down below:

SITUATION AT 31 Dec. 2022	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 Termination Benefit after tax	266	266	19	284
- Profit (loss) arising from the determination of the Employee Termination Benefit, after deducting the taxes of assets sold or held for sale	174	174	0	174
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	439	439	19	458

SITUATION AT 31 Dec. 2021	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 Termination Benefit after tax	180	180	13	193
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	180	180	13	193

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

SITUATION AT 31 Dec. 2022	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	374	-90	284
- Profit (loss) arising from the determination of the Employee Termination Benefit, after deducting the taxes of assets sold or held for sale	229	-55	174

SITUATION AT 31 Dec. 2021	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	254	-61	193

Group's profit (loss) for the period

This item includes the Group's result for the year ended 31 December 2022, consisting of profits for € 4,675 K (loss of € 5,256 K at 31 December 2021).

Minority interest

Based on the equity relationships existing in 2022, minority shareholders' interest totals € 1,170 K (€ 1,153 K at 31 December 2021). The difference reflects the year's result of the subsidiaries Jet Fuel and TAC.

8.17 Provisions for risk and charges

The provisions for liabilities and expenses consists of € 1,237 K (€ 2,213 K at 31 December 2021). The details of the year are provided below.

	Data in €K
Provisions for liabilities and expenses at 1	
Jan. 2022	2,213
Addition	447
Use	(297)
Sale of controlled company	(1,125)
Provisions for liabilities and expenses at 31 Dec. 2022	1,237

At 31 December 2022, the provision mainly includes the following amounts:

- 1) € 351 K relating to the Fire Brigade Protection Service dispute, described in detail in the section "Information on the main items of the Provision for liabilities and expenses at 31 December 2022";
- 2) € 1,346 K relating to potential labour dispute risks, better described in the "Additional information" section;
- 3) € 215 K relating to a dispute in which TA is sued by certain oil companies, which are themselves sued by certain national carriers, in connection with the sum of fuel royalties determined on the volumes handled in the 1999-2005 period (under Law no. 245/05, so-called Act on system requirements);
- 4) € 543 K relating to disputes on local taxes concerning the different classification of airport areas for IMU (municipal property tax) determination purposes.

For further information, see the section 10.7 "Information on the main items of the Provisions for liabilities and expenses at 31 December 2020".

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

8.18 Provisions for repair and replacement

This provision (valued according to the best estimate of the expense currently required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 December 2022 is € 21,483 K, up by € 2,349 K with respect to 31 December 2021, as a result of the year's uses, mainly referred to the works completed on the Florence airport runway, partially offset by the additions to the provision made in 2022. Details are given below:

	Data in €K
Provisions for repair and replacement at 1	
Jan. 2022	19,134
Addition	3,248
Use	(1,533)
Financial expenses	635

Provisions for repair and replacement at 31
Dec. 2022
21,483

Based on its estimated time of use, this provision has been recognized among non-current liabilities for € 17,887 K and to current liabilities for € 3,596 K.

The potential impact on this provision in terms of increase, as a consequence of a hypothetical reduction of 50 basis points in discount rates, would be approximately € 508 K. The potential impact on the provision in terms of decrease, as a consequence of a hypothetical increase of 50 basis points in discount rates, would be approximately € 483 K.

8.19 Provisions for employee benefits

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

The parameters used for the valuation of the Pisa and Florence airport staffs at 31 December 2022 are:

- Annual technical discount rate:	3.77%
- Annual inflation rate:	5.9% for 2023; 2.3% for 2024; 2% for 2025;
- Annual ETB increase rate:	5.9% for 2023; 3.2% for 2024; 3% for 2025;

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 liability is € 2,307 K (€ 5,736 K at 31 December 2021). This provision is booked after deducting the advance payments made and settlements paid during the period examined, and shows a € 2,971 K reduction compared to 31 Dec. 2021, as detailed below:

	Data in €K
Provisions for employee benefits at 1 Jan.	
2022	5,278
Financial expenses	142
Use	(518)
Actuarial (gain)/loss	(603)
Sale of controlled company	(1,992)
Provisions for employee benefits at 31	
Dec. 2022	2,307

The difference introduced in the Statement of Comprehensive Income (€ 458 K) corresponds to the actuarial gain of € 603 K, after a taxation of € 145 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the assumptions adopted, which may mostly affect that value. The table below provides the sensitivity analysis of the Provision (in €K).

<i>Toscana Aeroporti Group</i>						
	Annual technical discount rate		Annual inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
Provision (data in €K)	4,133	4,475	4,349	4,250	4,315	4,284

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

Future Cash Flows (€)

Year	TA Group
0 - 1	255,801
1 - 2	156,340
2 - 3	213,247
3 - 4	295,870
4 - 5	449,005
5 - 6	363,438
6 - 7	489,437
7 - 8	515,887
8 - 9	407,555
9 - 10	491,838

8.20 Financial liabilities

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

Data in €K	31 December 2021	New loans (principal)	Payments (principal)	Reclassification	Other movements	31 December 2022
Non-current liabilities	94,037	-	-	(28,055)	534	66,515
Current financial liabilities						
<i>Short-term loans</i>	41,166	59,500	(60,500)	-	98	40,264
<i>Current portion of medium/long-term indebtedness</i>	9,545	-	(9,506)	28,055	89	28,183
Total current financial liabilities	50,711	59,500	(70,006)	28,055	187	68,447
Total financial liabilities	144,747	59,500	(70,006)	-	721	134,962

Other non-monetary movements mainly include the effect of the recognition of the interest share not yet settled for the period.

The amount of € 68.4 M, relating to the current financial liabilities existing at 31 December 2022, refers to the current portion of the medium-long term debt relating to the loans described below in these Notes for € 28,183 K and to short-term loans (“Hot Money”) for € 40.3 M.

The approx. € 28 M decrease in non-current financial liabilities refers to the short-term reclassification of the shares of capital due in the subsequent financial year.

The total amount of non-current financial liabilities and the related current share of medium-term debt relates to:

- 1) the loan agreement signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M secured by a SACE collateral in compliance with the provisions of the “Liquidity Decree” for an equal amount 90% of the

sums paid in principal, plus interest and ancillary costs (hereinafter also the “SACE loan”). The outstanding principal debt at 31 December 2022 is € 79,820 K. This SACE loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment paid in December 2022), and requires the company to comply a financial parameter, to be measured at the time of the annual consolidated financial statement, which consists in the value of the consolidated net financial position (NFP), as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2022. According to the provisions of the loan agreement and of the “Liquidity Decree”, this facility can be used to support the Group's cash requirements in connection with the payment of personnel costs, rents or leases, investments and working capital, with an interest rate indexed to the Euribor rate plus a margin. In addition, annual commissions are determined in the agreement, to be calculated in connection with the SACE guaranteed component on the share of principal paid out and not repaid, with a fixed percentage increasing over the term of the loan - For additional details, see the “Liquidity risk” section of these Explanatory Notes;

- 2) A long-term obtained from the bank “Banca Infrastrutture Innovazione Sviluppo” (BIIS - Intesa San Paolo Group) and MPS Capital Services to support infrastructure investments, with an original amount of € 40 M. This loan has a variable interest rate indexed to the 6-month Euribor rate plus a spread. The maturity date of the loan obtained from BIIS - Intesa San Paolo Group is September 2027 and the residual debt at 31 December 2022 is € 14.6 M (of which € 2.9 M to be repaid over the next 12 months).
- 3) Three loans obtained in 2017, 2018, and 2021 by the subsidiary Jet Fuel have a residual debt of € 305 K at 31 December 2022 (of which € 253 K due within the next 12 months).

The financial liabilities arising from the loans granted to the Holding by BIIS - Gruppo Intesa San Paolo and MPS Capital Service require compliance with preset financial ratios that are defined in the related agreement, such as the NFP/EBITDA and the NFP/Shareholders’ Equity ratios, as defined in the agreement signed with the lending bank and measured on the book values of the financial statements of the Holding. These measurements are performed when the annual report is issued (31 December).

At 31 December 2022, the parent company, for the loan granted by BIIS - Intesa San Paolo Group, obtained a specific waiver of the requirement to provide financial ratios, as required by the respective agreements, on 31 December 2022 data. In consequence of that waiver, TA established that no dividends will be distributed until 2024, as long as the SACE loan has not been repaid.

The SACE loan agreement also requires compliance with a financial parameter to be measured when the annual consolidated financial statements are adopted, which consists of the value of the consolidated net financial position, as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2022. It should also be noted that, after obtaining the waiver aimed to distribute reserves in 2022 for € 7 M, TA undertook not to distribute dividends until 2024 in the presence of said loan.

Failure to comply with the covenants and the other contractual commitments undertaken with the loan in question may lead, if the default is not remedied within the terms agreed, to the early repayment of the outstanding debt and/or to a restriction in the distribution of dividends.

Finally, in line with market practice, the aforesaid loans may include: negative pledge commitments under which the company cannot create real warranty rights or other constraints on company assets; *pari passu* clauses, under which the loans will have the same degree of priority in repayment as the other financial liabilities; and “change of control” clauses, that are activated in the event that the majority shareholder loses control over the company; limitations to the non-recurring transactions the parent company may perform.

Details of the loans existing at 31 December 2022 are shown below.

Amounts in €K	Capital share	Interest share	Total
Within the year	68,056	4,133	72,189
Included between 1 and 2 years	22,830	2,534	25,364
Included between 2 and 3 years	22,778	1,406	24,183
Included between 3 and 4 years	17,800	418	18,219
Included between 4 and 5 years	2,868	65	2,933
Included between 5 and 6 years	-	-	-
Beyond 6 years	-	-	-
Total	134,332	8,555	142,888

Therefore, non-current financial liabilities due beyond four years total € 2.9 M at 31 December 2022.

Details of the credit facilities existing at 31 December 2022 are shown below.

Data in €K	31 Dec. 2022	31 Dec. 2021	Diff.
Credit lines granted	49,650	52,550	(2,900)
<i>of which TA</i>	<i>49,250</i>	<i>52,150</i>	<i>(2,900)</i>
<i>of which subsidiaries</i>	<i>400</i>	<i>400</i>	<i>-</i>
Credit lines used	40,000	41,000	(1,000)
<i>% used</i>	<i>81%</i>	<i>78%</i>	
Residual facilities	9,650	11,550	(1,900)

The lines of credit existing at 31 December 2022 refer to non-revolving lines of credit for € 40 M and the residual lines of credit at that date include non-revolving lines of credit for € 9,650 K.

Financial liabilities outstanding at 31 December 2022 are reported below, distinguished into fixed and variable interest rate categories.

Banking institution	Expiry	type of interest	Interest rate	Debt at 31 December 2022 (in €K)
Intesa San Paolo - 1 st tranche	September 2027	variable	6-Month Euribor + 96 bp	6,285
Intesa San Paolo - 2 nd tranche	September 2027	variable	6-Month Euribor + 180 bp	8,287
BPM - I Jet Fuel loan	June 2023	variable	3-Month Euribor + 110 bp	51
BPM - II Jet Fuel loan	June 2024	variable	3-Month Euribor + 110 bp	153
BPM - III Jet Fuel loan	December 2023	fixed	1.65%	101
ISP-SACE	September 2026	variable	3-Month Euribor + 115 bp	79,820
a)	Total medium/long term loans payable			94,698
BPM	March 2023	fixed	0.50%	9
BPM	March 2023	variable	3M/360 Euribor + 1.25	3,533
Bank Intesa San Paolo	March 2023	fixed	1.60%	11,137
BNL	March 2023	fixed	3.76%	5,030
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	2,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	2,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	3,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	1,002
MPS	March 2023	fixed	1.86%	11,052

b)	Total revolving lines of credit ("hot money")	40,264
a) + b)	Total Financial Liabilities	134,962

Bank loans at 31 December 2022 are shown below, carried at their book value and at fair value.

Banking institution	Company	Notional	fair value
Intesa San Paolo	TA	14,340	13,445
Intesa San Paolo - SACE	TA	79,688	79,869
Banco Popolare di Milano	Jet Fuel	305	308
Short-term loans ("hot money")	TA	40,000	40,081
	Total	134,332	134,480

The **Net Financial Position** (hereinafter "**NFP**") at 31 December 2022, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified in the following table:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS			
<i>Euro K</i>	31 Dec. 2022	31 Dec. 2021	Diff. Abs.
A. Cash	55,772	54,147	1,625
B. Cash equivalents	-	-	-
C. Other current financial assets	294	-	294
D. Liquid assets (A) + (B) + (C)	56,065	54,147	1,918
E. Current financial liabilities	40,264	41,166	(902)
F. Current portion of non-current financial liabilities	29,772	11,272	18,500
G. Current financial liabilities (E) + (F)	70,036	52,437	17,599
H. Net current financial liabilities (G) - (D)	13,971	(1,710)	15,680
I. Non-current financial debt	70,006	98,030	(28,024)
J. Debt instruments	-	-	-
K. Trade payables and other non-current liabilities	1,419	2,357	(938)
L. Non-current financial liabilities (I) + (J) + (K)	71,425	100,387	(28,962)
M. Total financial indebtedness (H) + (L) (NFP)	85,395	98,677	(13,282)

At 31 December 2022, "Current bank liabilities" (use of short-term credit lines) totalled € 40.3 M, to which we should add the item "Current portion of non-current liabilities", which includes the portions due within the next 12 months of medium-long term loans (€ 28,183 K), financial liabilities for rights of use (€ 589 K), and other liabilities related to the purchase of the TAC investment (€ 1 M).

In addition, there are "Non-current bank liabilities" amounting to approximately € 66.5 M, which mainly consist in the non-current share of outstanding loans and the non-current share of financial liabilities for rights of use (€ 3.5 M).

The item "Trade payables and other non-current liabilities" includes the non-current portion of financial liabilities relating to the purchase of the TAC shareholding (€ 1.4 M).

See comments in the Report on Operations and to the "Statement of Cash Flows" for a more in-depth analysis of this item.

8.21 Financial liabilities for rights of use

At 31 December 2022, financial liabilities for rights of use, determined by discounting the value of the leases due, totalled € 4.1 M, of which € 3.5 M are classified as non-current liabilities and € 0.6 M as current liabilities.

Data in €K	31 Dec. 2022	31 Dec. 2021
Financial liabilities for rights of use beyond one year	3,491	3,993
Financial liabilities for rights of use within one year	589	727
Total	4,080	4,720

The details of the year are provided below. The Group adopted the practical expedient introduced by the amendment to IFRS 16 “Leasing” for the valuation of lease agreements, applicable when leases have been renegotiated as a result of Covid-19. The Group, as lessee, elected to account for the concession as a variable lease over the period in which a lower payment is recognized: the amount of these lower payments, € 152.5 K, is reported in the “Payments / Other reductions” line of the table below.

Data in €K	31 Dec. 2022	31 Dec. 2021
Values at January 1st	4,720	4,631
Acquisitions	120	821
Payment / Other reductions	(887)	(863)
Financial expenses	126	132
Financial liabilities for rights of use at year-end	4,080	4,720

Lease agreements contain no covenants.

The accrual of the financial liability is shown below.

	€K
< 1 year	745
1-2 years	592
2-3 years	493
3-4 years	429
4-5 years	309
5-6 years	272
Beyond 6 years	1,813
Total	4,652

The margin interest rates defined by the Group are reviewed on a recurring basis and applied to all the contracts with similar characteristics, which have been considered as a single contract portfolio. Rates are determined starting from the average effective borrowing rate of the parent company, appropriately adjusted to simulate a theoretical marginal interest rate, consistent with the contracts to be recognized. The most significant items considered for the adjustment of the rate are the credit risk spread of each country that can be observed in the market and the different duration of lease agreements.

The rates used for contracts signed in 2021 are:

- 0.56% for car hire agreements
- 1.18% for long-term lease agreements
- 0.93% for short/medium-term lease agreements

The rates used for contracts signed in 2022 are:

- 3.85% for car hire agreements
- 3.71% for long-term lease agreements

- 3.65% for short/medium-term lease agreements

8.22 Other payables due beyond the year

Accounts payable beyond the subsequent year (entirely of the parent company TA) consist of € 2,251 K (€ 2,778 K at 31 December 2021) and refer to:

- the non-current component of the account payable to Cemes for the acquisition of 51% of the shares of Cemes Aeroporti's capital (today Toscana Aeroporti Costruzioni) for € 1,419 K;
- guarantee deposits received from customers as a guarantee of the services performed in their favour for € 832 K.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 8.20 to Financial Liabilities and Note 8.21 of Financial liabilities for rights of use.

8.23 Current tax liabilities

This item totalled € 673 K (€ 32 K at 31 December 2020) and includes the current taxes (IRES, IRAP) of the Group companies calculated on 2022 final results before tax (RBT). In particular, € 377 K relate to the parent company's debt recognized when the relevant 2022 IRAP was determined.

8.24 Other tax liabilities

The aggregate amount of this item, € 7,387 K (€ 9,928 K at 31 December 2021), is broken down below:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Due to Rev. Ag. for Munic add. tax on pass. boarding fees	6,499	8,789	(2,291)
IRPEF due for employees and self-employed prof.	543	758	(215)
Higher fees due for private flights	9	249	(240)
VAT due	231	(0)	231
Local taxes	105	132	(26)
Other tax liabilities	7,387	9,928	(2,541)

In particular, the amount due to the Revenue Agency for the additional municipal tax on boarding fees decreased after the settlement of collected receivables relating to old accounts payable.

8.25 Trade payables

Trade payables to suppliers totalled € 36.7 M (€ 30.6 M at 31 December 2021), up by € 6.1 M.

8.26 Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) for a total of € 1,170 K (€ 1,596 K at 31 December 2021).

8.27 Other payables due within the year

The other payables due within the year consist of € 10 M (€ 8.4 M at 31 December 2021) and include the following debit items:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Employees/contractors compensation	1,969	2,274	(305)
Concession fees	3,575	1,170	2,405
Accrued income & Prepaid expenses	612	699	(87)
Fire-protection service	1,270	1,039	232

Air/bus/train ticket office receipts	468	545	(77)
Institutional bodies fees	111	128	(17)
Advances from customers	245	677	(433)
Payable to CEMES for purchase of TAC shares	1,000	1,000	0
Other minor payables due within the year	684	873	(189)
Other payables due within the year	9,934	8,404	1,530

In detail:

- the Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see details in the annex “Provisions for liabilities and expenses”.
- The account payable to Cemes for the purchase of TAC shares is the liability due within the next twelve months, arising as a result of the related business combination;
- Prepaid expenses mainly refer to non-aviation revenues invoiced in advance.

9. Additional financial information

9. Management of financial risks

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

1) Credit risk

The effects of the Covid-19 crisis and the consequent economic recession produced in the main industrialized Countries may negatively impact the financial statements of the airlines, which are the main clients of the Group. Hence, the risk of a partial non-collection of receivables accrued from airlines. The impact of the reduction air traffic may produce on sub-concessionaires should be added to this.

The Group believes it has suitably mitigated 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 in the balance sheet, which is deemed to be adequate for 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).

The Holding hired a company for its long-term debt collection activities. See also section “Trade and sundry receivables”.

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

The Group has no exposure to Russian or Ukrainian customers.

However, no specific criticality has been detected to date.

2) Liquidity risk

At 31 December 2022, the net financial position (NFP) of the Group is negative for € 85.4 M (€ 98.7 M at 31 December 2021). This is the result of a negative current PFN of € 14 M (positive for € 1,710 K at 31 December 2021) and a negative non-current PFN of € 71.4 M (€ 100.4 M at 31 December 2021). Non-current debt mainly includes the loan granted to the Holding by Infrastrutture Innovazione e Sviluppo (the bank “BIIS - Gruppo

Intesa San Paolo”, the maturity date of which is 2027) and the SACE loan (the maturity date of which is 2026) signed in October 2020.

The loans the Holding obtained from BIIS has interest rates based on three- and six-month €IBOR rates, and several commitments, such as financial covenants, namely NFP/EBITDA and NFP/Shareholders’ Equity, according to the definitions agreed with the lending banks and measured at December 31st of each business year.

In addition to the aforesaid loan, there is another loan that was signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M, secured by a SACE collateral as required by the Italian “Decreto Liquidità” [Cash Decree], for an amount equal to 90% of the sums disbursed as principal, plus interests and ancillary costs.

The SACE Loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022). This agreement also requires compliance with a financial parameter, to be measured at the time of presentation of the annual consolidated financial statements, consisting of the value of the consolidated net financial position, as conventionally defined in the agreement itself, not exceeding € 100 M. This financial ratio was met at 31 December 2022.

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

For the sake of completeness, we point out three medium/long-term loans for a nominal amount of € 1,200 K each, disbursed by the banking group “Banco Popolare di Milano” in 2017, 2018, and 2021 to the subsidiary Jet Fuel to support the purchase of eight (8) new aviation fuel supply trucks required for into-plane activities in the Pisa airport.

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

The amount of the Group’s non-revolving lines of credit available at 31 December 2022 is € 9.7 M.

As regards the effects of the Coronavirus outbreak, since we can rely on the gradual recovery of operations in the two airports, it is reasonable to assume that, in the short term, the negative effects of the pandemic will be significantly reduced compared to 2020 and 2021 year-end data. According to estimates, the net cash flows generated by operating activities will continue to be positive in 2023, as they were in 2022, when the cash generated by operating activities was around € 30 M. This flow allowed the Group to make investments for approximately € 9.1 M, as well as to repay loans (net of short-term loans) of € 10.6 M and distribute reserves for € 7 M.

In any event, the TA Management will keep monitoring the evolution of the pandemic scenario, together with any other negative external event resulting, for example, from the Russian-Ukrainian conflict and the general macroeconomic scenario, in order to adapt our cost structure and financial commitments to the evolution of traffic demand. This will be done by using, where necessary, the tools already used during the health emergency, such as temporary unemployment benefits (“CIGS”) and the rationalization of non-strategic service contracts.

The TA Management updated its financial forecasts for the coming years, which have been included in the multi-year business plan approved by the Board of Directors of the parent company TA during the meeting held on 10 March 2023. These forecasts are based on an even better expected traffic level for the year 2023, higher than the traffic predicted in 2020, 2021, and 2022, although still partially lower than pre-Covid levels, with a full recovery in volumes estimated for 2024.

Furthermore, also taking into account the amount and composition of current assets and liabilities at 31 December 2022, and in view of the significant investments planned in the medium term for the Florence and Pisa airports in the above-mentioned multi-year business plan, the TA Management engaged with leading banking institutions to restructure the existing medium-long-term indebtedness of the Group and

create the most appropriate financial structure, both in terms of maturities and amounts, for the implementation of the works described in the plan.

In the light of the above assumptions and also taking into account the expected refinancing of the current financial debt by 2023, the TA Management considered that the continuing positive traffic volume recovery trend will allow for the consolidation of the margin levels obtained in 2022. These, together with the existing liquidity, the revolving lines of credit available, and cost-efficiency measures consistent with the volumes to be managed, will allow the Group to meet its short-term obligations and continue operating as a going concern in the foreseeable future.

In any event, the TA Management carried out sensitivity analyses assuming that the debt is not refinanced in 2023 and found out that the cash flows generated by the operating activity and the revolving lines of credit available will enable the investments planned for 2023 in the multi-year business plan and the repayment of the expiring instalments of outstanding loans, but with a significant increase in net current financial indebtedness compared to 31 December 2022. In a scenario where refinancing is not completed in 2023, the margin levels expected in the multi-year business plan for 2023 would still allow the Group to comply with the financial ratios established in the loan agreement signed with BIIS – Intesa Sanpaolo Group, which is maturing in 2027 and has an outstanding debt of € 14.5 M at 31 December 2022 (of which € 3 M within the next 12 months) and in the SACE loan maturing in 2026, which has an outstanding debt of € 79.8 M at 31 December 2022 (of which € 25 M due within the next 12 months).

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.

The Net Financial Position at 31 December 2022 is € 85.4 M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 30 June 2021 is 0.85 (vs 0.96 at 31 December 2021), thus confirming the financial soundness of the Group.

Based on the consolidated NFP at 31 December 2022, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately +/- € -1,343 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 be + € 508 K. Conversely, 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. - € 483 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.

10. Additional information

10.1 Information by geographical area and operating sector

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 (as defined in IFRS 8).

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

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

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

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

(Amounts in €K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<i>TA Group - Income Statement (*)</i>								
Operating income, other revenue and other income	58,370	26,410	19,099	11,454	6,197	8,907	83,666	46,771
<i>of which Pisa</i>	33,075	16,452	7,552	3,515	3,414	5,364	44,041	25,331
<i>of which Florence</i>	25,295	9,957	11,547	7,939	2,783	3,544	39,625	21,440

Revenues from construct. serv.	6,240	11,202	1,147	193	20	127	7,407	11,522
<i>of which Pisa</i>	1,031	4,238	51	11	1	4	1,083	4,253
<i>of which Florence</i>	5,208	6,964	1,096	182	19	122	6,324	7,269
Total Segment Income	64,610	37,612	20,246	11,647	6,217	9,034	91,073	58,293
Operating Costs (**)	36,092	23,519	5,440	3,407	22,827	15,221	64,359	42,147
<i>of which Pisa</i>	22,356	14,588	2,725	1,777	11,631	7,479	36,712	23,843
<i>of which Florence</i>	13,736	8,930	2,715	1,630	11,196	7,742	27,647	18,303
Cost of construct. serv.	4,936	8,816	849	2	20	1,004	5,805	9,822
<i>of which Pisa</i>	957	3,750	50	2	1	42	1,007	3,795
<i>of which Florence</i>	3,979	5,065	799	0	19	962	4,798	6,027
Amortization and provisions	6,966	6,758	1,462	1,329	5,284	7,451	13,712	15,538
<i>of which Pisa</i>	3,553	3,434	914	944	2,607	3,232	7,074	7,610
<i>of which Florence</i>	3,413	3,324	547	385	2,678	4,219	6,638	7,928
Operating Earnings	16,616	-1,481	12,496	6,909	-21,914	-14,641	7,197	-9,213
<i>of which Pisa</i>	7,240	-1,412	3,914	802	-10,824	-5,385	330	-5,994
<i>of which Florence</i>	9,376	-620	8,582	6,106	-11,090	-9,257	6,867	-3,220
Financial operations	-	-	-	-	-4,131	-2,497	-4,131	-2,497
Profit before tax	16,616	-1,481	12,496	6,909	-26,045	-17,138	3,066	-11,710
Year's taxes	-	-	-	-	-1,712	6,798	-1,712	6,798
Net year's income from operating activities	16,616	-1,481	12,496	6,909	-27,758	-10,340	1,354	-4,913
Net income from assets sold or held for sale	3,320	53	-	-	-	-	3,320	53
Net year's result	19,936	-1,428	12,496	6,909	-27,758	-10,340	4,674	-4,860
Loss (profit) of minority interest	-	-	-	-	-	-	-	-
	474	-149	-	-	475	-247	1	-396
Net Group result	19,463	-1,577	12,496	6,909	-27,283	-10,588	4,675	-5,256
TA Group - Statement of financial position	31 December 2022	31 December 2021						
Current assets	18,163	16,903	5,499	6,441	59,871	65,934	83,534	89,278
Non-current assets	157,252	152,185	32,697	40,535	49,461	50,037	239,410	242,757
TA Group - Additional information	31 December 2022	31 December 2021						
Investments	6,767	14,231	1,939	497	401	347	9,107	15,075

(*) Following the sale of the Handling business, the comparative figures for 2021 were re-disclosed in compliance with IFRS 5 "Non-current assets held for sale and disposal groups".

(**) includes airport fees for € 5,712 K in 2022 (€ 2,669 K in 2021).

Information on the main customers

During 2022, TA recorded approx. 6.7 million passengers. The total incidence of the first three carriers is 63.1%. More specifically, the incidence of the first carrier (Ryanair) is 47%, while the incidences of the second (Vueling) and third (Air France) carriers are 9.7% and 6.4%, respectively.

10.2 Commitments and guarantees

At 31 December 2022, commitments and guarantees included € 9,310 K of third-party suretyships in favour of the TA Group and € 12,698 K of suretyships given by third parties on behalf of the TA Group.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Third-party guarantees in favour of Group	9,310	7,821	1,489
Guarantees given to third-parties on behalf of Group	12,868	9,946	2,922

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

The suretyships provided to third parties on behalf of the TA Group mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures. The € 13 M amount includes approximately € 1.7 M in guarantees in favour of ANAS (the national road construction agency) for works managed by the subsidiary TAC.

10.3 Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company's website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2022 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.

10.4 Relationships with related parties

Among the main relationships with related parties during the financial year, other than those with related companies, there are mainly costs for the design activities carried out by ACI Engineering Uruguay SA relating to the new Florence terminal. See the specific section in the Report and Annex C to this financial statement at 31 December 2022 for a summary of the main effects of transactions with related parties on the financial statement.

10.5 Allocation of financial instruments by valuation category applied

31 December 2022 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Current and non-current trade receivables	-	18,391	18,391
Other financial assets	3,256	-	3,256
Other accounts receivable	-	10,106	10,106
Derivative financial instruments	63	-	63
Cash and cash equivalents	-	55,772	55,772
Total	3,318	84,269	87,588

31 December 2022 (amounts in €K)	Liabilities valued at fair value	Assets valued at amortized cost	Total
Liabilities			
Financial liabilities	-	134,962	134,962
Financial liabilities for rights of use	-	4,080	4,080
Trade payables and other liabilities	-	46,816	46,816
Total	-	185,857	185,857

As regards the classification of financial instruments according to the hierarchy levels that reflect the significance of the input used for the determination of fair value, we point out that the “Assets measured at fair value” in the table above belong to Level 3, which uses input that is not based on observable market data. This category includes the value of holdings in other companies (€ 2,962 K) and securities in the portfolio (€ 294 K).

10.6 Disclosure on public grants and subsidies, and other economic benefits received (under Law 142/2020, Art. 1, paragraph 125)

Pursuant to the aforesaid law, the TA Group recognized the following grant proceeds received in 2021:

Regulatory framework	AMOUNT
Art. 1, par. 2 - 3, Law Decree no. 144/2022 (“Aiuti-ter” Decree)	119,814.59
Art. 3 - 4 Law Decree no. 21/2022 (“Ukraine” Decree)	120,883.15
Art. 6, par. 3 - 4, Law Decree no. 115/2022 (“Aiuti-bis” Decree)	324,428.63
Aggregate Total	565,126.37

10.7 Information on the main items of the Provision for risk and charges

1. Provision for potential liabilities connected with the dispute on the Fire Brigade airport service (€ 351 K)

As regards the contribution to be paid for the Fund created by the 2007 Finance Law to reduce the cost for the State of the organization and implementation of the Fire Protection Service in Italian airports (“Fondo Antincendi”), the Parent Company TA (then AdF) in 2012 brought a specific legal action before the Civil Court of Rome to ask the Judge to ascertain and declare the termination of the obligation to pay said contribution after a change in the purposes of said Fund, starting from 1 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 this context, we remind readers that the lawmaker (with paragraph 478 of 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, thus imposing the nature of a fee and the jurisdiction of the Ordinary Court. After the legislative amendment introduced by the Stability Law 2016 on the matter, a specific petition had been filed to raise the question of the constitutional legitimacy of the provision at issue. The Constitutional Court, with judgement no. 167/2018, deposited on 20 July 2018, confirmed TA’s thesis and declares the lack of constitutional legitimacy for Art. 1, paragraph 478, of Law no. 208 of 28 December 2015.

This having been said, several positive decisions have been pronounced in favour of TA in the first semester of 2020, which established that the Fire-Prevention Fund was a purpose tax, therefore no longer due, which allowed the Company to assess the liability associated with this dispute with a different attitude.

More specifically, decision no. 2517/19 issued by the Rome Provincial Tax Commission [Commissione Tributaria Provinciale di Roma] became final on 10 May 2020, admitting and approving the entire defence raised by the Company over the last few years concerning the Fire Protection Fund and, together with the other recent judgements of the Constitutional Court and Court of Cassation, overturned the outcome of all the ongoing disputes in favour of the Company.

More positive decisions were pronounced in 2020, including the decision of the Court of Cassation (Joint Chambers) no. 3162/19 of 1 February 2020; the decision of the Provincial Tax Commission of Rome no. 4874/8/19 of 2 April 2020, and the decision of the Court of Appeal of Florence of 23 June 2020, which rejected the appeal of the Administrations against first degree decision no. 2975/2015, which had been favourable for TA.

For the sake of completeness, we should highlight that, on 19 February 2020, the *Avvocatura Generale dello Stato* (Attorney General), acting in the name and on behalf of the Administrations, notified TA with the appeal to the Court of Cassation against CTR Lazio's decision no. 7164/2019 of 20 December 2019.

Under the civil law, on 8 February 2022, the Court of Rome finally published the much-awaited final decision on the trial that had started in 2012, with which, according to all the valid arguments put forward since 2012:

- the dispute was confirmed to belong to the Tax Judge jurisdiction;
- the Administrations have been sentenced to pay half litigation fees.

Therefore, Toscana Aeroporti intends to continue the dispute initiated in 2012 and bring it before the Tax Commission of Rome, i.e. the judge that was eventually confirmed to have jurisdiction, in order to:

- request the cancellation of ENAC's Assessment Note relating to 2012 and the simultaneous reimbursement of the annual fees paid for the years already cancelled;
- point out that the 9 annual fees that have never been formally requested by the Administrations to date are to be considered firmly challenged and not due, also pursuant to all the judgements directly achieved, in order to avoid all forms of acquiescence in view of the limitations of the tax trial, which does not allow for negative assessment actions, unlike civil trials, but only permits appeals against specific orders.

In general, Toscana Aeroporti has already obtained two final decisions that cancelled 2009 and 2014 annuities and a second-instance decision that cancelled 2007, 2008 and 2010 annuities, in respect of which the aforementioned appeal to the Court of Cassation instituted by the Administrations is pending. Moreover, the appeal for the 2012 annuity can be validly brought forward. As regards the other eight annuities, Toscana Aeroporti instituted the appropriate negative assessment actions before the Civil Judge (i.e. the Judge has been asked to ascertain that those annuities and other sums never formally requested are not due).

Pursuant to the positive judgements obtained to date, Toscana Aeroporti can enforce these final decisions externally also concerning the additional annuities for which the same legal decision applies. On the other hand, the Court of Cassation itself established the rule of law of the validity of external judgement in connection with all the annuities of the Fire Protection Fund after 1 January 2009.

In summary, Toscana Aeroporti remains validly entitled to assert the final decision in the merits reached to date, which rule that the amounts of the Fire Protection Fund (including any future such amount) are not due for as long as the related funds are diverted from the original purposes of their collection, as laid down by the law. Moreover, in the event of a future and initial claim for such sums (the nine annual fees that were never determined) by the Administrations, the Company will still be entitled to promptly challenge any new assessment notes in due time before the Tax Judge, within the applicable legal terms. In this global framework, the Provision for risks and liabilities booked in the balance sheet at 31 December 2022, also measured with the help of external independent professionals, is consistent, if we also take into account all the updated of the period.

2. Provision for potential labour dispute liabilities (€ 221 K)

At 31 December 2022, the holding, TA, booked a provision for potential liabilities of € 221 K in view of the probable persistence of the risk of liabilities arising from disputes with employees and labour disputes with a potentially unfavourable outcome.

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

3. Additional liabilities with a potentially unfavourable outcome

We finally report risks for potential liabilities, also assessed as “possible” with the support of independent professionals, concerning the following disputes:

- a) Litigation initiated by NIT - Nuove Iniziative Toscane with a writ of summons on 10 September 2021 relating to the obligations laid down in the preliminary agreement signed for the acquisition of a plot of land called “Piana di Castello” in the metropolitan area of Florence. TA entered an appearance on 20 January 2022. At the hearing of 9 February 2022, the Judge adjourned the hearing to 20 June 2022 and, after observing that the witness evidence produced by NIT is partly related to the content of the contract and partly of an assessment nature, rejected those preliminary requests and adjourned the case to 22 May 2023 for conclusions.
- b) On 30 April 2020, the Alitalia SAI procedure brought a revocation action against TA before the Court of Civitavecchia concerning all the payments received by the Company between November 2016 and April 2017. The Company provided exhaustive evidence that said payments are not included in the revocation action pursuant to Art. 67(3)(a) of the Finance Law, because they were useful and indispensable for the continuity of the public air transport service provided by the then Alitalia SAI *in bonis* to and from the Florence and Pisa airports, and were paid to operate business activities and under the “Terms of use”, according to methods and timelines consistent with those of all the payments made in past years. During 2022, Alitalia’s receivers expressed their willingness to settle the transaction case with TA, but then a first meeting organized for the purpose was not followed by further contacts. The Judge fixed a hearing for 24 April 2023.

10.8 Table showing connection between the Parent Company’s operating result and equity, and the same values for the TA Group

As required by CONSOB’s Notice dated 28 July 2006, we are providing below a reconciliation table between the 2022 operating result and the Shareholders’ equity at 31 December 2022 (share attributable to the Group) with the parallel values of the Parent Company.

Description (<i>amounts in €K</i>)	Shareholders' Equity at 31 Dec. 2022	Net 2022 earnings
S.E. and Holding “SAT Spa” earnings	96,888	2,055
S.E. and Group’s Subsidiary’ earnings	4,478	(317)
Elimination of the carrying value of investments	(7,666)	3,660
Earnings of entities consolidated in SE	85	(204)
After-tax consolidation difference (royalties)	2,178	(59)
Goodwill	3,735	-
Other minor consolidation accounts	(112)	3
SE and Group earnings	99,586	4,675
Shareholders’ Equity and Minority Interest’s earnings	1,170	(1)
SE and Group and Minority Interest’s earnings	100,756	4,674

10.9 Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, no atypical or unusual transaction was performed during 2022.

10.10 Significant events and non-recurring transactions

Pursuant to the CONSOB's Notice dated 28 July 2006, it should be noted that, in the financial year 2022, the TA Group completed - as disclosed to the market on 1 December 2022 - the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) to Alisud S.p.A. for a price of € 750 K. The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH's share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH's Business Plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA. The effects of this disposal recognized in the consolidated financial statements are detailed in section 6.2 of these Explanatory Notes.

10.11 Events occurred after 31 December 2022

No major events occurred after 31 December 2022.

Authorization to publication

This document was approved by the Board of Directors on 15 March 2023 and made available to the public on 5 April 2017 upon the Chairman's authorization.

For the Board of Directors
The Chairman
(Marco Carrai)

ANNEXES CONSOLIDATED FINANCIAL STATEMENTS AT 31 DEC. 2022

ANNEX “A”
TABLE OF CHANGES IN INTANGIBLE ASSETS OCCURRED IN 2022
(amounts shown in €K)

	CONCESSION RIGHTS (ROYALTIES)	GOODWILL	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	205,432	-	15,300	27,991	1,396	250,119
Accumulated depreciation	(56,279)	-	(14,942)	-	(1,138)	(72,359)
A - Value as at 31-12-20	149,153	-	358	27,991	258	177,760
<i>CHANGES FOR THE PERIOD</i>						
Acquisition of new business	-	3,735	550	-	-	4,285
Purchases	8,431	-	206	3,188	-	11,825
Reclassification	5,598	-	63	(5,661)	-	-
Impairment	-	-	(42)	(273)	-	(315)
Other movements	1,756	-	(0)	-	-	1,756
Depreciation	(5,697)	-	(463)	-	(33)	(6,192)
B - Balance of changes	10,088	3,735	314	(2,745)	(33)	11,359
Historical cost	221,216	3,735	16,077	25,245	1,396	267,670
Accumulated depreciation	(61,975)	-	(15,404)	-	(1,171)	(78,551)
Value at 31-12-21 (A+B)	159,241	3,735	673	25,245	225	189,119

	CONCESSION RIGHTS (ROYALTIES)	GOODWILL	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	221,216	3,735	16,077	25,245	1,396	267,670
Accumulated depreciation	(61,975)	-	(15,404)	-	(1,171)	(78,551)
A - Value as at 31-12-21	159,241	3,735	673	25,245	225	189,119
<i>CHANGES FOR THE PERIOD</i>						
Purchases	1,723	-	61	5,861	77	7,722
Reclassification	4,233	-	17	(4,250)	-	-
Impairment	(5)	-	-	(102)	-	(107)
Other movements	105	-	-	-	-	105
Disposal of controlled company	-	-	(91)	-	-	(91)
Depreciation	(6,271)	-	(296)	-	(40)	(6,607)
Disposal of controlled company	-	-	59	-	-	59
B - Balance of changes	(215)	-	(250)	1,509	37	1,081
Historical cost	227,272	3,735	16,064	26,754	1,474	275,299
Accumulated depreciation	(68,246)	-	(15,642)	-	(1,211)	(85,099)
Value at 31-12-2022 (A+B)	159,026	3,735	422	26,754	262	190,200

ANNEX “B”
TABLE OF CHANGES IN TANGIBLE ASSETS OCCURRED IN 2022
(amounts shown in €K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	25,451	39,785	1,697	1,334	19,268	87,534
Accumulated depreciation	(8,122)	(32,992)	(813)	-	(16,133)	(58,059)
A - Value as at 31-12-20	17,329	6,793	884	1,334	3,135	29,476
<i>CHANGES FOR THE PERIOD</i>						
Acquisition of new business (historical cost)	-	77	-	-	3	80
Purchases	1	2,700	221	170	158	3,250
Reclassification	12	1,199	-	(1,211)	-	-
Disinvestments	-	(5,292)	-	-	(58)	(5,349)
Other movements	-	(1)	-	-	(0)	(1)
Acquisition of new business (provision)	-	(17)	-	-	(1)	(18)
Depreciation	(260)	(2,009)	(131)	-	(1,019)	(3,419)
Reversal of previous years' accum. depr.	-	4,989	-	-	15	5,004
Other movements	-	1	-	-	-	1
B - Balance of changes	(247)	1,647	90	(1,041)	(902)	(453)
Historical cost	25,463	38,469	1,918	293	19,371	85,514
Accumulated depreciation	(8,381)	(30,029)	(944)	-	(17,138)	(56,492)
Value at 31-12-2022 (A+B)	17,082	8,440	974	293	2,233	29,022

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	25,463	38,469	1,918	293	19,371	85,514
Accumulated depreciation	(8,381)	(30,029)	(944)	-	(17,138)	(56,492)
A - Value as at 31-12-21	17,082	8,440	974	293	2,233	29,022
<i>CHANGES FOR THE PERIOD</i>						
Purchases	-	977	-	79	328	1,384
Reclassification	-	139	-	(161)	22	-
Disinvestments	-	(147)	(117)	-	(36)	(299)
Disposal of controlled company	-	(11,191)	-	-	(460)	(11,651)
Depreciation	(246)	(1,781)	(131)	-	(929)	(3,088)
Reversal of previous years' accum. depr.	-	116	7	-	36	158
Other provision movements	-	12	-	-	(12)	-
Disposal of controlled company	-	10,439	-	-	426	10,865
B - Balance of changes	(246)	(1,437)	(241)	(82)	(624)	(2,631)
Historical cost	25,463	28,247	1,801	211	19,225	74,948
Accumulated depreciation	(8,627)	(21,244)	(1,068)	-	(17,616)	(48,556)
Value at 31-12-2022 (A+B)	16,836	7,003	733	211	1,609	26,391

ANNEX “C”
RELATIONSHIPS WITH RELATED PARTIES

balance sheet item	31 December 2022			31 December 2021		
	Amounts in €K	% incidence on balance sheet item	Book item (€K)	Amounts in €K	% incidence on balance sheet item	Book item (€K)
<u>Associated companies</u>						
<i>Toscana Aeroporti Handling</i>						
Trade receivables	686	4.1%	16,909	-		-
Receivables from others due beyond the year	1,342	90.6%	1,482	-		-
<i>Alatoscana Spa</i>						
Other revenues	32	0.5%	6,182	63	3.3%	1,914
<i>A.C.Quasarda</i>						
Trade receivables	23	0.1%	16,909	-		-
Receivables from others, due within the year	417	5.4%	7,696	-		-
Trade payables	2,544	6.9%	36,703	-		-
Other revenues	23	0.4%	6,182	-		-
Costs for construction services	3,677	63.3%	5,805	-		-
<u>Other related parties</u>						
<i>Delta Aerotaxi srl</i>						
Aviation revenues	232	0.4%	59,476	242	0.6%	38,661
Non-Aviation revenues	149	0.5%	30,709	150	1.0%	14,525
Other revenues	34	0.6%	6,182	22	1.1%	1,914
Trade receivables	197	1.2%	16,909	256	1.6%	16,233
<i>Corporate Air Services srl</i>						
Aviation revenues	825	1.4%	59,476	531	1.4%	38,661

Non-Aviation revenues	129	0.4%	30,709	177	1.2%	14,525
Other revenues	5	0.1%	6,182	2	0.1%	1,914
Trade receivables	109	0.6%	16,909	65	0.4%	16,233
<i>ACI Engineering Uruguay S.A.</i>						
Costs for construction services	912	15.7%	5,805	-	-	-
Trade payables	912	2.5%	36,703	-	-	-
<i>Delifly srl</i>						
Non-Aviation revenues	32	0.1%	30,709	39	0.3%	14,525
Other revenues	6	0.1%	6,182	7	0.4%	1,914
<i>ICCAB srl</i>						
Trade receivables	9	0.1%	16,909	9	0.1%	16,233
<i>Corporación America Italy srl</i>						
Trade receivables	1	0.0%	16,909	1	0.0%	16,233
Taxes for the period	103	N/S	1,712	99	1.34%	7,412
Receivables from others, due within the year	210	2.73%	7,696	200	1.26%	15,919

ANNEX “D”
TABLE OF DEFERRED AND PREPAID TAXES
AND CONSEQUENT EFFECTS
(amounts shown in €K)

ACCOUNTS		PREPAID / DEFERRED TAXES 31/12/2021		2022 REABSORPTION		2022 INCREASES		PREPAID / DEFERRED TAXES 31/12/2022	
		TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	5,432,923	1,303,901	288,389	69,213	-	-	5,144,533	1,234,688
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	4,494,814	1,354,814	2,135,877	621,967	4,582,745	1,334,495	6,941,682	2,067,342
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	748,605	179,665	482,072	115,697	-	-	266,533	63,968
SUNDRY MINORS	IRES / IRAP	201,687	57,611	245,379	58,891	94,726	22,734	51,034	21,454
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	1,820,470	465,886	2,537,924	338,982	442,445	106,187	-	275,009
ETB IAS APPLIC. DIFFERENCES	IRES	154,111	36,987	445,461	106,911	-	-	-	291,350
PARCHEGGI PERETOLA CONSOLIDATION	IRES / IRAP	-	-	-	-	69,986	20,170	-	-
OTHER DIFFERENCES	IRES / IRAP	3,361,839	910,955	424,362	111,637	113,667	30,690	3,051,144	830,008
TAX LOSSES	IRES	40,444,548	9,706,691	23,574,296	3,556,492	1,132,801	271,872	18,003,053	6,422,071
Aggregate Total		53,444,107	13,076,494	30,133,760	4,979,791	6,436,370	1,786,148	29,746,717	9,882,853

ANNEX “E”
TABLE OF RECONCILIATION BETWEEN YEAR’S RESULT AND TAXABLE BASE
(amounts shown in €K)

	TA Group		TA Group	
	31 December 2022		31 December 2021	
	IRES	IRAP*	IRES	IRAP*
Profit before tax according to law tax	3,066	31,948	(12,272)	23,414
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	736	-	(2,945)	1,154
Main final differences				
- Dividends collected / PEX (95% exempt)	(594)		(55)	
- analytical and lump-sum IRAP deductions				
- ACE				
- labour costs of permanent employees		(18,808)		(24,323)
- other deductible labour costs		(1,708)		(1,526)
Sundry final variations (balance)	2,738	4,283	(8,047)	(7,610)
Sundry temporary variations (balance)	(4,318)	(2,349)	5,296	(7,345)
Taxable base	892	13,366	(15,078)	(17,390)
Current taxes	214	685	(87)	31
Prepaid taxes on tax losses recoverable in subsequent years	1,455		(6,202)	-
Deferred/prepaid taxes	(419)	(120)	(1,294)	238
Income from consolidation	(103)		(99)	-
Other minor effects			-	-
Total taxes booked	1,148	565	(7,682)	269

* The prevailing IRAP rate is 5.12%, for the parent company.

The other companies apply different tax rates in relation to their ATECO codes.

ANNEX “F”
2022 AUDITING FEES
(ART. 149 DUODECIES OF CONSOB ISSUERS REGULATION)

Service type	Entity that provided the service	Beneficiary	Notes	2022 compensation (€)
Auditing	PwC S.p.A.	Parent Company TA S.p.A.	(1)	116,000
	PwC S.p.A.	Subsidiaries	(2)	25,800
Certification services	PwC S.p.A.	Parent Company TA S.p.A.	(3)	111,500
	PwC S.p.A.	Parent Company TA S.p.A.	(4)	19,700
	PwC S.p.A.	Parent Company TA S.p.A.	(5)	54,000
Total (€)				327,000

Notes

- (1) Fees paid to the auditors for the auditing of the consolidated financial statements and year’s financial statement of the Parent Company (including periodic audits), as well as for the limited audit of the condensed consolidated interim financial statements of the Group.
- (2) Fees relating to the statutory auditing of the financial statements of the subsidiaries Parcheggi Peretola Srl, Jet Fuel Co. Srl, Toscana Aeroporti Costruzioni Srl, and related periodic audits.
- (3) Fees paid for the auditing of the consolidation files of the Corporación America Airports Group.
- (4) Fees for the auditing of accounting reports pursuant to the CIPE Resolution no. 38/2007 of the Pisa and Florence airports and to the performance of agreed audit procedures.
- (5) Fees for the limited auditing of the Non-Financial Consolidated Statement prepared pursuant to Leg. Dec. no. 254/2016.

CERTIFICATION OF THE 2022 CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 81-TER OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Roberto Naldi (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2022 Consolidated Financial Statement.

2. Furthermore, it is hereby certified that the 2022 Consolidated Financial Statement:

- has been prepared in compliance 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, 15 March 2023

For the Board of Directors

Chief Executive Officer
Roberto Naldi

Financial Reporting Manager
Marco Gialletti

INDEPENDENT AUDITORS' REPORT



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

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 2022, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Toscana Aeroporti SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12079880135 Iscritta al n° 110644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132341 - Bari 70122 Via Abate Giunna 72 Tel. 080 3640211 - Bergamo 24121 Largo Belotti 5 Tel. 035 229691 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 0486211 - Brescia 25121 Viale Duca d'Anasta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7332311 - Firenze 50121 Viale Gramsci 13 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 279911 - Pescara 66127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570231 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3489781 - Udine 33100 Via Posonile 43 Tel. 0432 25789 - Varese 21100 Via Albarzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Capitalised concession rights

Explanatory notes to the consolidated financial statements as of 31 December 2022: note 8.1 "Intangible assets".

Concession rights were recognised in the consolidated financial statements as of 31 December 2022 for an amount of Euro 186 million, of which Euro 26.8 million related to intangible assets under development, representing a total of 57.6 per cent the Group's assets.

Considering the significance of the item under analysis and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession arrangements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union, we specifically focused our attention on the valuations performed by the directors.

The estimates prepared by them were mainly related to the verification of the identifiability of capitalised costs and the existence of future economic benefits deriving from the investments made, the verification of impairment indicators, if any, and any impairment loss (impairment test).

As part of the impairment test, in order 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 flow 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.

Considering the context of uncertainty due to the Covid-19 (Coronavirus) health emergency and the current macroeconomic context, the directors

We conducted an understanding, evaluation and validation of the capitalisation procedure of the concession rights adopted by the Group. In particular, we conducted an understanding and verification of the key controls underlying the capitalisation of such intangible assets.

We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreases occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretations "IFRIC 12 – Service concession agreements" and of international accounting standards "IAS 38 – Intangible assets" and "IAS 36 – Impairment of assets" adopted by the European Union for the capitalisation of such intangible assets, with particular reference to the identifiability of capitalised costs and the existence of future economic benefits deriving from the investment, to the assessment of impairment indicators, if any, and to the impairment test.

With reference to the latter, we verified the reasonableness of the assumptions used by the directors to estimate the cash flows expected in the relevant time horizon and resulting from the Financial and Economic Plans approved by the directors of Toscana Aeroporti SpA, together with the impairment test, on 10 March 2023. We also checked the mathematical accuracy of the calculations made by management and examined the calculation methods of the discount rate of the cash flows deriving from the aforesaid Plans.

Furthermore, we analysed the alternative scenarios prepared by the directors.

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



deemed it proper to perform sensitivity analyses, assuming alternative scenarios that take into account a possible drop in revenues and profitability deriving from a possible decrease in traffic demand.

projects.

In our audit procedures we also involved PwC network experts in valuation.

Finally, our audit included the analysis of the explanatory notes to the consolidated financial statements in order to evaluate the accuracy 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 as of 31 December 2022: note 8.17 "Provisions for risks and charges", note 8.18 "Provisions for repair and replacement" and note 10.7 "Information on the main items of the provision for risks and charges"

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 2022 amounted to Euro 1.2 million and Euro 21.5 million respectively, which represent 0.4% and 6.7% of the Group's liabilities.

Given the significance of the amounts at issue and the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretations "IFRIC 12 – Service concession arrangements" and under the international accounting standard "IAS 37 - Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid special attention to verifying the liabilities at issue.

The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.

We conducted an understanding, evaluation and validation of the procedure adopted by the Group in order to determine the accruals to provisions for risks and charges and to the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within the liabilities of the statement of financial position at 31 December 2022. In particular, we conducted an understanding and validation of the key controls underlying the determination of such provisions and the evaluation of the adequacy of the liabilities recognised.

In this respect, we highlight that in relation to the more significant issues the Group is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements.

We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Group in the evaluation of the provisions for risks and charges we also sent requests for information to them and we analysed the replies obtained.

Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements to be carried out on assets under concession, we held discussions with management, the internal

legal affairs office, the management control function, the internal technical managers and with the external professionals.

Finally, our audit included the analysis of the explanatory notes to the consolidated financial statements in order to evaluate the accuracy and completeness of the disclosures therein.

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, actions taken to eliminate the related risks, or safeguards applied.

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 on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Toscana Aeroporti SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2022 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.



Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Toscana Aeroporti Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Toscana Aeroporti Group as of 31 December 2022 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 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Toscana Aeroporti SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.



Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 4 April 2023

PricewaterhouseCoopers SpA

Signed By

Francesco Forzoni
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative. We have not examined the translation of the financial statements referred to in this report.

ANNUAL REPORT

TOSCANA AEROPORTI - INCOME STATEMENT

Amounts in €K	Notes	2022	of which Related Parties	2021	of which Related Parties
REVENUES					
Operating income		73,300	1,368	33,658	1,143
Other revenues		3,336	99	2,859	96
Revenues from construction services		7,407		11,522	
TOTAL REVENUES (A)	6.1	84,043	1,467	48,039	1,239
OTHER INCOME (B)	6.2	616		9,381	
COSTS					
Operating Costs					
Consumables	6.3.1	1,011		643	
Cost of personnel	6.3.2	19,772		15,841	
Costs for services	6.3.3	30,522	-	19,179	16
Sundry operating expenses	6.3.4	987		1,443	
Airport fees	6.3.5	5,712		2,669	
Total operating costs		58,004	-	39,775	16
Costs for construction services	6.3.6	7,195	4,588	11,309	
TOTAL COSTS (C)		65,199	4,588	51,084	16
GROSS OPERATING MARGIN / EBIT (A+B-C)		19,460	(3,121)	6,336	1,223
Amortization and impairment	6.3.7	9,663		9,602	
Provision for liabilities and repair	6.3.8	3,531		5,737	
Value write-ups (write-downs) net of trade receivables and other receivables	6.4	115		1,289	
OPERATING EARNINGS		6,151	(3,121)	(10,291)	1,223
FINANCIAL OPERATIONS					
Financial income	6.5	198		65	
Financial expenses	6.6	(3,858)		(2,534)	
Profit (loss) from equity investments	6.7	767		(143)	
TOTAL FINANCIAL OPERATIONS		(2,892)	-	(2,611)	-
PROFIT (LOSS) BEFORE TAX		3,259	(3,121)	(12,903)	1,223
Year's taxes	6.8	(1,204)	103	6,858	99
PROFIT/(LOSS) FOR THE PERIOD		2,055	(3,019)	(6,045)	1,322
Profit (loss) per share (€)	6.9	0.1104		(0.3248)	
Profit (loss) diluted per share (€)		0.1104		(0.3248)	

TOSCANA AEROPORTI – STATEMENT OF COMPREHENSIVE INCOME

Amounts in €K	Notes	2022	2021
PROFIT/(LOSS) FOR THE PERIOD (A)		2,055	(6,045)
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>			
- Profit (loss) arising from the determination of the Termination Benefit after tax	7.15	227	74
<i>Total other profit (loss) before tax (B)</i>		227	74
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		2,282	(5,970)

STATEMENT OF FINANCIAL POSITION (amounts in €K)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
NON-CURRENT ASSETS			
Intangible assets	7.1	180,911	179,687
Property, plant and equipment	7.2	25,680	26,946
Rights of use	7.3	3,820	4,353
Equity investments in other entities	7.4	2,962	2,945
Investments in Subsidiaries	7.5	7,666	8,416
Equity investments in associated companies	7.6	480	380
Other financial assets	7.7	4,014	8,419
Receivables from others due beyond the year	7.8	1,482	162
<i>of which to Related Parties</i>		1,342	162
Deferred tax assets	7.9	9,990	10,700
TOTAL NON-CURRENT ASSETS		237,005	242,008
CURRENT ASSETS			
Trade receivables	7.10	19,628	17,740
<i>of which to Related Parties</i>		1,026	383
Current tax assets	7.11	210	398
Other tax assets	7.12	136	1,499
Receivables from others, due within the year	7.13	7,838	14,027
<i>of which to Related Parties</i>	7.10	417	0
Cash and cash equivalents	7.14	54,008	50,419
TOTAL CURRENT ASSETS		81,820	84,083
TOTAL ASSETS		318,825	326,091

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec. 2022	31 Dec. 2021
CAPITAL AND RESERVES			
Share Capital		30,710	30,710
Capital reserves		66,788	79,833
IAS adjustments reserve		-3,229	-3,229
Profit/(Loss) carried forward		564	337
Profit/(loss) for the year		2,055	-6,045
TOTAL SHAREHOLDERS' EQUITY	7.15	96,888	101,606
NON-CURRENT LIABILITIES			
Provisions for liabilities and expenses	7.16	1,156	1,020
Provisions for repair and replacement	7.17	17,887	16,987
Provisions for employee retirement and benefits	7.18	1,944	2,281
Financial liabilities due beyond one year	7.19	66,463	93,731
Financial liabilities for rights of use beyond one year	7.20	3,443	3,932
Other payables due beyond the year	7.21	2,253	2,768
TOTAL NON-CURRENT LIABILITIES		93,146	120,719
CURRENT LIABILITIES			
Financial liabilities due within one year	7.19	68,194	50,409
Financial liabilities for rights of use within one year	7.20	554	559
Current tax liabilities	7.22	377	-
Other tax liabilities	7.23	7,308	9,840
Trade payables	7.24	37,963	32,519
of which to Related Parties		3,456	0
Payables to social security institutions	7.25	1,080	1,081
Other payables due within the year	7.26	9,719	7,211
Provisions for repair and replacement (current portion)	7.17	3,596	2,147
TOTAL CURRENT LIABILITIES		128,791	103,766
TOTAL LIABILITIES		221,937	224,485
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		318,825	326,091

STATEMENT OF CASH FLOWS AT 31 Dec. 2022

Amounts in €K (Note 7.14)	2022	2021
OPERATING ACTIVITY		
Net result for the period	2,055	(6,045)
<i>Adjusted for:</i>		
- Amortization of tangible, intangible assets, and rights of use	9,556	9,499
- Impairment of assets	107	273
- Profit / loss from equity investments	(767)	143
- Difference in provision for liabilities and charges	136	15
- Net difference in employee benefits	(60)	(158)
- Net difference in provisions for repair	1,714	(3,288)
- Other non-monetary differences	(105)	(1,756)
- Financial expenses for rights of use	126	132
- Other net financial expenses (income)	3,534	2,337
- Net changes in (prepaid)/deferred taxes	639	(6,759)
- Taxes for the period	565	(99)
- (Increase)/decrease in trade receivables	(3,102)	(2,023)
- Increase/(decrease) in other receivables	7,774	1,621
- Increase/(decrease) in payables to suppliers	5,458	7,832
- Increase/(decrease) in other payables	394	547
<i>Cash flow generated by operating activities</i>	28,022	2,272
- Paid financial expenses	(2,288)	(1,621)
Cash flow generated by operating activities	25,734	651
INVESTMENT ACTIVITIES		
- Investments in tangible assets	(1,348)	(2,992)
- Divestment of tangible assets	14	211
- Investments in intangible assets	(7,555)	(11,684)
- Investments in other equity interests and other financial assets	33	
- Disinvestment of other equity interests and other financial assets	4,405	0
- Dividends received	475	58
- Acquisition of equity interests in controlled companies	(1,000)	(1,000)
- Disposal of equity interests in controlled companies	750	-
Cash flow generated (absorbed) by investments activities	(4,227)	(15,408)
FINANCIAL ASSETS		
- Dividends paid	(7,000)	-
- Short-/long-term loans taken out	59,500	57,000
- (Repayment of) short-/long-term loans	(69,704)	(61,724)
- (Repayment of) financial liabilities for rights of use	(714)	(863)
Cash flow generated (absorbed) by loans	(17,918)	(5,587)
Increase/(decrease) in available cash and cash equivalents	3,589	(20,344)
Cash and cash equivalents at beginning of period	50,419	70,763
Cash and cash equivalents at end of period	54,008	50,419

Statement of changes in shareholders' equity (amounts shown in €K)

Note 7.15

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY / EXTRAORDINARY RESERVES	OTHER RESERVES	IAS ADJUSTMENTS RESERVE	TOTAL RESULT RESERVES	TOTAL S.E.
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S.E. AT 01 January 2021	30,710	18,941	5,368	38,784	24,585	(3,229)	(7,583)	107,576
NET YEAR'S PROFIT (LOSS)	-	-	-	-	-	-	(6,045)	(6,045)
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	74	74
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	(5,970)	(5,970)
PROFIT ALLOCATION	-	-	-	(7,845)	-	-	7,845	-
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	-	(7,845)	-	-	7,845	-
S.E. AT 31 December 2021	30,710	18,941	5,368	30,938	24,585	(3,229)	(5,708)	101,606
S.E. AT 01 January 2022	30,710	18,941	5,368	30,938	24,585	(3,229)	(5,708)	101,606
NET YEAR'S PROFIT (LOSS)	-	-	-	-	-	-	2,055	2,055
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	227	227
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	2,282	2,282
PROFIT ALLOCATION	-	-	-	(6,045)	-	-	6,045	-
DISTRIBUTION OF RESERVES	-	-	-	(7,000)	-	-	-	(7,000)
OTHER MOVEMENTS	-	-	1	-	-	-	(1)	-
TOTAL ITEMS DIRECTLY SHOWN IN S.E.	-	-	1	(13,045)	-	-	6,044	(7,000)
S.E. AT 31 December 2022	30,710	18,941	5,369	17,893	24,585	(3,229)	2,619	96,888

EXPLANATORY NOTES TO THE FINANCIAL STATEMENT AT 31 DEC. 2022

1. General information

Toscana Aeroporti S.p.a. (hereinafter the "Company" or "TA") is joint-stock company with registered office at the address of the Office of the Register of Companies of Florence since 1st June 2015 created with a merger by incorporation between Società Aeroporto Toscana Galileo Galilei S.p.A. (Pisa Airport) and Aeroporto di Florence S.p.A.

We remind readers that the merger has been the result of a business combination between entities under common control by Corporación America Italia S.p.A. Therefore, being a "business combination involving entities under common control", a transaction explicitly excluded from the scope of the international accounting standard IFRS 3 "Business combinations", the merger is reflected in the financial statements of the company that resulted from the merger with the assets and liabilities of the acquired company booked with the values resulting from the financial statements of the incorporated entity. This accounting treatment, in fact, allows the Management to provide relevant and reliable information in compliance with the requirements of section 10 of IAS 8.

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

The annual report of TA shows amounts in thousand euro (€K), as this is the currency used by TA for most of its transactions.

The limited auditing activity conducted on the 2022 Financial Statement of TA has been carried out by PricewaterhouseCoopers S.p.A.

2. Form and content of the report

TA's 2022 Financial Statements have been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at 31 December 2022, 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's 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 account statements

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

Income Statement

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

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

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income" (hereinafter also briefly "SCI"), which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are 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 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 recognized in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

3. Accounting standards and valuation criteria adopted

The accounting standards and valuation criteria adopted for the preparation of the financial statement for the business year closed on 31 Dec. 2022 are described below. The basic valuation criterion adopted in the preparation of balance sheet is the historical cost method, except for those accounting items for which a fair value valuation method is used, as specified below.

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.

Goodwill

In the case of acquisition of business entities, the assets, liabilities and potential liabilities acquired and identifiable are recognized at their fair value at the acquisition date. The positive difference between the fair value of the consideration, plus any minority interest in the acquiree (In the event of a step acquisitions, the fair value at the acquisition date of the interest in the acquiree previously held by the acquirer is also added), and the fair value of the assets acquired and of the liabilities assumed is classified as Goodwill and is recognized on the balance sheet as an intangible asset. Instead, any negative difference ("negative goodwill") is booked to the Income Statement at the acquisition date. Minority shareholders' shares are recognized proportionally to the net assets that can be identified at the acquisition date.

If the control of a company is acquired, in which a minority interest was already held, the previously held investment is measured at fair value and the effects of this adjustment are recognized in the Income Statement.

The costs of the business combination transaction are recognized in the Income Statement.

The potential considerations, i.e. the obligation of the acquirer to transfer additional assets or shares to the seller in the event that certain future events or conditions occur, are recognized at fair value at the acquisition date as part of the consideration transferred in exchange for the same acquisition. Any subsequent change in the fair value of such arrangements is recognized in the Income Statement.

Goodwill is not amortized, but is reviewed every year - or more frequently, if specific events or changed circumstances indicate the possibility of an impairment - to identify any impairment according to the criteria laid down by IAS 36 "Impairment of assets". After initial recognition, goodwill is valued at cost, after deducting any accumulated impairment loss.

Other Intangible Assets

Concession rights (royalties) represent the Concessionaire's right to use the asset (the so-called "Intangible Asset Method") under concession, in consideration of the costs incurred for the design and construction of the same asset, with the obligation to return it at the end of the concession. Concession rights (royalties) are booked at the fair value (estimated on the basis of the cost incurred, inclusive of financial expenses, in addition to the capitalization of internal costs for the general coordination activity required for the works carried out by TA) of the intangible assets consisting in the construction and expansion of assets included within the framework of IFRIC 12.

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

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

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

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

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

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

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

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

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

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

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

In particular, with regard to the amortization of concession rights, account is taken of the sum that the incoming concessionaire will be obliged to pay to the outgoing concessionaire, at the natural maturity of the concession, which will be determined in compliance with regulatory analytical accounting rules. Concession rights include the sums relating to the portion of scheduled maintenance works that is recognized in the balance sheet within the framework of the determination of the provision for repair, but in regulatory analytical accounting reflects assets that will not be completely amortized at the concession expiry date.

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 other than goodwill have been booked in the balance sheet.

Property, Plant and Equipment

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

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

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

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

The rates applied are specified below:

- | | |
|--|-----------------|
| - Land: | Not depreciated |
| - Property: | 4% (25 years) |
| - Plant and machinery: | 10% (10 years) |
| - Industrial and commercial equipment: | 10% (10 years) |
| - Electronic machines: | 20% (5 years) |

- Office furniture and equipment: 12% (9 years)
- Trucks: 25% (4 years)
- Cars: 20% (5 years)

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

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

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

Impairment

TA reviews the carrying value of its non-financial assets at each year-end in order to identify any impairment in these assets. Whenever any such indication exists, the recoverable amount of said assets is estimated to determine the amount of the write-down ("impairment test"). When it is impossible to estimate the recoverable value of each individual asset, TA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful life (goodwill) are tested for impairment every year in order to determine whether there have been losses of value, regardless of whether or not there are impairment indicators.

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 recognized in the Income Statement.

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

When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit), except for goodwill, is adjusted upward to its new estimated recoverable amount, but without exceeding the net carrying value the asset would have had if the impairment had not been recognized. The reversal is recognized immediately in the income statement.

Leases (for the lessee)

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

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

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

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

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

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

Leases (for the lessor)

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

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

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

For operating leases, the Company recognizes the lease payments as income on a straight-line basis or according to any other systematic criterion.

The costs incurred for the realization of the income, including amortization, are recognized as costs.

Investments in subsidiaries and associates

Equity investments in subsidiaries (controlled by TA) and in associated companies (on which TA has a remarkable influence) are booked at their cost adjusted for any impairment.

Investments are tested for impairment on an annual basis or more frequently, if necessary. If there is evidence that said equity investments have been impaired, their impaired value is recognized in the Income Statement as impairment. If, subsequently, the impairment ceases to apply or is reduced, the recovered value is posted in the Income Statement within the limits of the cost.

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

Non-current assets held for sale

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

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

Financial assets (including equity investments in other entities)

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

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

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

- the financial operations model consists in holding the asset solely for the purpose of collecting the relevant cash flows; and
- the financial asset generates, at contractually predetermined dates, cash flows representing exclusively the return on the financial asset itself.

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

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

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

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

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

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

Financial instruments are removed from the balance sheet when, as a result of their transfer or extinction, the Company is no longer involved in their management and the related risks and benefits no longer affect the Company.

Fair value hierarchy

For all transactions and (financial or non-financial) balances for which an accounting standard requires or permits fair value measurement, TA applies the following criteria:

- a. Identification of the unit of account, i.e., the level at which an asset or liability is aggregated or disaggregated for recognition under IFRS;
- b. Identification of the main market (or of the most advantageous market) in which transactions could take place for the asset or liability to be valued; if there is no evidence to the contrary, the currently used market will be assumed to be the main market or the most advantageous market;
- c. Definition of the highest and best use for non-financial assets: if there is no evidence to the contrary, the highest and best use will be the current use of the asset;
- d. Definition of the most appropriate valuation methods for the estimation of fair value: these methods maximize the use of observable data, which market participants would use in determining the price of the asset or liability;

- e. Determination of the fair value of assets as the price that would be perceived for their sale, and of liabilities and equity instruments as the price that would be paid for their transfer in a regular transaction between market participants at the valuation date;
- f. Inclusion of non-performance risk in the valuation of assets and liabilities and, particularly for financial instruments, determination of an adjustment factor in the measurement of fair value to include, in addition to the counterparty credit risk (CVA, credit valuation adjustment), the own credit risk of the entity (DVA, debit valuation adjustment).

Based on the data used for fair value valuation, a fair value hierarchy has been identified to classify assets and liabilities measured at fair value or for which the fair value is disclosed in the financial statements:

- a) Level 1 – includes the prices quoted in active markets for assets or liabilities that are identical to those to be valued;
- b) Level 2 – includes observable data, different from those included in Level 1, such as: (i) prices quoted in active markets for similar assets or liabilities; (ii) prices quoted in non-active markets for similar or identical assets or liabilities; (iii) other observable data (interest rate curves, implicit volatility, credit spreads);
- c) Level 3 – uses non-observable data, which can be used when no observable input data is available. Non-observable data used for fair value valuation reflect the assumptions market participants would assume in price fixing for the assets and liabilities to be valued.

Trade and sundry receivables

Trade receivables and the other receivables are initially recognized at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt.

TA measures any impairment/write-down of receivables by adopting an expected loss approach. For trade receivables, TA has adopted a 'simplified approach' to valuation that does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss ("ECL") calculated over the lifetime of the receivable ("lifetime ECL"). In detail, the policy implemented by TA consists in stratifying trade receivables into categories based on the number of days that a trade receivable is past due and the allocation is defined on the basis of the historical experience of credit losses, adjusted to take into account specific forecasting factors referred to creditors and the economic environment.

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

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

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

Derivative instruments and hedge accounting

Derivative instruments are initially recognized at fair value, which is the initial price, and then adjusted to fair value at the subsequent closing dates and booked in the Income Statement. We specify that the Group does not own financial derivative instruments used solely for hedging purposes.

Cash and cash equivalents

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

Financial liabilities

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

They also include trade and miscellaneous payables.

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

Provisions for liabilities and expenses

TA recognizes Provisions for liabilities and expenses 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 compliance 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 compliance with IAS 37 - Provisions, Contingent Liabilities and Assets, which requires:

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

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

Provisions for employee retirement and benefits

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

- costs for the performance of the service are recognized in the income statement among personnel costs;

- net financial expenses on defined benefits liabilities or assets are recognized 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 recognized in the income statement), and any change in the limit of the assets are recognized immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Tax assets and liabilities

Deferred taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value, and are classified among non-current assets. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available in the future against which they can be utilized. The value of deferred taxes to be 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 deferrals are expected, considering the applicable or future known applicability tax rates.

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

Recognition of revenues

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

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

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

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

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

Aviation revenues

TA fulfils its obligations to do in relation to airport fees by making the airport infrastructure available to carriers for landing, take-off, lighting and parking of aircraft, boarding and landing of passengers and goods, and for the use of centralized infrastructures. In addition, as to handling activities, TA fulfils its obligations to do by providing ground handling services to passengers and aircraft.

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

Non-Aviation revenues

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

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

Revenue from construction services in favour of the Grantor

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

Other revenues

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

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

Revenues from "Design and manufacturing services" rendered to entities outside the Company are recognized when the control of the goods and services is transferred to the customer for a sum that reflects the consideration TA believes it will probably receive in exchange for those goods or services. TA fulfils its performance obligations over time by developing the orders in its portfolio concerning, to date, complex and integrated activities in the design and construction of civil engineering works. No meaningful estimates can be identified for this item in consideration of the characteristics of the contracts and of TA's role in the order scheme. TA systematically updates the assumptions underlying the order budgets in order to reflect in the balance sheet the most reasonable estimate of the contract prices accrued and the economic result of the order. In this respect, we specify that TA recognizes the unconditional right to receive remuneration for the work performed (invoices issued and to be issued) as "Trade receivables" and the sum owed by the principals for contract work performed as "Contract assets", after deducting any advance payment made and received.

Grants

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

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

Costs

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

Financial expenses

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

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

Financial income

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

Dividends

Dividends from minority investments recognized 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 recognized in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognized in the Shareholders' Equity.

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

The consolidating entity 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.

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

Provisions for repair and replacement

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

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

Recoverability of deferred tax assets

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

Current taxes

The determination of tax liabilities requires the Management to value amounts referred to transactions that have uncertain tax implications at year-end. TA recognizes the liabilities that could derive from future

inspections by the tax authority based on the estimate of due taxes. Any result of a tax assessment that differs from the Management's estimates may significantly affect current and deferred taxes.

Pension schemes and other post-employment benefits

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

Provision for bad debt

The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. TA applies the simplified approach described in IFRS 9 and recognizes expected losses on all trade receivables on the basis of their residual maturity, defining the allocation on the basis of the historical experience with credit losses, adjusted to take into account specific forecasting factors related to creditors and to the economic environment (Concept of Expected Credit Loss – ECL).

Potential liabilities

TA ascertains liabilities from pending litigation and legal actions when it deems it likely to face a financial disbursement and when the amount of the deriving loss can be reasonably estimated. If a financial disbursement becomes possible but its amount cannot be determined, this fact is disclosed in the Notes. The Company 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 advisers.

RECENTLY-ISSUED PRINCIPLES

New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2020

The following IFRS standards, amendments and interpretations were first applied by the Company as of January 1, 2022:

On 14 May 2020, the IASB published the following amendments named:

- Amendments to IFRS 3 "Business combinations": the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework in the reviewed version, without this involving changes to the provisions of the standard.
- Amendments to IAS 16 "Property, Plant and Equipment": the purpose of the amendments is not to allow the deduction, from the cost of tangible assets, of the amount received from the sale of goods produced in the testing phase of the asset. These sales revenues and the related costs are therefore recognized in the Income Statement.
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": the amendment clarifies that the estimate of the price of a contract must include all the costs that can be directly attributed to the contract. Consequently, the valuation of the price of a contract includes not only incremental costs (e.g., the cost of direct material used in processing), but also all the costs the

company cannot avoid because it has entered into the agreement (e.g., the depreciation of the machinery used to fulfil the contract).

- Annual improvements 2018-2020: the amendments were made to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”, to IFRS 9 “Financial Instruments”, to IAS 41 “Agriculture”, and to the Illustrative Examples of IFRS 16 “Leases”.

The implementation of the new amendments had no significant impact on either values or financial reporting.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group at 31 December 2022

- On 18 May 2017, the IASB published IFRS 17 “Insurance Contracts”, which is intended to replace IFRS 4 “Insurance Contracts”. This standard will become effective on 1 January 2023, but early application is permitted only for entities adopting IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.
- On 9 December 2021, the IASB published an amendment called “Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”. The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. It aims to avoid the temporary accounting mismatch between financial assets and insurance liabilities, and thus to improve the usefulness of comparative information for the readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments called “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments are intended to improve the accounting policy disclosure to provide investors and other primary users of the financial statements with more useful information and to help companies distinguish changes in accounting estimates from accounting policy changes. The amendments will become effective on 1 January 2023, but early adoption is permitted. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of these amendments.
- On 7 May 2021, the IASB published the “Amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. This document clarifies how deferred taxes should be accounted for relating to certain transactions that may generate assets and liabilities of the same amount, such as leases and decommissioning obligations. The amendments will become effective on 1 January 2023, but early adoption is permitted. Directors do not expect a significant effect on the Consolidated Financial Statements of the Group from the adoption of this amendment.

Accounting standards, amendments and interpretations not yet applicable

At the date of this report, 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:

- On 23 January 2020, the IASB published the “Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and, on 31 October 2022, published “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”. The purpose of these documents is to clarify how debt and the other short/long-term liabilities should be classified. The amendments will become effective on 1 January 2023, but early adoption is permitted.

- On 22 December 2022, the IASB published “Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. This document requires the lessee-seller to measure the lease liability arising from a sale and leaseback transaction, so as not to recognize income or loss relating to the retained right of use. These amendments will become effective on 1 January 2023, but early adoption is permitted.
- Amendment to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”: the approval process is suspended pending the conclusion of the IASB project on the equity method.
- IFRS 14 “Regulatory Deferral Accounts”: the approval process is suspended pending the new accounting standard on “Rate-regulated Activities”.

The Company 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.

4. Concessions

The core business of the Company is the operation of the concession given to Toscana Aeroporti for the management of the Amerigo Vespucci airport in Florence and the Galileo Galilei airport in Pisa, consisting in the operation and development of the infrastructure of the two Tuscan airports.

Essential information relating to the concession contracts of the Company is given below.

Under the concessions in force, airport concessionaires are entitled to collect boarding fees from airport users, which are annually updated on the basis of a special tariff formula provided by the Italian transport regulatory authority “Autorità di Regolazione dei Trasporti” (“ART”), against the obligation to pay the concession leases, carry out the necessary expansion and modernization works in the airports under concession, and maintain and manage the airport plot of land under concession. Upon expiry, concessions are not automatically renewed, but are awarded again through a public call for tenders, as required by the applicable legislation; all the airport infrastructure developed (which are called “transferable assets”) by the concessionaire must be transferred in a good state of maintenance to the Grantor, and the incoming concessionaire will pay the residual carrying amount of transferable assets, called the “step-in value”¹).

5. Corporate events and transactions

5.1 Update on the impact of the Covid-19 pandemic and the Russia-Ukraine war

The year 2021, and particularly the first quarter, was still affected by the impact of the global health crisis caused by the SARS-COV-2 virus outbreak (hereinafter also briefly “Covid-19” or “Coronavirus”).

Toscana Aeroporti reported a total of ca. 6.7 million passengers in 2022, which reflects a +137% increase and a +74.1% increase in commercial passenger movements compared to 2021. Compared to the pre-Covid-19 period, Toscana Aeroporti reported a -19% decrease in passenger traffic, with a considerable improvement starting from the summer season.

We also remind readers that new international tensions have appeared since February 2022 as a result of the war between Russia and Ukraine. This event had no significant impact on passenger volumes and the Group's revenues, but impacted the macroeconomic scenario with an increase in energy and gas costs.

The growth in traffic and margins resulted in a positive cash flow for the year 2022 arising from operations, including the effect of the collection of Government grants received under paragraph 715 of Art. 1, of Law no. 178 of 30 December 2020 (hereafter referred to as the “2021 Budget Law”), which allowed us to repay the € 10.5 M loan and to invest € 8.8 M.

¹ Art. 703 of the Navigation Code: ... “The outgoing concessionaire shall continue managing the ordinary operations of the airport under the same conditions as those laid down in the concession agreement until the new concessionaire takes over, after paying the related “Step-In Value” due, unless ENAC determines otherwise, specifying the reason(s), concerning the correct performance of the service”.

As regards the initiatives implemented by the TA Management in response to the effects of the pandemic and the Russian-Ukrainian war, the Company maintained throughout 2022 a number of countermeasures aimed at adjusting costs to a reduced traffic demand, including the use of temporary unemployment benefits (“Cassa Integrazione Guadagni”) - which was definitively closed in the summer - and the mitigation of costs for services related to non-strategic activities.

In addition, as it also happened at 31 December 2021, in 2022 the Company obtained again a specific exemption from the bank “Banca Infrastrutture Innovazione e Sviluppo (BIIS, of the Intesa San Paolo Group) concerning the measurement of financial ratios required in the loan agreement signed by TA, with an outstanding debt of € 14.6 M at 31 December 2022 (expiry 2027).

We also remind readers that, considering the significant losses suffered by the airport sector, an € 800 M provision had been set aside with the “2021 Budget Law” to mitigate the economic effects of the Covid-19 emergency on the entire airport sector, of which € 735 M to be used by airport operators and € 65 M by ground handling service providers. The amount of the subsidy to which the Company was entitled for the damages suffered in the period going from 1 March 2020 to 30 June 2020, determined as required by the applicable legislation and applied for on 27 January 2022, was of € 7.3 M, which were cashed in the course of 2022.

In the context just described, Toscana Aeroporti keeps monitoring the economic and financial outlook of the Company, also based on information obtained from external sources such as independent surveys conducted by the main players of the industry, which surveys confirmed that the air transport industry is not expected to return to pre-Covid-19 traffic levels until 2024.

In a short to medium-term horizon, given the above assumptions for the recovery of traffic levels, 2023 volumes are expected to be still lower than those reported before the pandemic. However, the increasing trend is confirmed, even compared to 2022 year-end data, when the passengers who transited through Tuscan airports were over 80% of pre-Covid levels.

The TA Management will continue to monitor the evolution of the pandemic and the war in order to be ready to adopt the most appropriate measures, where necessary, to mitigate costs, consistently with the necessary service levels and protection of liquidity, while ensuring the maintenance of infrastructure development plans, to allow Toscana Aeroporti to continue its development in the medium term.

However, a potential resurgence of the pandemic or a worsening of the macroeconomic scenario, also in connection with the Russia-Ukraine war, with a possible adverse impact on future traffic volumes and on our financial economic performance cannot be excluded.

Therefore, the Management estimates that traffic levels will continue to recover in 2023 with respect to the 2020-2022 period levels, even though they are still lower than pre-Covid-19 levels. This growth trend will allow the Group to keep recovering margins that, together with the available cash and non-revolving credit and with the cost reduction measures adopted consistently with the volumes to be managed, may allow the Group to meet its short-term obligations and keep operating as a going concern in the foreseeable future.

See further considerations in the section “Liquidity risk”.

5.2 Disposal of the TAH shareholding

On 30 December 2022, TA announced the completion of the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) to Alisud S.p.A. for a countervalue of € 750 K.

The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH’s share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH’s Business Plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA.

As a consequence of the transaction described above, TA recorded capital gains for € 343 K in 2022, as better detailed in note 6.7 of the following information on the Income Statement items.

6. Information on the items in the Income Statement

The analysis of the main balances of the Income Statement is given below. For details on the balances of the Income Statement items resulting from relations with related parties, see Annex C of the Explanatory Notes of the Consolidated Financial Statements.

Update on the impact of the Covid-19 epidemic on the Income Statement

The following main changes occurred in 2022, compared to 2021, due to the gradual resumption of operations towards pre-Covid-19 levels:

1. The recovery of air traffic (+137% of passengers compared to 2021, equalling ca. +3.9 million);
2. The consequent increase in operating revenues, which show an increase of approx. € 39.6 M (+117.8%), reflects traffic trends;
3. The continuation of cost reduction actions throughout the year, such as the use of temporary unemployment benefits (“CIGS”), the revision of supply agreements for goods and services, and so on, led to a + € 18.2 M mitigation of higher operating costs in 2022 (+45.8%) compared to 2021;
4. Lower revenues (- € 4.1 M) and costs (- € 4.1 M) for construction services incurred in 2022 for infrastructure investments in the two Tuscan airports.

6.1 REVENUES

Total revenues increased by 74.9% in the period, passing from € 48 M in 2021 to € 48 M in 2022. This difference is the result of the € 39.6 M increase in operating revenues and the simultaneous € 4.1 M decrease in revenues from construction services.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	% Diff.
REVENUES				
Operating income				
Aviation revenues	57,125	26,095	31,030	118.9%
Non-Aviation revenues	29,542	14,224	15,318	107.7%
Network development expenses	(13,367)	(6,661)	(6,706)	100.7%
Total operating revenues	73,300	33,658	39,642	117.8%
Other revenues	3,336	2,859	477	16.7%
Revenues from construction services	7,407	11,522	(4,115)	-35.7%
TOTAL REVENUES (A)	84,043	48,039	36,004	74.9%
OTHER INCOME (B)	616	9,381	(8,766)	-93.4%

6.1.1 Aviation revenues

Aviation revenues totalled € 57.1 M in 2022, up by 118.9% compared to 2021, when they totalled € 26.1 M. The table below breaks down 2022 aviation revenue items and the related differences, both in absolute and percentage terms, compared to 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
AVIATION REVENUES				
Passenger boarding fees	25,734	10,375	15,359	148.0%

Landing/departure fees	14,662	7,348	7,314	99.5%
Stopover fees	1,100	1,415	(315)	-22.3%
PRM assistance fees	4,258	1,769	2,489	140.7%
Cargo fees	322	347	(25)	-7.1%
Passenger security fees	6,913	2,977	3,936	132.2%
Baggage security fees	2,717	1,020	1,697	166.3%
Handling	220	110	110	100.0%
Centralised infrastructures	1,199	734	465	63.4%
TOTAL AVIATION REVENUES	57,125	26,095	31,030	118.9%
% incid. over gross op. revenues Network Development Expenses	65.9%	64.7%		

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

6.1.2 Non-Aviation revenues

Non-Aviation revenues totalled € 29.5 M in 2022, down by 107.7% compared to 2021, when they totalled € 14.2 M.

The table below provides details on non-aviation operating revenues of the two years considered:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
NON-AVIATION REVENUES				
Parking lots	4,272	1,847	2,425	131.3%
Food	3,634	1,268	2,366	186.7%
Retail	5,588	2,917	2,671	91.5%
Advertising	1,809	1,131	678	60.0%
Real Estate	1,973	1,932	41	2.1%
Car rental	6,847	3,006	3,841	127.8%
Other subconcessions	2,197	1,176	1,021	86.8%
VIP Lounges	2,659	417	2,242	538.2%
Air tickets	156	180	(24)	-13.4%
Cargo agency	408	351	57	16.1%
TOTAL NON-AVIATION REVENUES	29,542	14,224	15,318	107.7%
% incid. over gross op. revenues Network Development Expenses	34.1%	35.3%		

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

6.1.3 Network development expenses

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

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

Network development expenses totalled € 13.4 M in 2022, up by € 6.7 M (+100.7%) compared to 2021, when they totalled € 6.7 M. The difference is substantially in line with the increased traffic managed during the year and with aviation revenue trends.

6.1.4 Other revenues

The table below provides details on 2022 “Other revenues and income” against those of 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
OTHER REVENUES				
Utilities and others	2,681	2,333	348	14.9%
Services and consulting	531	390	141	36.2%
Minors	124	136	(12)	-8.9%
TOTAL OTHER REVENUES	3,336	2,859	477	16.7%
% incid. over Revenues	4.0%	6.0%		

6.1.4 Revenues from construction services

Revenues from construction services totalled € 7.4 M in 2022, against € 11.5 M in 2021 (-35.7%). For further details, see section 10 “The Group’s investments” in the Report on Operations.

Additional information on revenues

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

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
Revenues not included in the scope of IFRS 15 (*)	21,800	11,349	10,451	92.1%
“Over time” revenues	62,243	36,690	25,553	69.6%
“Point in time” revenues	-	-	-	N/S
TOTAL REVENUES	84,043	48,039	36,004	74.9%

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

Details of revenues for operating leases, distinguished between the fixed revenue component related to the agreement and the variable revenue component related to ratios and rates or other variables, are given below.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
Fixed	2,605	1,627	978	60.1%
Variable depending on an index or rate	18,103	8,599	9,505	110.5%
Variable not depending on an index or rate	1,092	1,124	-32	-2.8%

Total revenues not included in the scope of IFRS 15	21,800	11,349	10,451	92.1%
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The aforesaid revenues mainly refer to the sub-concession of retail spaces (food, shops), advertising spaces and areas used for car rental. These are multi-year agreements, for which, upon renewal, TA defines provisions considering any possible changes occurred in the airport infrastructure. Payments can be made on a monthly or quarterly basis and some agreements also include annual adjustments based on the customer's turnover. Where deemed necessary to reduce the credit risk, bank/insurance guarantees are required for the term of the lease.

An estimate of the minimum payments expected from subconcessions / operating leases for the coming business years is given below.

Amounts in €K	2022	2021
Within the year	11,574	9,325
Included between 1 and 2 years	3,663	6,720
Included between 2 and 3 years	2,905	3,070
Included between 3 and 4 years	1,168	2,289
Included between 4 and 5 years	717	733
Beyond 5 years	85	446
Total	20,112	22,583

6.2 OTHER INCOME

The table below details the “Other income” of 2022 against the same item of 2021:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. %
OTHER INCOME				
Grants	315	7,286	(6,971)	-95.7%
Capital gains from disposal of fixed assets	2	98	(96)	-97.7%
Compensation and reimbursements	193	241	(48)	-19.8%
Proceeds from concession value	105	1,756	(1,651)	-94.0%
TOTAL OTHER INCOME	616	9,381	(8,766)	-93.4%
% incid. over Revenues	0.7%	19.5%		

We specifically point out that subsidies were received in 2022 from the Government as support during the health emergency caused by the pandemic in the amount of € 7.3 M, which were recognized in 2021 and then allocated to an Equalisation Fund (“Fondo di compensazione”) set up under Art. 1, par. 715, of Law no. 178 of 30 December 2020 (“2021 Budget Law”). These were implemented as specified in the Decree of the Ministry of Sustainable Infrastructure and Mobility of 25 November 2021, in agreement with the Ministry of Economy and Finance, in favour of airport operators (€ 735 M).

Income from the residual value of approx. € 1.8 M received has been recognized as required by the provisions of Art. 703 of the “Codice della Navigazione” (Navigation Code), in terms of the value that the incoming concessionaire has to pay to the outgoing concessionaire, which is determined by using regulatory analytical accounting rules. In detail, the amount in question, recognized as a contraentry to concession rights, refers to the share of scheduled maintenance work that has been recognized in the accounts within the framework of the provision for repair, but which, in regulatory analytical accounting, reflects assets that will not be completely amortized at the concession expiry date.

6.3 COSTS

Costs totalled € 65.2 M in 2022, up by 27.6% compared to 2021, when they totalled € 51.1 M. This result has been obtained after a 45.8% increase in operating costs (which passed from € 39.8 M in 2021 to € 58 M in 2022) and the simultaneous decrease in costs for construction services, which passed from € 11.3 M in 2021 to € 7.2 M in 2022 (-36.4%).

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	% Diff.
COSTS				
Operating Costs				
Consumables	1,011	643	368	57.2%
Cost of personnel	19,772	15,841	3,931	24.8%
Costs for services	30,522	19,179	11,343	59.1%
Sundry operating expenses	987	1,443	-456	-31.6%
Airport fees	5,712	2,669	3,043	114.0%
Total operating costs	58,004	39,775	18,229	45.8%
Costs for construction services	7,195	11,309	-4,115	-36.4%
TOTAL COSTS (C)	65,199	51,084	14,114	27.6%

OPERATING COSTS

Operating costs totalled € 58 M, up by +45.8% compared to the € 39.8 M reported at the end of 2021.

6.3.1 Consumables

This item refers to the cost of consumables, a total of € 1,011 K (€ 643 K in 2021). and includes:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
CONSUMABLES				
Stationery	23	17	6	34.4%
Fuels, lubricants	620	363	257	71.0%
Materials for car parking lots	8	5	3	55.1%
Safety Serv. Contr. (mat.)	81	44	37	84.4%

Clothing	83	55	28	51.8%
Mat. for operating services	195	159	36	22.6%
TOTAL CONSUMABLES	1,011	643	368	57.2%
% incid. over Operating Costs	1.7%	1.6%		

6.3.2 Cost of personnel

TA's cost of personnel reached € 19.8 M in 2022, up by € 3.9 M compared to 2021 (+24.3%). In spite of the moderate increase in TA's workforce compared to the same period of 2021 (+0.8%) and the greater traffic handled (+137% of passengers), labour costs increased as a result of a greater presence of personnel required by the increased operating requirements (reduced use of "social shock absorbers") and the need to replace absent personnel due to Covid-19. Please note that the Florence Amerigo Vespucci airport temporarily suspended its operations in the February to April 2021 period to execute runway requalification works. The 2022 cost was also affected by increased variable compensation compared to the same period of 2021.

This cost item is broken down below:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
STAFF COST				
Remuneration	19,511	15,677	3,834	24.5%
of which:				
Wages	13,049	10,253	2,796	27.3%
Salaries	1,026	885	141	15.9%
Social security contributions	4,099	3,348	751	22.4%
ETB	1,336	1,190	146	12.3%
Other labour costs	261	164	97	59.0%
of which:				
Contributions to CRAL	4	4	(1)	-14.0%
Benefits to personnel	258	160	97	60.8%
TOTAL COST OF STAFF	19,772	15,841	3,931	24.8%
% incid. over Operating Costs	34.1%	39.8%		

The table below provides details on the **average annual staff** (expressed in Full-Time Equivalents, FTEs) existing in 2022 and any difference compared to 2021:

FTE Table	2022	2021	Diff.	% Diff.
Executives	14.4	14.8	(0.4)	-3%
Managers / Employees	281.8	276.0	5.8	2%
Workers	29.8	32.5	(2.8)	-9%
Total	326.0	323.4	2.6	1%

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

6.3.3 Costs for services

On the whole, costs for services in 2022 and 2021 consist of:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Commercial services	129	163	(33)	-20.5%
Institutional expenses	1,290	1,038	252	24.2%
Other services	4,107	3,176	932	29.3%
Personnel services	867	584	282	48.3%
Maintenance services	5,234	4,699	535	11.4%
Utilities	8,783	2,809	5,974	212.7%
Operating services	10,113	6,711	3,402	50.7%
TOTAL COSTS FOR SERVICES	30,522	19,179	11,343	59.1%
% incid. over Operating Costs	52.6%	48.2%		

Commercial services, which totalled € 129 K in 2022 (€ 163 K in 2021), include the following costs:

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Commercial services	129	163	(33)	-20.5%
of which:				
Advertising commissions	18	13	5	40.7%
Management of advertising systems	50	27	24	90.0%
Retail promotions	0	63	(63)	-99.3%
Dry cleaning service	60	60	(0)	0.0%

Institutional expenses totalled € 1.3 M in 2022 (€ 1 M in 2021) and mainly include Board of Directors' and Board of Auditors' fees.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Institutional expenses	1,290	1,038	252	24.2%
of which:				
Directors' fees	756	651	105	16.1%
Auditors' fees	187	188	(2)	-0.8%
Directors' business travels	266	167	99	59.5%
Legal, notarial, meeting expenses	25	24	1	4.4%
Participation in conferences	56	8	48	605.9%

Other Services totalled € 4.1 M (€ 3.2 M in 2021) and mainly include professional services, industrial insurance and communication costs.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				

Other services	4,107	3,176	932	29.3%
of which:				
Professional services	3,176	2,473	703	28.4%
Industrial insurance	512	428	84	19.5%
Communication	400	252	148	58.8%
Other minors	19	22	(3)	-15.0%

Other personnel services totalled € 867 K (€ 584 K in 2021) and mainly include canteen, payroll service, transfers, and employee training costs.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
COSTS FOR SERVICES				
Personnel services	867	584	282	48.3%
of which:				
Canteen	421	317	104	32.9%
Insurance	122	148	(26)	-17.7%
Preventive medicine and med. examinations	43	7	36	503.7%
Training	50	56	(6)	-10.8%
Staff recruitment	44	13	31	249.1%
Payroll services	65	35	30	85.7%
Other personnel services	7	0	7	NS
Journeys	115	9	106	1146.6%

Maintenance services totalled € 5.2 M (€ 4.7 M in 2021) and include costs for the maintenance of the airport infrastructure, systems, equipment and motor vehicles.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
COSTS FOR SERVICES				
Maintenance services	5,234	4,699	535	11.4%
of which:				
Equipment/truck maintenance	392	288	104	36.1%
BHS system maint.	893	794	99	12.5%
Infrastructure maintenance	2,169	1,841	328	17.8%
IT maintenance	1,781	1,777	4	0.2%

Utility services totalled € 8.8 M (€ 2.8 M in 2021) and mainly include costs for electricity, gas, water and telephone services.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Utilities	8,783	2,809	5,974	212.7%
of which:				
Electricity	4,272	1,379	2,893	209.7%
Water	409	265	144	54.3%
Telephones	197	208	(11)	-5.1%
Mobile phones	167	195	(28)	-14.5%

Gas	3,647	710	2,937	413.4%
Minors	90	51	39	75.5%

The main increases in the price of gas (+ € 2,937 K) and electricity (+ € +2,893 K) are mostly linked to tariff changes following the Russia-Ukraine crisis.

Operating services totalled € 10.1 M (€ 6.7 M in 2021) and mainly include external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations. Costs for emergency management services are linked with external health control services for the airport personnel and passengers, introduced by TA in the two Tuscan airports to tackle the Covid-19 pandemic.

Amounts in €K	2022	2021	Diff. Abs. 2022/2021	Diff. % 2022/2021
COSTS FOR SERVICES				
Operating services	10,113	6,711	3,402	50.7%
of which:				
Porterage	1,012	570	442	77.6%
Aircraft and vehicle cleaning	24	42	(19)	-44.5%
Agency/Wareh. service	299	293	6	2.0%
Cleaning	1,064	794	270	34.0%
PRM Support	1,225	884	341	38.6%
Surveillance service	3,410	2,153	1,257	58.4%
Services Centre	92	139	(47)	-34.0%
Connection with AZ ARCO system	10	21	(11)	-53.8%
Rental of machines and equipment	219	103	116	113.5%
Management of parking lots	259	95	164	171.7%
Gardening	97	76	21	27.5%
VIP Lounge	693	103	590	572.0%
First Aid Service	404	362	42	11.6%
Shuttle bus	537	172	365	211.9%
Other operating services	157	32	125	390.5%
Emergency management services	610	869	(259)	-29.8%

6.3.4 Sundry operating expenses

Sundry operating expenses totalled € 1 M (€ 1.4 M in 2021) and mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs, and other minor entries.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
SUNDRY OPERATING EXPENSES				
Publications	14	10	5	47.4%
Ins. entities and sundry institutions	216	286	(71)	-24.7%
Taxes and levies	470	635	(165)	-26.0%
Entertainment	61	33	28	83.4%
Sundry administrative costs	210	180	30	16.6%
Other minors	16	299	(283)	-94.5%
SUNDRY OPERATING EXPENSES	987	1,443	(456)	-31.6%
% incid. over Operating Costs	1.7%	3.6%		

It should be remembered that the “Other minor entries” item of the 2021 accounts were also affected by € 291 K of non-recurring costs.

6.3.5 Airport fees

Airport fees, which totalled € 5.7 M (€ 2.7 M in 2021), include concession fees and the fee paid to the Fire Protection Fund.

Amounts in €K	2022	2021	2022/2021 Abs. Diff.	2022/2021 % Diff.
AIRPORT FEES				
Concession and security fees	4,531	1,696	2,835	167.2%
Fire Brigade fee	1,181	973	208	21.3%
TOTAL AIRPORT FEES	5,712	2,669	3,043	114.0%
% incid. over Operating Costs	9.8%	6.7%		

The increase is due to the higher traffic reported at the end of 2022 compared to 2021 (+137% in terms of passengers, equal to + € 2.835 K in fees).

6.3.6 Costs for construction services

Costs for construction services, which totalled € 7.2 M (€ 11.3 M in 2021), reflect the investments made in the airport infrastructure under concession in 2022.

The reasons for the lower costs recognized at year-end, € 4.1 M, are explained in the comments to the corresponding revenue item.

6.3.7 Depreciation/amortization and impairment

This item totalled € 9.7 M in 2022 (€ 9.6 M in 2021) and includes amortization of intangible assets for € 6.3 M (€ 5.9 M in 2021), depreciation of tangible assets for € 2.6 M (€ 2.8 M in 2021), amortization of rights of use for € 626 K (€ 609 K in 2021), and impairment of intangibles for € 107 K (€ 273 K in 2021).

6.3.8 Provision for liabilities and repair

This item, which totalled € 3.5 M (€ 5.7 M in 2021), includes the amounts set aside in the provision for liabilities (€ 232 K) and in the provision for repairs (€ 3.3 M), which reflect the year’s addition set aside for future maintenance expenses relating to repair work and replacements required to keep the assets operated under the two ENAC concessions in good operating, functional and safe conditions.

6.4 Net revaluation (impairment) of trade and other receivables

This item totalled € 115 K (€ 1,289 K in 2021) and consists of the provision set aside for bad debt.

Amounts in €K	2022	2021
Bad debt reserve	99	1,115
Credit loss	15	174
Total	115	1,289

The addition made to the provision in 2021 was affected by the deterioration of receivables due to ongoing insolvency procedures for some customers and to the general lack of liquidity linked to the collapse of the tourism sector as a result of the global health emergency.

6.5 Financial income

This item amounts to approximately € 198 K (€ 65 K in 2021) and mainly includes interest income (€ 105 K) on intercompany financing and revaluation at fair value of the investment in TAH (20%) according to the future put option stipulated in the contract.

6.6 Financial expenses

This item totalled € 3,858 K (€ 2,534 K in 2021) and mainly includes interest payable and commissions on bank current accounts for € 3 M, interest cost on employees' defined-benefit liabilities for € 22 K, financial expenses relating to the discounting of the Provision for repair and replacements for € 635 K, and interest under IFRS 16 for € 126 K.

6.7 Profit (loss) from equity investments

This item shows profits for € 767 K (- € 143 K in 2021) and refers to the proceeds from the sale of the share in TAH (€ 343 K, of which € 192.5 K from the earn-out value), dividends received by the subsidiary Parcheggi Peretola for € 463 K, and € 12.5 from the associate Immobili AOU Careggi.

6.8 Year's income taxes

The 2022 balance of this item is negative for a total of € 1,204 K (positive for 6,858 K in 2021).

In particular, this amount includes:

- € 668 K of current taxes arising from 2022 taxable income;
- € 639 K of deferred taxes;
- € 103 K from the tax consolidation with the controlling company Corporación America Italia S.p.A.

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

6.9 Earnings (loss) per share / Diluted earnings (loss) per share

Earnings per share and diluted earnings per share, equalling € 0.11 (- € -0.325 in 2021), have been determined by dividing the operating profit for the period (€ 2,055 K) by the weighted average of the ordinary shares outstanding during the period (18,611,966), as there was no diluting factor.

7. Information on the items of the Statement of Financial Position

The items of the Consolidated Statement of Financial Position as at 31 December 2022 are commented below, indicating the comparison with balances as at 31 December 2021.

For the details of the balances of the items of the Consolidated Statement of Financial Position arising from relations with related parties, please refer to Note no. 10.4 in "Relations with related parties" in the Explanatory Notes.

NON-CURRENT ASSETS

The composition of non-current assets at 31 December 2022 and a comparison against 31 December 2021 are given below.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
NON-CURRENT ASSETS	237,005	242,008	(5,003)

7.1 Intangible assets

The composition of intangible assets at 31 December 2022 and a comparison with the previous year are given below.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Concession rights	154,049	154,153	(104)
Patents and intellectual property rights	92	162	(70)
Construction in progress and advance payments (intang.)	26,591	25,164	1,426
Other fixed assets	179	208	(29)
Intangible assets	180,911	179,687	1,223

Investments in intangible assets for € 7.6 M were made in 2022, namely:

<i>(amounts in €K)</i>	
Concession rights	1,723
Construction in progress (concession rights)	5,684
Construction in progress (SW)	94
Software	54
Total	7,555

For a detailed analysis of the investments made in 2022, see section 10 of the Report on Operations.

No divestiture of assets was done in 2022.

Movements of intangible assets are detailed in Annex A and information on the various categories of intangible assets is given below.

a. Concession rights

This item totalled € 154 K at 31 December 2022 (€ 154.2 K at 31 December 2021), down by € 104 K due to the higher value of the year's amortization compared to investments. For further details, see section 10 in the Report on Operations. The total amount of concession rights, including the related construction in progress, is € 180 M.

b. Industrial patent rights

This item totalled € 92 K at 31 December 2022 (€ 162 K at 31 December 2021), down by € 70 K due to the higher value of the year's amortization compared to investments.

c. Construction (work) in progress

At 31 December 2022, this item shows € 26.6 M (€ 25.2 M at 31 December 2021), almost exclusively referred to concession rights, up by € 1.4 M due to the year's investments, which are more than offset by the completion of projects and the related allocations to assets.

Please note that the value of construction in progress includes the investment of approx. € 16.8 M in the development of the Florence airport Master Plan and of € 4.4 M in the design of the new Florence terminal. For further details, see section 10 "The Group's investments" and section 8.1 of the Explanatory Notes to the Consolidated Financial Statements.

Impairment test

At 31 December 2022, pursuant to IAS 36 "Impairment of Assets", an impairment test was performed on data at 31 December 2022, as approved, together with the Group's Business Plan, by the Board of Directors on 10 March 2023, on both the CGUs of the Florence and Pisa airports.

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

More specifically, the expected cash flows of the two airports estimated for the residual duration of the respective concessions (2048 for Pisa and 2045 for Florence - conventionally defined as 2044 in view of the expiry of the concession in February 2045), having acknowledged the postponement of the completion of the new Florence airport until the new approval process is completed, have been approved by the Board of Directors of the holding TA on 10 March 2023 and discounted by determining the recoverable value in use of the respective CGUs, which value was compared with the related book value.

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

The objectives and assumptions of the Plan have been determined by taking into account the historical results of operations and have been processed based on accurate estimates of passenger traffic and of the related revenues, also by using industry-related growth factors and especially considering the significant reduction in the demand determined at the end of the years 2021 and 2022 due to the impact of the Covid-19 pandemic.

The definition of the main drivers of the Plan, particularly as regards future traffic development forecasts, has also been based on external information, such as independent surveys conducted by primary operators of the sector. In the light of the information acquired from internal and external sources, the Plan forecasts are based on a possible recovery of pre-Covid passenger traffic levels not earlier than 2024, with a 2023 still below 2019 levels, but showing a significant recovery.

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

- Growth rate of operating revenues for the Florence airport: 5.4% CAGR for 2024-2045 (against 3.6% in 2021)
- Growth rate of operating revenues for the Pisa airport: 3.8% CAGR for 2024-2048 (against 2.8% in 2021)

As to the discounting of cash flows, the Group adopted a WACC (weighted average cost of capital) that reflects the current market valuation of interest rates and takes into account the specific risks of the business activity in which the CGUs operate, therefore establishing a WACC of 8.12% (against a WACC of 6.78% in 2021).

The Group then conducted a sensitivity analysis on the results of the test against the variations expected in basic assumptions (use of revenue growth rate and discount rate) that affect the value in use of the CGUs. Even in the event of a 1% increase in the WACC used, the analyses would not show an impairment. In addition, also based on Consob's Warning Notice no. 1/21 of 16 February 2021 and on the recommendations issued by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", as well as considering the basic scenario commented above and supported by external studies, as specified above, the expected scenario is one of persisting adverse effects of the pandemic and the present macroeconomic context. According to the assumed scenario, the expectation to reach the foreseen EBITDA should be put off of another two years. In fact, the EBITDA expected by the respective CGUs for 2023 was also applied to the years 2024 and 2025, and only in 2026 can we assume that the margin levels defined in the basic scenario for the 2024 Plan will be reached. Despite this further significantly negative impact, the value of use of the CGUs examined is still higher than their net carrying amounts.

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

In addition, the Company conducted a further simulation aimed at defining the reduction of revenues and, for the same amount, of the profits expected in the plan, which would determine a recoverable amount

not lower than the carrying amount of the CGUs. The reduction in revenues, which, without any reduction in the amount of costs, would result in a recoverable amount not lower than the carrying amount of the CGUs, would be about 19% for Florence airport and about 19% for Pisa airport.

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

7.2 Property, plant and equipment

The composition of this item at 31 December 2022 and a comparison with the previous year are given below.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Land, Buildings	16,836	17,082	-246
Other assets	1,590	2,147	-557
Ind. and comm. equipment	95	104	-9
Plant and machinery:	6,947	7,320	-373
Construction in progress and advance payments (tang.)	211	293	-82
Property, plant and equipment	25,680	26,946	-1,266

On the whole, approximately € 1.3 M were invested in 2022 for:

<i>(amounts in €K)</i>	
Plant and machinery	949
Motor vehicles	167
Furniture and fittings	67
Hardware	86
Construction (work) in progress	79
Total	1,348

For a detailed analysis of the main investments made in 2022, see section 10 of the Report on Operations. Divestments / decreases of assets have been made during 2022 for € 50 K. Movements regarding property, plant and equipment is given in Annex B.

7.3 Rights of use

At 31 December 2022, the value of rights of use was € 3.8 M, including:

1. Rights of use of parking lots for € 3.5 M, relating to long-term contracts signed for the concession of car park areas with terms ranging from 9 to 20 years;
2. Rights of use of vehicles for € 296 K, relating to long-term contracts signed for corporate cars with terms ranging from 3 to 4 years.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Rights of use of vehicles	296	453	-156
Rights of use of parking lots	3,524	3,900	-5,659
	3,820	4,353	-5,816

The details of the year are provided below.

	Data in €K	31 Dec. 2022	31 Dec. 2021
Values at January 1st		4,353	4,615
Acquisitions		94	346
Disposals		0	0
Depreciation		-626	-609
Year-end rights of use		3,820	4,353

7.4 Investments in other entities

At 31 December 2022, TA owned shares and other equity interests for € 2,962 K (€ 2,945 K at 31 Dec. 2020), consisting of in:

- Firenze Parcheggi S.p.A. (8.16% of the share capital): € 2,720 K
- I.T. Amerigo Vespucci S.p.a. (0.17% of the share capital): € 40.6 K
- Consorzio Turistico Area Pisana S.c.a.r.l. (2.37% of the share capital): €420
- Toscana 24 Srl (4% of the share capital): € 30 K
- Consorzio Pisa Energia S.c.r.l. (3,53 % of the share capital): €831
- Consorzio per l'Aeroporto di Siena (0.11% of the share capital): € 8.5 K
- Firenze Convention Bureau S.c.r.l. (2,77 % of the share capital): € 6.3 K
- Firenze Mobilità S.p.a. (3.98% of the share capital): € 42.5 K
- Società Esercizio Aeroporto della Maremma S.p.a. (0.39% of the share capital): € 10.2 K
- A. C. Quasarda S.c.a.r.l. (72.42% of the share capital): € 7.2 K

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

No significant change in the fair value of Equity Investments in other Entities - is recognized at 31 December 2022.

7.5 Investments in controlled companies

At 31 December 2022, the value of TA's investments in controlled companies was € 7,666 K (€ 8,416 K at 31 Dec. 2020), as shown in the table below.

	Data in €K	31 Dec. 2022	31 Dec. 2021
Toscana Aeroporti Costruzioni S.r.l.		4,278	4,278
Parcheggi Peretola S.r.l.		3,251	3,251
Toscana Aeroporti Handling S.r.l.		-	750
Toscana Aeroporti Engineering S.r.l.		80	80
Jet Fuel Co. S.r.l.		57	57
Total		7,666	8,416

The decrease for the year stems from the sale of a majority stake in the share capital of TAH, the details of which are given in section 6.2 of the Explanatory Notes to the Consolidated Financial Statements.

We inform readers that, as specified in the acquisition agreement, Cemes S.p.A. guaranteed TA with an irrevocable option pursuant to Art. 1331 of the Civil Code, through which TA will have the right to purchase from Cemes, who will be obliged to sell, a share of 19% of the share capital of TAC for a price of Euro 2.2 M. This option may be exercised by TA during the period going from 1 January 2024 to 1 July 2024.

For detailed information on these investments, see section 16 “Main information on the Parent Company, its Subsidiaries and their Relationships” of the Report on Operations.

Furthermore, the parent company TA passed a resolution to confirm its intention and irrevocable commitment to keep financing and supporting TAC in order to ensure both the fulfilment of its obligations and the regular continuity of its business operations.

7.6 Investments in associated companies

At 31 December 2022, the value of TA’s investments in associates and related entities was € 480 K (€ 380 K at 31 December 2021), as shown in the table below:

- Alatoscana for € 330 K (€ 330 K at 31 December 2021);
- Toscana Aeroporti Handling for € 150 K (€ 0 K at 31 December 2021).

The 20% stake in TAH, acquired on 30 Dec. 2022, following the loss of control, was measured at fair value. For further considerations on the characteristics of the entities in question, see the section “Relationships with associated companies and related parties” of the Report on Operations.

No impairment indicator applies to Equity Investments in related entities.

7.7 Other financial assets

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Financial receivables due beyond the year	0	5,211	-5,211
Guarantee deposits	742	190	551
Receivables from others due beyond the year	3,273	3,017	255
Other financial assets	4,014	8,419	-4,956

a) Financial receivables due beyond the year

Financial receivables are zero at 31 December 2022. Please remember that the accounts receivable recognized at 31 December 2021 derived from two interest-bearing loans that had been granted to subsidiaries for the long-term portion, as per following table:

Data in €K	31 Dec. 2022	31 Dec. 2021
TAH loan	0	4,711
TAC loan	0	500
Total	0	5,211

b) Guarantee deposits

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

c) Receivables from others, due beyond the year

The receivable mainly consists in the confirmatory deposit paid on the of € 3 M price 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.

This item, totalling approximately € 63 K at 31 December 2022, refers to the fair value of the option right of the Company for the sale of the remaining 20% share today owned in TAH’s share capital, as provided for in the sale contract.

See also the further considerations developed in section 8.1.d “Construction (work) in progress and 10.7.3 “Other liabilities with a potentially unfavourable outcome” of the Explanatory Notes of the Consolidated Financial Statements.

7.8 Trade receivables due beyond the year

These include trade receivables relating to repayment plans defined in contracts for € 1 482 K (€ 162 K as at 31 December 2021). The increase compared to last year stems from the new repayment plan agreed with TAH for € 1,342 K.

7.9 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 € 9,990 K (€ 10,700 K at 31 December 2021). This amount mainly includes the tax effects determined on the 2021 tax loss of TA, on the temporary differences determined on taxed provisions (for repair, for bad debt, etc.), and the accounting of intangible assets (concession rights) under IFRIC 12. For details regarding the composition of the item and the related details, see Annex D.

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

The difference in deferred tax assets mainly results from:

- use of past tax losses against the achievement of positive tax results (effect of - € 1,199 K);
- changes in taxed funds and other minor changes (effect of + € 489 K).

The recoverability of deferred tax assets relating to tax losses is reflected in the capacity to produce tax profits in future financial years, as can be inferred from the multi-year plan approved by the Board of Directors of the parent company on 10 March 2023, also considering that applicable tax laws allow companies to use past tax losses along an unlimited time horizon.

CURRENT ASSETS

The composition of current assets at 31 December 2022 and a comparison against 31 December 2019 are given below.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
CURRENT ASSETS	81,820	84,083	(2,263)

7.10 Trade receivables

The main item includes the Company's accounts receivable from customers which, at 31 December 2022, net of the provision for bad debt, totalled € 19,628 K (€ 17,740 K at 31 December 2021), as detailed in the table below:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Gross trade receivables	24,677	22,740	1,937
- Provision for bad debt	(5,049)	(4,999)	(50)
Trade receivables	19,628	17,740	1,887

The provision for bad debt was increased during the year with the addition of € 99 K and decreased for the use of € 49 K.

Data in €K

Provision for bad debt at 1 Jan.	4,999
Addition	99
Use	(49)
Provision for bad debt at 31 Dec. 2022	5,049

The composition of receivables from customers by due date is detailed in the table below:

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	24,029	12,627	4,123	820	483	220	5,756
Expected loss rate		-0.1%	-0.2%	-4.9%	-8.8%	-27.4%	-85.0%
Provision for bad debt	(5,049)	(8)	(8)	(40)	(43)	(60)	(4,891)
Total at 31 Dec. 2022	18,980	12,627	4,116	780	440	160	865

Data in €K	Aggregate Total	Receivables due	Overdue receivables				
			0-30 days	30-60 days	60-90 days	90-180 days	> 180 days
Current receivables	17,346	6,302	3,146	547	246	613	6,491
Expected loss rate		0.0%	-0.3%	-1.6%	-6.3%	-9.0%	-75.6%
Provision for bad debt	(4,999)	0	(11)	(9)	(15)	(55)	(4,909)
Total at 31 Dec. 2021	12,346	6,302	3,135	538	230	558	1,582

Trade receivables also include receivables from related entities, as shown in the following table:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Alatoscana	0	32	(32)
TAH	686	0	686
Immobili AOU Careggi	0	107	(107)
Receivables from associated companies	686	138	548

Trade receivables also include receivables from Subsidiaries, as shown in the following table:

Data in €K	31 Dec. 2022	31 Dec. 2021
Toscana Aeroporti Handling S.r.l.	0	2,793
Toscana Aeroporti Engineering S.r.l.	2,938	2,311
Jet Fuel Co. S.r.l.	111	114
Toscana Aeroporti Costruzioni S.r.l.	64	23
Parcheggi Peretola S.r.l.	62	15
Total	3,174	5,256

7.11 Current tax assets

This item, consisting of € 210 K (€ 398 K at 31 Dec. 2021), refers to the account receivable from CAI for income from tax consolidation.

7.12 Other tax assets

This item mainly consists of the following receivables for € 136 K (€ 1,499 K at 31 December 2021):

- ART bonus for € 27 K
- Credit for investments in operating assets: € 33 K
- VAT credit of the subsidiary Vola: € 73 K
- Miscellaneous and minor items: € 3 K

7.13 Receivables from others due within the year

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Financial receivables due within the year	700	314	386
Public subsidies (State, Region)	120	7,286	(7,166)
Receiv. fm carriers for Municipal addit. tax pass. boarding fees	4,864	4,299	565
Advance payments made to suppliers	652	1,023	(371)
Accrued income & Prepaid expenses	746	284	462
Monopoly products receivables	52	56	(4)
Other minor receivables	704	765	(61)
Receivables from others, due within the year	7,838	14,027	(6,189)

The “Public subsidies” item includes the aids received from the State and Region, which are described in detail in section 6.2 “Other income”.

The Additional Municipal Tax receivable on passenger boarding fees, established with Art. 2, par. 11, of Law no. 350 of 24 December 2003, reflects the item “Tax liabilities” of the current liabilities (Note #46), because the amount collected is paid to the State.

The “Prepaid expenses” item mainly includes supplies with advanced billing, membership fees, and insurance.

7.14 Cash and cash equivalents

This item totalled € 54,008 K (€ 50,419 K at 31 Dec. 2021) and almost totally reflects the cash available in bank current accounts and the remaining cash on hand component. The difference in cash mainly reflects:

- Cash flows generated by operating activities of € 25.7 M
- investment of € 8.8 M in airport infrastructure
- Net difference in TA loans for € 10.5 M
- Distribution of reserves for € 7 M

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

7.15 SHAREHOLDERS' EQUITY AND LIABILITIES

The Shareholders’ Equity decreased by € 4.7 M, mainly as a consequence of the decrease in capital reserves due to the coverage of the previous year’s losses (€ 6 M) and to the distribution of reserves (€ 7 M), partially mitigated by the positive effect of the year's operating profit (+ € 8.1 M).

The Company’s capital management objectives are to:

- protect business continuity, so as to keep providing returns to shareholders and benefits to other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may, *inter alia*, adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce its indebtedness.

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

Share Capital

At 31 December 2022, the fully paid-up share capital of the parent company consists of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2021).

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

Capital reserves

Capital reserves consist of:

- a share premium reserve for € 18,941 K created with the paid capital increase determined upon listing SAT (Società Aeroporto Toscano Galileo Galilei S.p.a.) on the Stock Exchange in July 2007;
- a legal reserve for an amount of € 5,369 K (€ 5,369 K at 31 December 2021);
- statutory reserves for € 17,893 K (€ 30,938 K at 31 December 2021). The € 13,045 K decrease is the consequence of the coverage of the loss for the financial year 2021, as proposed by the Board of Directors of the parent company on 16 March 2022 and approved by the Shareholders' Meeting of the parent company on 29 April 2022, as well as of the distribution of € 7 M in reserves approved by the Shareholders' Meeting (unit amount per share: € 0.3761).
- other reserves mainly consisting 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.

IAS adjustments reserve

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

- (i) the IAS reserve (negative for € 712 K) after deducting the theoretical tax burden created at 1st Jan. 2005 upon First Time Adoption, so as to include the impact of international accounting standards on the Shareholders' Equity;
- (ii) the IAS reserve (negative for € 2,517 K) created after adopting the new international standard IFRIC 12 from 1st January 2011.

Profit/(Loss) carried forward

This item includes profit carried forward for € 564 K (€ 337 K at 31 December 2021). 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 2022 is broken down below:

SITUATION AT 31 December	2,022	2,021
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>		
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	227	74

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

SITUATION AT 31 Dec. 2022	Gross value	Tax (charge)/benefit	Net Value
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:	299	(72)	227
SITUATION AT 31 Dec. 2021			
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:	98	-23	74

Profit/(loss) for the year

This item includes TA's result for the period at 31 December 2022, which is a loss of € 2,055 K (against a loss of € 6,045 K in 2021).

7.16 Provisions for risk and charges

The provisions for liabilities and expenses consists of € 1,156 K (€ 1,020 K at 31 December 2021). The details of the year are provided below.

Data in €K	
Provisions for liabilities and expenses at 1	
Jan. 2022	1,020
Addition	242
Use	(106)
Provisions for liabilities and expenses at 31 Dec. 2022	1,156

At 31 December 2022, the provision mainly includes the following amounts:

- € 351 K relating to the Fire Brigade Protection Service dispute, described in detail in the section "Information on the main items of the Provision for liabilities and expenses at 31 December 2022";
- € 221 K relating to potential labour dispute risks, better described in the "Additional information" section;
- € 215 K relating to a dispute in which TA is sued by certain oil companies, which are themselves sued by certain national carriers, in connection with the sum of fuel royalties determined on the volumes handled in the 1999-2005 period (under Law no. 245/05, so-called Act on system requirements);
- € 328 K relating to disputes on local taxes concerning the different classification of airport areas for IMU (municipal property tax) determination purposes.

For further details, see the section "Information on the main items of the Provisions for liabilities and expenses at 31 December 2022".

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.

7.17 Provisions for repair and replacement

This provision (valued according to the best estimate of the expense currently required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 December 2022 is € 21,483 K, up by € 2,349 K with respect to 31 December 2021, as a result of the year's uses, mainly referred to the works completed on the Florence airport runway, partially offset by the additions to the provision made in 2022. Details are given below:

	Data in €K
Provisions for repair and replacement at 1 Jan. 2022	19,134
Addition	3,299
Use	(1,585)
Financial expenses	635
Provisions for repair and replacement at 31 Dec. 2022	21,483

Based on its estimated time of use, this provision has been recognized among non-current liabilities for € 17,887 K and to current liabilities for € 3,596 K.

The potential impact on this provision in terms of increase, as a consequence of a hypothetical reduction of 50 basis points in discount rates, would be approximately € 508 K. The potential impact on the provision in terms of decrease, as a consequence of a hypothetical increase of 50 basis points in discount rates, would be approximately € 483 K.

7.18 Provisions for employee benefits

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

The parameters used for the valuation of the Pisa and Florence airport staffs at 31 December 2022 are:

- Annual technical discount rate: 3.77%
- Annual inflation rate: 5.9% for 2023; 2.3% for 2024; 2% for 2025;
- Annual ETB increase rate: 5.9% for 2023; 3.2% for 2024; 3% for 2025;

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 liability is € 1,944 K (€ 2,281 K at 31 December 2021). This provision is booked after deducting the advance payments made and settlements paid during the period examined, and shows a € 338 K reduction compared to 31 Dec. 2021, as detailed below:

	Data in €K
Provisions for employee benefits at 1 Jan. 2022	2,281
Change in the consolidation area (exit of TAH)	29
IAS financial expenses	22
Use	(89)
Actuarial (gain)/loss	(299)
Provisions for employee benefits at 31 Dec. 2022	1,944

The difference introduced in the Statement of Comprehensive Income (€ 227 K) corresponds to the actuarial gain of € 299 K, after a taxation of € 72 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the assumptions adopted, which may mostly affect that value.

The table below provides the sensitivity analysis of the Provision (in €K).

<i>Toscana Aeroporti</i>						
	Annual technical discount rate		Annual technical inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
TA	1,862	2,030	1,969	1,919	1,950	1,939

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

Year	TA
0 – 1	113,088
1 – 2	92,728
2 – 3	88,794
3 – 4	90,835
4 – 5	91,675
5 – 6	145,623
6 – 7	208,455
7 – 8	336,550
8 – 9	121,715
9 – 10	221,441

7.19 Financial liabilities

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

	31 December 2021	New loans (principal)	Payments (principal)	Reclassification	Other movements	31 December 2022
Data in €K						
Non-current liabilities	93,731	-		(27,803)	535	66,463
Current financial liabilities						
Bank overdrafts (short-term credit facility)	41,166	52,500	(53,500)		98	40,264
Current portion of medium/long-term indebtedness	9,243		(9,025)	27,803	89	27,930
Total current financial liabilities	50,409	52,500	(64,392)	27,803	187	68,194
Total financial liabilities	144,141	52,500	(62,705)	-	713	134,657

Other non-monetary movements mainly include the effect of the recognition of the interest share not yet settled for the period.

The amount of € 68.2 M, relating to the current financial liabilities existing at 31 December 2022, refers to the current portion of the medium-long term debt relating to the loans described below in these Notes for € 27.9 M and to short-term loans (“Hot Money”) for € 40.3 M.

The € 27.3 M decrease in non-current financial liabilities refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

The total amount of non-current financial liabilities and the related current share of medium-term debt relates to:

- the loan agreement signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85 M secured by a SACE collateral in compliance with the provisions of the “Liquidity Decree” for an equal amount 90% of the sums paid in principal, plus interest and ancillary costs (hereinafter also the “SACE loan”). The outstanding principal debt at 31 December 2022 is € 79,820 K. This SACE loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022), and requires the company to comply a financial parameter, to be measured at the time of the annual consolidated financial statement, which consists in the value of the consolidated net financial position (NFP), as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2022. According to the provisions of the loan agreement and of the “Liquidity Decree”, this facility can be used to support the Group's cash requirements in connection with the payment of personnel costs, rents or leases, investments and working capital, with an interest rate indexed to the Euribor rate plus a margin. In addition, annual commissions are determined in the agreement, to be calculated in connection with the SACE guaranteed component on the share of principal paid out and not repaid, with a fixed percentage increasing over the term of the loan - For additional details, see the “Liquidity risk” section of these Explanatory Notes;

- A long-term obtained from the bank “Banca Infrastrutture Innovazione Sviluppo” (BIIS - Intesa San Paolo Group) and MPS Capital Services to support infrastructure investments, with an original amount of € 40 M. This loan has a variable interest rate indexed to the 6-month Euribor rate plus a spread. The maturity date of the loan obtained from BIIS - Intesa San Paolo Group is September 2027 and the residual debt at 31 December 2022 is € 14.6 M (of which € 2.9 M to be repaid over the next 12 months).

The financial liabilities arising from the loans granted to the Holding by BIIS - Gruppo Intesa San Paolo and MPS Capital Service require compliance with preset financial ratios that are defined in the related agreement, such as the NFP/EBITDA and the NFP/Shareholders’ Equity ratios, as defined in the agreement signed with the lending bank and measured on the book values of the financial statements of the Holding. These measurements are performed when the annual report is issued (31 December).

Failure to comply with the covenants and the other contractual commitments undertaken with the loan in question may lead, if the default is not remedied within the terms agreed, to the early repayment of the outstanding debt and/or to a restriction in the distribution of dividends.

At 31 December 2022, the parent company, for the loan granted by BIIS - Intesa San Paolo Group, obtained a specific waiver of the requirement to provide financial ratios, as required by the respective agreements, on 31 December 2022 data.

The SACE loan agreement also requires compliance with a financial parameter to be measured when the annual consolidated financial statements are adopted, which consists of the value of the consolidated net financial position, as conventionally defined in the same agreement, not exceeding € 100 M. This financial parameter was met at 31 December 2022. It should also be noted that, after obtaining the waiver aimed to distribute reserves in 2022 for € 7 M, TA undertook not to distribute dividends until 2024 in the presence of said loan.

Finally, in line with market practice, the aforesaid loans may include: negative pledge commitments under which the company cannot create real warranty rights or other constraints on company assets; *pari passu*

clauses, under which the loans will have the same degree of priority in repayment as the other financial liabilities; and “change of control” clauses, that are activated in the event that the majority shareholder loses control over the company; limitations to the non-recurring transactions the parent company may perform.

Details of the loans existing at 31 December 2022 are shown below.

Amounts in €K	Capital share	Interest share	Total
Within the year	67,803	4,127	71,930
Included between 1 and 2 years	22,778	2,533	25,311
Included between 2 and 3 years	22,778	1,406	24,183
Included between 3 and 4 years	17,800	418	18,219
Included between 4 and 5 years	2,868	65	2,933
Included between 5 and 6 years	-	-	-
Beyond 6 years	-	-	-
Total	134,027	8,549	142,576

Therefore, non-current financial liabilities due beyond four years total € 2.9 M at 31 December 2022. Details of the credit facilities existing at 31 December 2022 are shown below.

Data in €K	31 Dec. 2022	31 Dec. 2021	Diff.
Credit lines granted	49,250	52,150	(2,900)
<i>of which TA</i>	<i>49,250</i>	<i>52,150</i>	<i>(2,900)</i>
Credit lines used	40,000	41,000	(1,000)
<i>% used</i>	<i>81%</i>	<i>79%</i>	
Residual facilities	9,250	11,150	(1,900)

The lines of credit existing at 31 December 2022 refer to non-revolving lines of credit for € 40 M and the residual lines of credit at that date include non-revolving lines of credit for € 9,250 K. Financial liabilities outstanding at 31 December 2022 are reported below, distinguished into fixed and variable interest rate categories.

Banking institution	Expiry	type of interest	Interest rate	Debt at 31 December 2022 (in €K)
INTESA SAN PAOLO - 1 st tranche	September 2027	variable	6-Month Euribor + 96 bp	6,285
INTESA SAN PAOLO - 2 nd tranche	September 2027	variable	6-Month Euribor + 180 bp	8,287
ISP-SACE	September 2026	variable	3-Month Euribor + 115 bp	79,820
a)	Total medium/long term loans payable			94,393
BPM	March 2023	fixed	0.50%	9
BPM	March 2023	variable	3M/360 Euribor + 1.25	3,533
Bank Intesa San Paolo	March 2023	fixed	1.60%	11,137
BNL	March 2023	fixed	3.76%	5,030
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	2,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	2,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	3,501
UniCredit	March 2023	variable	3M/360 Euribor + 1.90	1,002
MPS	March 2023	fixed	1.86%	11,052
b)	Total revolving lines of credit (“hot money”)			40,264

a) + b)	Total Financial Liabilities	134,657
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Bank loans at 31 December 2022 are shown below, carried at their book value and at fair value.

Banking institution	Company	notional	fair value
Intesa San Paolo	TA	14,340	13,445
Intesa San Paolo - SACE	TA	79,688	79,869
Short-term loans ("hot money")	TA	40,000	41,165
	Total	134,027	134,480

The **Net Financial Position** (hereinafter “**NFP**”) at 31 December 2022, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified in the following table:

NET FINANCIAL INDEBTEDNESS				
<i>Euro K</i>	31 Dec. 2022	31 Dec. 2021	Diff. Abs.	
A. Cash	54,008	50,419	3,589	
B. Cash equivalents	-	-	-	
C. Other current financial assets	-	-	-	
D. Liquid assets (A) + (B) + (C)	54,008	50,419	3,589	
E. Current financial liabilities	40,264	41,166	(902)	
F. Current portion of non-current financial liabilities	29,484	10,803	19,681	
G. Current financial liabilities (E) + (F)	69,748	51,969	18,780	
H. Net current financial liabilities (G) - (D)	15,740	550	15,190	
I. Non-current financial debt	69,906	97,664	(27,758)	
J. Debt instruments	-	-	-	
K. Trade payables and other non-current liabilities	1,419	2,357	(938)	
L. Non-current financial liabilities (I) + (J) + (K)	71,325	100,020	(28,696)	
M. Total financial liabilities (H) + (L) (NFP)	87,066	101,570	(14,504)	

At 31 December 2022, “Current bank liabilities” (use of short-term credit lines) totalled € 40.3 M, to which we should add the item “Current portion of non-current liabilities”, which includes the portions due within the next 12 months of medium-long term loans (€ 27,930 K), financial liabilities for rights of use (€ 554 K), and other liabilities related to the purchase of the TAC investment (€ 1 M).

In addition, there are approximately € 69 M of non-current bank liabilities, which mainly consist in the non-current share of outstanding loans (€ 66 M) and in the non-current share of financial liabilities for rights of use (€ 3.5 M).

The item “Trade payables and other non-current liabilities” includes the non-current portion of financial liabilities relating to the purchase of the TAC shareholding (€ 1.4 M).

See comments in the Report on Operations and to the “Statement of Cash Flows” for a more in-depth analysis of this item.

7.20 Financial liabilities for rights of use

At 31 December 2022, financial liabilities for rights of use, determined by discounting the value of the leases due, totalled € 4 M, of which € 3.4 M are classified as non-current liabilities and € 0.6 M as current liabilities.

Data in €K	31 Dec. 2022	31 Dec. 2021
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Financial liabilities due beyond one year	3,443	3,932
Financial liabilities for rights of use within one year	554	559
Total	3,998	4,492

The details of the year are provided below. The Group adopted the practical expedient introduced by the amendment to IFRS 16 “Leasing” for the valuation of lease agreements, applicable when leases have been renegotiated as a result of Covid-19. The Group, as lessee, elected to account for the concession as a variable lease over the period in which a lower payment is recognized: the amount of these lower payments, € 152.5 K, is reported in the “Payments / Other reductions” line of the table below.

Data in €K	31 Dec. 2022	31 Dec. 2021
Values at January 1st	4,492	4,707
Acquisitions	94	346
Payment / Other reductions	(714)	(693)
Financial expenses	126	132
Financial liabilities for rights of use at year-end	3,998	4,492

Lease agreements contain no covenants.
The accrual of the financial liability is shown below.

	€K
< 1 year	693
1-2 years	578
2-3 years	485
3-4 years	425
4-5 years	307
5-6 years	272
Beyond 6 years	1,813
Total	4,571

The margin interest rates defined by the Group are reviewed on a recurring basis and applied to all the contracts with similar characteristics, which have been considered as a single contract portfolio. Rates are determined starting from the average effective borrowing rate of the parent company, appropriately adjusted to simulate a theoretical marginal interest rate, consistent with the contracts to be recognized. The most significant items considered for the adjustment of the rate are the credit risk spread of each country that can be observed in the market and the different duration of lease agreements.

The rates used for contracts signed in 2021 are:

- 0.56% for car hire agreements
- 1.18% for long-term lease agreements
- 0.93% for short/medium-term lease agreements

The rates used for contracts signed in 2022 are:

- 3.85% for car hire agreements
- 3.71% for long-term lease agreements
- 3.65% for short/medium-term lease agreements

7.21 Other payables due beyond the year

Payables due beyond the subsequent year consist of € 2,253 K (€ 2,768 K at 31 December 2021) and include:

- the non-current component of the account payable to Cemes for the acquisition of 51% of the shares of Cemes Aeroporti's capital (today Toscana Aeroporti Costruzioni) for € 1,419 K;
- guarantee deposits received from customers as a guarantee of the services performed in their favour for € 834 K.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 7.19 to Financial Liabilities and Note 7.20 of Financial liabilities for rights of use.

7.23 Other tax liabilities

The aggregate amount of this item, € 7,308 K (€ 9,840 K at 31 December 2021), is broken down below:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Due to Rev. Ag. for Munic add. tax on pass. boarding fees	6,499	8,789	(2,291)
IRPEF due for employees and self-employed prof.	494	670	(176)
Higher fees due for private flights	9	249	(240)
VAT due	201	0	201
Local taxes	105	132	(26)
Other tax liabilities	7,308	9,840	(2,532)

In particular, the amount due to the Revenue Agency for the additional municipal tax on boarding fees has decreased in connection with the same trends associated with the decrease in receivables from others due within the year.

7.24 Trade payables

Payables to suppliers totalled € 38 M (€ 32.5 M at 31 December 2021), up by € 5.4 K.

7.25 Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) at 31 December 2022, for a total amount of € 1,080 K (€ 1,081 K at 31 December 2021).

7.26 Other payables due within the year

Other payables due within the year at 31 December 2022 consist of € 9.7 M (€ 7.2 M at 31 December 2021), and include the following debit items:

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Employees/contractors compensation	1,822	1,299	524
Concession fees	3,575	1,170	2,405
Accrued income & Prepaid expenses	611	698	(87)
Fire-protection service	1,270	1,039	232
Air/bus/train ticket office receipts	468	545	(77)
Institutional bodies fees	100	110	(10)
Advances from customers	245	592	(348)
Payable to CEMES for purchase of TAC shares	1,000	1,000	0
Other minor payables due within the year	628	758	(130)

Other payables due within the year	9,719	7,211	2,508
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In detail:

- the Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see the specific detailed annex on “Provisions for liabilities and expenses”.
- The account payable to Cemes for the purchase of TAC shares is the liability due within the next twelve months, arising as a result of the related business combination.
- Prepaid expenses mainly refer to Non-Aviation revenues invoiced in advance.

8. Additional financial information

8.1 Management of financial risks

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

1) Credit risk

The effects of the Covid-19 crisis and the consequent economic recession produced in the main industrialized Countries may negatively impact the financial statements of the airlines, which are the main clients of TA. Hence, the risk of a partial non-collection of receivables accrued from airlines. The impact of the reduction air traffic may produce on sub-concessionaires should be added to this.

TA believes it has suitably mitigated 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 in the balance sheet, which is deemed to be adequate for the amounts of the existing receivables. Always with the purpose of facing the credit risk, TA usually asks for suretyships (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines) as guarantee.

TA hired a company for its long-term debt collection activities. See also section “Trade and sundry receivables”.

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

The Company has no exposure to Russian or Ukrainian customers.

However, no specific criticality has been detected to date.

2) Liquidity risk

At 31 December 2022, TA has a negative Net Financial Position for € 87.1 M (€ 102 M at 31 December 2022). This is the result of a positive current PFN of € 15.7 M (€ 550 K at 31 December 2021) and a negative non-current PFN of € 71.3 M (€ 100 M at 31 December 2021). Non-current debt mainly includes the loan granted to the Holding by Infrastrutture Innovazione e Sviluppo (the bank “BIIS - Gruppo Intesa San Paolo”, the maturity date of which is 2027) and the SACE loan (the maturity date of which is 2026) signed in October 2020.

The loans the Holding obtained from BIIS has interest rates based on three- and six-month €IBOR rates, and several commitments, such as financial covenants, namely NFP/EBITDA and NFP/Shareholders’ Equity, according to the definitions agreed with the lending banks and measured at December 31st of each business year.

In addition to these, there is another loan that was signed on 30 October 2020 with a pool of primary financial institutions consisting of Intesa Sanpaolo and BNL-BNP Paribas Group for a total amount of € 85

M, secured by a SACE collateral as required by the Italian “Decreto Liquidità”, for an amount equal to 90% of the sums disbursed as principal, plus interests and ancillary costs.

The SACE Loan was disbursed on 6 November 2020 and has a term of 6 years, with a pre-amortization of 24 months (first instalment due in December 2022). This agreement also requires compliance with a financial parameter, to be measured at the time of presentation of the annual consolidated financial statements, consisting of the value of the consolidated net financial position, as conventionally defined in the agreement itself, not exceeding € 100 M. This financial ratio was met at 31 December 2022.

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

The amount of the Group's non-revolving lines of credit available at 31 December 2022 is € 9.3 M.

As regards the effects of the Coronavirus outbreak, since we can rely on the gradual recovery of operations in the two airports, it is reasonable to assume that, in the short term, the negative effects of the pandemic will be significantly reduced compared to 2020 and 2021 year-end data. According to estimates, the net cash flows generated by operating activities will continue to be positive in 2023, as they were in 2022, when the cash generated by operating activities was around € 30 M. This flow allowed the Group to make investments for approximately € 8.8 M, as well as to repay loans (net of short-term loans) of € 10.6 M and distribute reserves for € 7 M.

In any event, the TA Management will keep monitoring the evolution of the pandemic scenario, together with any other negative external event resulting, for example, from the Russian-Ukrainian conflict and the general macroeconomic scenario, in order to adapt our cost structure and financial commitments to the evolution of traffic demand. This will be done by using, where necessary, the tools already used during the health emergency, such as temporary unemployment benefits (“CIGS”) and the rationalization of non-strategic service contracts.

The TA Management assessed the equity and financial structure of the Group at 31 December 2022 and updated financial forecasts for the coming years, which have been included in the multi-year Business Plan approved by the Board of Directors of the parent Company TA on 10 March 2023. These forecasts are based on an expected level of traffic for the year 2023 that is further up from traffic levels reported at the end of 2020, 2021, and 2022, but still partially lower than in pre-COVID-19 levels. In any case, a full recovery in volumes is not expected until 2024.

Furthermore, also taking into account the amount and composition of current assets and liabilities at 31 December 2022, and in view of the significant investments planned in the medium term for the Florence and Pisa airports in the above-mentioned multi-year business plan, the TA Management engaged with leading banking institutions to restructure the existing medium-long-term indebtedness of the Group and create the most appropriate financial structure, both in terms of maturities and amounts, for the implementation of the works described in the plan.

In the light of the above assumptions and also taking into account the expected refinancing of the current financial debt by 2023, the TA Management considered that the continuing positive traffic volume recovery trend will allow for the consolidation of the margin levels obtained in 2022. These, together with the existing liquidity, the revolving lines of credit available, and cost-efficiency measures consistent with the volumes to be managed, will allow the Group to meet its short-term obligations and continue operating as a going concern in the foreseeable future.

In any event, the TA Management carried out sensitivity analyses assuming that the debt is not refinanced in 2023 and found out that the cash flows generated by the operating activity and the revolving lines of credit available will enable the investments planned for 2023 in the multi-year business plan and the repayment of the expiring instalments of outstanding loans, but with a significant increase in net current financial indebtedness compared to 31 December 2022. In a scenario where refinancing is not completed

in 2023, the margin levels expected in the multi-year business plan for 2023 would still allow the Group to comply with the financial ratios established in the loan agreement signed with BIIS – Intesa Sanpaolo Group, which is maturing in 2027 and has an outstanding debt of € 14.5 M at 31 December 2022 (of which € 3 M within the next 12 months) and in the SACE loan maturing in 2026, which has an outstanding debt of € 79.8 M at 31 December 2022 (of which € 25 M due within the next 12 months).

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.

The Net Financial Position at 31 December 2022 is € 87.1 M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 30 June 2021 is 0.90 (vs 0.97 at 31 Dec. 2021), thus confirming the financial soundness of the Group.

Based on the consolidated NFP at 31 December 2022, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately +/- € -1,340 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 be + € 508 K. Conversely, 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. - € 483 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.

8.2 Information by geographical area and operating sector

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

However, we may identify two significant operating segments characterized by the independent nature of their products/services and production processes, for which - for the aforesaid reasons - we propose a disclosure relating to the information directly made available by the company's analytical accounting system used by Chief Operating Decision Makers (as defined in IFRS 8).

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

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

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

- **Non-Aviation business:** this segment includes operations normally carried out in the landside area (before security gates), which are not directly associated with the core business (Aviation). They include retail activities, catering, car parking, car hire, 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/staff (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: ANNUAL REPORT

(Amounts in €K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
	<u>31</u> <u>December</u> <u>2022</u>	<u>31</u> <u>December</u> <u>2021</u>	<u>31</u> <u>December</u> <u>2022</u>	<u>31</u> <u>December</u> <u>2021</u>	<u>31</u> <u>December</u> <u>2022</u>	<u>31</u> <u>December</u> <u>2021</u>	<u>31</u> <u>December</u> <u>2022</u>	<u>31</u> <u>December</u> <u>2021</u>
TA - Income Statement								
Operating income, other revenue and other income	57,125	26,095	17,681	10,726	2,446	9,079	77,252	45,898
of which Pisa	31,279	15,683	7,552	3,515	1,337	5,248	40,169	24,446
of which Florence	25,845	10,412	10,129	7,211	1,108	3,830	37,083	21,452
Revenues from construct. serv.	6,240	11,202	1,147	193	20	127	7,407	11,522
of which Pisa	1,031	4,238	51	11	1	4	1,083	4,253
of which Florence	5,208	6,964	1,096	182	19	122	6,324	7,269
Total Segment Income	63,364	37,297	18,829	10,918	2,466	9,205	84,659	57,420
Operating Costs (*)	35,669	23,293	5,279	3,257	17,057	13,225	58,004	39,775
of which Pisa	21,544	14,056	2,725	1,777	8,746	6,779	33,015	22,613
of which Florence	14,125	9,236	2,554	1,480	8,311	6,446	24,989	17,162
Cost of construct. serv.	6,039	10,303	1,136	2	20	1,004	7,195	11,309
of which Pisa	970	4,155	50	2	1	42	1,021	4,200
of which Florence	5,069	6,147	1,086	-	19	962	6,174	7,109
Amortization and provisions	6,818	6,547	1,367	1,365	5,124	8,715	13,309	16,627
of which Pisa	3,406	3,222	914	923	2,526	3,879	6,847	8,024
of which Florence	3,413	3,324	453	442	2,597	4,836	6,463	8,603
Operating Earnings	14,838	-2,845	11,047	6,294	-19,734	-13,740	6,151	-10,291
of which Pisa	6,391	-1,513	3,914	823	-9,935	-5,448	370	-6,138

of which Florence	8,448	-1,332	7,133	5,470	-9,799	-8,292	5,781	-4,154
Financial operations	-	-	-	-	-2,892	-2,611	-2,892	-2,611
Profit before tax	14,838	-2,845	11,047	6,294	-22,626	-16,351	3,259	-12,903
Year's taxes	-	-	-	-	-1,204	6,858	-1,204	6,858
Net year's result	14,838	-2,845	11,047	6,294	-23,830	-9,493	2,055	-6,045
<i>TA - Statement of Financial Position</i>	<i>31</i>							
	<i>December</i>							
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Current assets	16,601	14,045	4,856	5,545	60,363	64,493	81,820	84,083
Non-current assets	156,543	154,201	31,952	39,539	48,510	48,269	237,005	242,008
<i>TA - Additional information</i>	<i>31</i>							
	<i>December</i>							
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Investments	6,689	13,913	1,939	455	276	308	8,903	14,676

(*) including airport fees for € 5,712 K in 2022 (€ 2,669 K in 2021).

Information on the main customers

During 2022, TA recorded approx. 6.7 million passengers. The total incidence of the first three carriers is 63.1%. More specifically, the incidence of the first carrier (Ryanair) is 47%, while the incidences of the second (Vueling) and third (Air France) carriers are 9.7% and 6.4%, respectively.

8.2 Commitments and guarantees

As at 31 December 2022, commitments and guarantees include € 9,310 K of third-party suretyships in favour of TA and € 10,321 K of suretyships given by third parties on behalf of TA.

Data in €K	31 Dec. 2022	31 Dec. 2021	DIFFERENCE
Third-party guarantees in favour of TA	9,310	7,821	2,322
Guarantees given to third-parties on behalf of TA	10,321	8,287	2,034

Suretyships provided by third parties in the favour of TA mainly refer to performance bonds for contract works, for compliance with agreements by subconcessionaires, air carriers and other customers.

Suretyships provided to third parties on behalf of TA mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures.

8.3 Allocation of financial instruments by valuation category

31 December 2022 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Assets			
Current and non-current trade receivables	-	21,110	21,110
Other financial assets	2,962	-	2,962

Other accounts receivable	-	10,302	10,302
Derivative financial instruments	63	-	63
Cash and cash equivalents	-	54,008	54,008
Total	3,025	85,419	88,445

31 December 2022 (amounts in €K)	Assets valued at fair value	Assets valued at amortized cost	Total
Liabilities			
Financial liabilities	-	134,657	134,657
Financial liabilities for rights of use	-	3,998	3,998
Trade payables and other liabilities	-	11,972	11,972
Total	-	150,626	150,626

As regards the classification of financial instruments according to the hierarchy levels that reflect the significance of the input used for the determination of fair value, we point out that the “Assets measured at fair value” in the table above belong to Level 3, which uses input that is not based on observable market data.

8.4 Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company’s website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2021 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.

8.5 Relationships with related parties

See the specific section in the Report and Annex C to the Consolidated Financial Statement at 31 December 2022 for a summary of the main effects of transactions with related parties on the financial statement.

8.6 Disclosure on public aids and subsidies, and other economic benefits received (under Law 142/2020, Art. 1, paragraph 125)

According to the aforesaid law, TA recognized income for the following subsidies in 2022:

Regulatory framework	AMOUNT
Art. 1, par. 2 - 3, Law Decree no. 144/2022 (“Aiuti-ter” Decree)	119,814.59
Art. 3 - 4 Law Decree no. 21/2022 (“Ukraine” Decree)	120,883.15
Art. 6, par. 3 - 4, Law Decree no. 115/2022 (“Aiuti-bis” Decree)	324,428.63
Aggregate Total	565,126.37

8.7 Information on the main items of the Provision for risk and charges

For a detailed description of pending disputes, see the relevant section in the Explanatory Notes to the Consolidated Financial Statement.

8.8 Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, no atypical or unusual transaction was performed during 2022.

8.9 Significant events and non-recurring transactions

Pursuant to the CONSOB's Notice dated 28 July 2006, it should be noted that, in the financial year 2022, the TA Group completed the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) to Alisud S.p.A. for a price of € 750 K. The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH's share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH's Business Plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA.

8.10 Significant events occurred after 31 Dec. 2022

No significant events occurred after 31 December 2022.

9. PROPOSAL FOR THE SHAREHOLDERS' MEETING ON HOW TO ALLOCATE THE OPERATING PROFIT OF TOSCANA AEROPORTI S.P.A.

We propose that the **operating profit of € 2,054,996** be allocated to the legal reserve for € 411,000 and to the extraordinary reserve for € 1,643,996.

Authorization to publication

This document was approved by the Board of Directors on 15 March 2023 and made available to the public on 5 April 2017 upon the Chairman's authorization.

For the Board of Directors
The Chairman
(Marco Carrai)

ANNEXES TO THE 2020 ANNUAL REPORT

ANNEX “A”
TABLE OF CHANGES IN INTANGIBLE ASSETS IN 2022 (€K)

	CONCESSION RIGHTS (ROYALTIES)	GOODWILL	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTION	OTHER FIXED ASSETS	TOTAL
Historical cost	216,017	-	15,210	25,164	1,307	257,698
Accumulated depreciation	- 61,865	-	- 15,048	-	1,099	78,011
A - Value as at 31-12-21	154,153	-	162	25,164	208	179,687
<i>CHANGES FOR THE PERIOD</i>						
Purchases	1,723	-	54	5,778	-	7,555
Reclassification	4,233	-	17	(4,250)	-	-
Impairment	(5.30)	-	-	(101.75)	-	(107.05)
Other movements	105	-	-	-	-	105
Depreciation	(6,160)	-	(141)	-	(29)	6,329
B - Balance of changes	(104)	-	(70)	1,426	(29)	1,223
Historical cost	222,073	-	15,281	26,591	1,307	265,251
Accumulated depreciation	(68,024)	-	(15,188)	-	(1,127)	84,340
Value at 30.12.2022 (A+B)	154,049	-	92	26,591	179	180,911

ANNEX “B”
TABLE OF CHANGES IN TANGIBLE ASSETS OCCURRED IN 2022
(amounts shown in €K)

	LAND, BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Historical cost	25,463	26,786	587	293	18,608	71,737
Accumulated depreciation	(8,381)	(19,467)	(483)	-	(16,461)	(44,792)
A - Value as at 31-12-21	17,082	7,320	104	293	2,147	26,946
<i>CHANGES FOR THE PERIOD</i>						
Purchases	-	949	-	79	320	1,348
Reclassification	-	161	-	(161)	-	-
Disinvestments	-	(14)	-	-	(36)	(50)
Depreciation	(246)	(1,469)	(9)	-	(877)	(2,601)
Reversal of previous years' accum. depr.	-	1	-	-	36	36
B - Balance of changes	(246)	(373)	(9)	(82)	(557)	(1,266)
Historical cost	25,463	27,882	587	211	18,893	73,036
Accumulated depreciation	(8,627)	(20,935)	(492)	-	(17,302)	(47,356)
Value at 31.12.2022 (A+B)	16,836	6,947	95	211	1,590	25,680

ANNEX “C”
SHAREHOLDERS' EQUITY AT 31 DEC. 2022: ORIGIN, DISTRIBUTABILITY AND PREVIOUS YEARS' USES (€K)

NATURE	AMOUNT	POSSIBILITY OF USE (*)	SHARE AVAILABLE	SUMMARY OF USES MADE IN 3 PREVIOUS YEARS	
				TO COVER LOSSES	FOR OTHER REASONS
SHARE CAPITAL	30,710				
CAPITAL RESERVES:					
Share premium reserve	18,941	A, B	18,941		
Other reserves	24,585	A, B	24,585		
<i>of which:</i>					
<i>Exchange surplus reserve (incorporation of AdF)</i>	24,084		24,084		
<i>Revaluation reserves purs. to Law 413/91</i>	435		435		
<i>Other reserves for capital contributions purs. to art. 55 of DPR 917</i>	66		66		
RETAINED EARNINGS:					
Legal Reserve	5,369	B	5,369		
Extraordinary statutory reserve	17,893	A, B, C	17,893	13,890	7,000
IAS ADJUSTMENT RESERVE (**)	(3,229)				
Profit (Loss) carried forward	564				
Year's profit (loss)	2,055	A, B, C	2,055		
Total	96,888		68,843		

of which:

<i>Non-distributable reserve</i>	48,895
<i>Residual distributable portion</i>	19,948

(*) Possibility of use

A = capital increase

B = to cover losses

C = distribution to shareholders

(**) The IAS reserve deriving from AdF's S.E., which totals € 1,025 K, is not available, as per Art. 6 of Leg. Dec. no. 38/2005.

ANNEX “D”
TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ACCOUNTS		PREPAID / DEFERRED TAXES 31/12/2021		2022 REABSORPTION		2022 INCREASES		PREPAID / DEFERRED TAXES 31/12/2022	
		TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX	TAXABLE BASE	TAX
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	5,213,813	1,251,315	69,279	16,627	-	-	5,144,533	1,234,688
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	4,494,814	1,354,814	2,135,877	621,967	4,582,745	1,334,495	6,941,682	2,067,342
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	587,198	140,928	299,019	71,745	-	-	288,179	69,184
SUNDRY MINORS	IRES / IRAP	463,436	100,282	347,946	83,507	88,383	21,212	203,873	37,987
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	691,258	194,877	106,445	24,713	242,445	58,187	827,258	228,351
ETB IAS APPLIC. DIFFERENCES	IRES	154,111	36,987	445,461	106,911	-	-	-	-
TAX LOSSES	IRES	31,753,192	7,620,766	4,994,560	1,198,694	-	-	26,758,632	6,422,073
Aggregate Total		43,357,822	10,699,968	8,398,588	2,124,164	4,913,573	1,413,894	39,872,807	9,989,700

ANNEX “E”
TABLE OF RECONCILIATION BETWEEN YEAR’S RESULT AND TAXABLE BASE (€K)

	T.A. S.p.A.		T.A. S.p.A.	
	31 December 2022		31 December 2021	
	IRES	IRAP	IRES	IRAP
Profit before tax according to law tax	3,259	29,569	(12,903)	12,575
Ordinary applicable tax rate	24.00%	5.12%	24.00%	5.12%
Theoretical tax burden	782	1,514	(3,097)	644
Main final differences				
- Dividends collected / PEX (95% exempt)	(594)		(55)	
- Labour costs of permanent employees		(17,477)		(14,655)
- Other deductible labour costs		(876)		(469)
Sundry final variations (balance)	885	2,344	(5,852)	(5,415)
Sundry temporary variations (balance)	(3,162)	(2,349)	5,891	(8,985)
Taxable base	388	11,209	(12,919)	(16,949)
Current taxes	93	575	-	-
Prepaid taxes on tax losses recoverable in subsequent years	1,199		(5,477)	-
Deferred/prepaid taxes	(440)	(120)	(1,437)	154
Income from consolidation	(103)		(99)	
Total taxes booked	749	455	(7,012)	154

CERTIFICATION OF THE 2022 FINANCIAL STATEMENT PURSUANT TO ART. 81-TER OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Roberto Naldi (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2022 Financial Statement.

2. Furthermore, it is hereby certified that the 2022 Financial Statement:

- has been prepared in compliance 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, 15 March 2023

For the Board of Directors

Chief Executive Officer

Roberto Naldi

Financial Reporting Manager

Marco Gialletti

INDEPENDENT AUDITORS' REPORT



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

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 2022, the income statement, statement of comprehensive income, statement of changes 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 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.800.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880153 Iscritta al n° 110644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Giunna 72 Tel. 080 3640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 220601 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Anosta 28 Tel. 030 3697501 - **Catania** 95120 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Pievepietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36381 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349757 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Trullo 8 Tel. 085 4545711 - **Roma** 00154 Largo Pochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscalle 43 Tel. 0432 25789 - **Varese** 21100 Via Alburzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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<i>Key audit matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
<p data-bbox="325 533 663 555">Capitalised concession rights</p> <p data-bbox="325 589 815 663"><i>Explanatory notes to the financial statements as of 31 December 2022: note 7.1 “Intangible assets”.</i></p> <p data-bbox="325 696 826 853">Concession rights were recognised in the financial statements as of 31 December 2022 for an amount of Euro 180 million, of which Euro 26.6 million related to intangible assets under development, representing a total of 57 per cent the Company’s assets.</p> <p data-bbox="325 887 826 1149">Considering the significance of the item under analysis and use of estimates that the Company’s management made to verify the compliance with the requirements of IFRIC interpretations “<i>IFRIC 12 – Service concession arrangements</i>” and of international accounting standards “<i>IAS 38 – Intangible assets</i>” and “<i>IAS 36 – Impairment of assets</i>” adopted by the European Union, we specifically focused our attention on the valuations performed by the directors.</p> <p data-bbox="325 1182 826 1339">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, the verification of impairment indicators, if any, and any impairment loss (impairment test).</p> <p data-bbox="325 1373 826 1659">As part of the impairment test, in order 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 flow 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.</p> <p data-bbox="325 1693 826 1756">Considering the context of uncertainty due to the Covid-19 (Coronavirus) health emergency and the current macroeconomic context, the directors</p>	<p data-bbox="847 533 1311 719">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.</p> <p data-bbox="847 752 1311 1205">We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreases occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretations “<i>IFRIC 12 – Service concession agreements</i>” and of international accounting standards “<i>IAS 38 – Intangible assets</i>” and “<i>IAS 36 - Impairment of assets</i>” 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, to the assessment of impairment indicators, if any, and to the impairment test.</p> <p data-bbox="847 1238 1311 1581">With reference to the latter, we verified the reasonableness of the assumptions used by the directors to estimate the cash flows expected in the relevant time horizon and resulting from the Financial and Economic Plans approved by the Company’s directors, together with the impairment test, on 10 March 2023. We also checked the mathematical accuracy of the calculations made by management and verified the calculation methods of the discount rate of the cash flows deriving from the aforesaid Plans.</p> <p data-bbox="847 1615 1311 1659">Furthermore, we analysed the alternative scenarios prepared by the directors.</p> <p data-bbox="847 1693 1311 1756">As part of our audit procedures we also carried out discussions with management and the technical managers with the aim of</p>



<p>deemed it proper to perform sensitivity analyses assuming alternative scenarios that take into account a possible drop in revenues and profitability deriving from a possible decrease in traffic demand.</p>	<p>understanding the characteristics of the projects.</p> <p>In our audit procedures we also involved PwC network experts in valuation.</p> <p>Finally, our audit included the analysis of the explanatory notes to the financial statements in order to evaluate the accuracy and completeness of the disclosures therein.</p>
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Valuation of provisions for risks and charges and provisions for repair and replacement

Explanatory notes to the financial statements at 31 December 2022: note 7.16 "Provisions for risks and charges", note 7.17 "Provisions for repair and replacement" and note 8.7 "Information on the main items of the provision for risks and charges"

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 2022 amounted to Euro 1.2 million and Euro 21.5 million respectively, which represent 0.4% and 6.7% of the Company's liabilities.

Given the significance of the amounts at issue and the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretations "IFRIC 12 – Service concession arrangements" and under the international accounting standard "IAS 37 - Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid special attention to verifying the liabilities at issue.

The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.

We conducted an understanding, evaluation and validation of the procedure adopted by the Company in order to determine the accruals to provisions for risks and charges and to the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within the liabilities of the statement of financial position at 31 December 2022. In particular, we conducted an understanding and validation of the key controls underlying the determination of such provisions and the evaluation of the adequacy of the liabilities recognised. In this respect, we highlight that in relation to the more significant issues the Company is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements.

We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Company in the evaluation of the provisions for risks and charges we also sent requests for information to them and we analysed the replies obtained.

Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements to be carried out on assets under concession, we held discussions with management, the internal



legal affairs office, the management control function, the internal technical managers and with the external professionals.

Finally, our audit included the analysis of the explanatory notes to the financial statements in order to evaluate the accuracy and completeness of the disclosures therein.

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, actions taken to eliminate the related risks, or safeguards applied.

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 on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Toscana Aeroporti SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2022 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Toscana Aeroporti SpA as of 31 December 2022, 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 2022 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 2022 and are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 4 April 2023

PricewaterhouseCoopers SpA

Signed By

Francesco Forzoni
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative. We have not examined the translation of the financial statements referred to in this report.

BOARD OF AUDITORS' REPORT ON THE 2022 FINANCIAL STATEMENT AND 2022 CONSOLIDATED FINANCIAL STATEMENT

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 2022 FINANCIAL STATEMENT AND 2022 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 31 December 2022, 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 Code of Corporate Governance concerning corporate control and statutory auditing activities.

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 Code of Corporate Governance, 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. Our Self-Assessment Report was presented to the Board of Directors (BoD) during the meeting held on 15 March 2023.

Based on the information received, the documentation acquired and the reviews carried out, we report the following:

Significant transactions

In this respect, please see the in-depth discussion provided in the dedicated section of the Report on Operations on the 2022 Financial Statements. Key highlights in 2022 include:

- On 8 March 2022, the Holding TA received € 3.64 M from ENAC as a partial disbursement (50%) of the State aid for airport operators established by Art. 1, par. 715, of Law no. 178 of 30 December 2020 (called "Legge di bilancio 2021" - 2021 Budget Law).
- The Ordinary Shareholders' Meeting of Toscana Aeroporti S.p.A. of 28 April 2022 elected to distribute extraordinary dividends, partly from the Extraordinary Reserve,

for a unit amount of € 0.3761 per ordinary share, before any statutory withholding tax, for an aggregate amount of € 7 M, paid out on 25 May 2022.

- On 31 May 2022, the holding TA received € 3.4 M from ENAC as balance of the aid for airport operators established by the 2021 Budget Law mentioned above.
- On 30 December 2022, TA completed the sale of 80% of the share capital of Toscana Aeroporti Handling (TAH) to Alisud S.p.A. for a countervalue of € 750 K. The transaction includes an option for TA to exercise, starting from 1 January 2025, a sell option for the remaining 20% share of TAH's share capital to Alisud for a price of € 250 K. In addition, when the performance targets set by TAH's Business Plan are achieved, Alisud will pay an additional earn-out price of at least € 200 K to TA.

Auditing of compliance with statutory requirements and the Articles of Association

The Board of Statutory Auditors monitored compliance with the legislation, Articles of Incorporation and Bylaws. More specifically, the Board met 13 times throughout 2022 and took part in 1 Shareholders' meeting, 11 Board of Directors' meetings, 1 Executive Committee's meeting, 2 Remuneration and Appointment Committee's meetings, and 7 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, the Board obtained information from the Directors on the operations of the Company and on expected trends, as well as on the most significant economic, financial and equity transactions performed by the Company, including those conducted through its subsidiaries, so we can reasonably ensure, based on the information received, that the Company's business operations are compliant with the applicable legislation and the Articles of Association/Bylaws, have not been unwary, risky or in conflict of interest or in contrast with the resolutions made by the Shareholders' Meeting, nor such as to jeopardise the integrity of the corporate equity.

Within the scope of our task, we collected information and audited the compliance of the activities carried out by the Company with correct management principles, primarily by taking part in the meetings of the Board of Directors and corporate Committees, but also by collecting information from the Chief Finance Officer and the managers of the Accounting Department and other corporate functions, as well as by exchanging significant data and information pursuant to art. 150 of Legislative Decree no. 58/1998 with the Auditor. More specifically, as regards the resolution procedures of the Board of Directors and Executive Committee, we supervised the Company's compliance with the applicable legislation and Articles of Incorporation in connection with the operating and management decisions made by Directors.

Based on the information received from Directors and on the conversations we had with the representatives of the Auditor, no non-typical or unusual transaction seems to have been conducted during 2022.

Auditing of the appropriateness of the ownership structure

Our auditing activity revealed the existence of an appropriate ownership structure in terms of layout, procedures, competencies, and responsibilities for the size of the Company and for the nature and method of pursuing the business purpose.

We reviewed the operation of the Board of Directors and Committees, particularly as regards the applicable requirements for independent Directors, the determination of their fees, and the responsibilities connected with corporate functions.

Auditing of compliance with the internal control system

Also in our role as Internal Audit Committee, we collected information and monitored the compliance of the ownership structure of the Company and its internal control system, also by taking part in the meetings of the Control and Risk Committee. That Committee promptly disclosed all the necessary information on their activities to the Board of Auditors during the meeting and explained the contents of their interim reports, which confirmed the compliance of the internal control system and risk management activity.

The Board also monitored the activities carried out by the Internal Audit Manager, in compliance with the 2022 Audit Plan approved by the Board of Directors on 9 March 2022, with the proposal examined by the Control and Risk Committee during the meeting held on 18 February 2022, 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 risk assessment, we acknowledge that the present Supervisory Board of the Company was appointed on 20 May 2021 and the Board of Directors approved the Organization, Management and Control Model of the Company on 12 May 2016 in compliance with Legislative Decree no. 231/2001. The Model was subsequently updated by the Board of Directors during the meetings held on 20 December 2017, 6 August 2019, 23 December 2021, and finally 14 February 2023.

Furthermore, in order to strengthen the Internal Control and Risk Management system, an Enterprise Risk Management (ERM) project was prepared in 2019, the results of which have been approved, with the favourable opinion of the Control and Risk Committee, by the Board of Directors on 19 December 2019. On 15 March 2023, the Board of Directors, after receiving a positive opinion from the Control and Risk Committee on the same date, approved updates to risk assessment as ERM-related process. On 14 February 2023, the Board of Directors decided to entrust the Control and Risk Committee with proposition and consultation functions concerning sustainability and renamed it "Control, Risk and Sustainability Committee". On 8 March 2023, the Committee adopted its policy.

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 2022, 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 116,000 for the auditing

of the consolidated financial statements and year's financial statement of the Parent Company (including the conduction of periodic audits), and for the limited audit of the condensed consolidated interim financial statements of the Group; Euro 111,500 for the auditing of the consolidation files of the Corporación America Airports Group; Euro 19,700 for the certification of accounting reports as required by CIPE Resolution no. 38/2007; Euro 54,000 for the limited audit of the consolidated non-financial statement submitted pursuant to Leg. Dec. no. 254/2016 for the financial year 2022.

The subsidiaries Jet Fuel S.r.l., Parcheggi Peretola S.r.l., and Toscana Aeroporti Costruzioni S.r.l. paid PwC S.p.A. auditing fees for Euro 25,800 for their auditing tasks. The auditing firm was not entitled with any other task.

Corporate Governance implementation

The Board supervised the compliance of the Company with the Corporate Governance applicable to Listed Companies. On 15 March 2023, the Board of Directors approved the Report on Corporate Governance and Ownership prepared pursuant to Art. 123-Bis-bis of TUF (traditional control and management model).

Remuneration policies

- The Board of Statutory Auditors audited the corporate processes that led to the definition of the Company's remuneration policies, with a special focus on the remuneration criteria adopted for the Chief Executive Officer and Executives with strategic responsibilities, and provided opinions in this regard, as required by the law. The Board of Directors met on 15 March 2023 and, based on a proposal of the Appointment and Remuneration Committee, approved the "Annual Report on Remuneration", prepared in accordance with Art. 123-ter of the TUF and in compliance with the provisions of Art. 5 of the Code of Corporate Governance. The 2022 financial statements also contain one-off compensation paid to the Chief Executive Officer, the Chairman of the Board of Directors, the Accountable Manager, Strategic Managers, and other beneficiaries of the variable remuneration system of Toscana Aeroporti, approved by the Board of Directors on 12 April 2022.

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 2022 because the current composition of its management and control boards offers an appropriate combination of competencies and also considering that the information disclosed to Directors and Statutory Auditors is characterized by such contents and frequency as to enable them to acquire adequate knowledge of the business sector in which the company operates, its trends, and the associated corporate processes.

Auditing of relationships with subsidiaries and parent companies

We have monitored the nature of relationships with subsidiaries and parent companies, which have been promptly presented to the Committees and Board of Directors, thus confirming their compliance with the instructions given by the Company to its subsidiaries.

The characteristics of the intra-group transactions conducted during the business year considered, the parties involved and the related economic effects are adequately described in the Explanatory Notes to the year's and consolidated Financial Statements of the Company, where all the related credit/debt and cost/revenue relationships are also highlighted.

Impairment test

As regards impairment testing, as required by IAS 36, the Board of Directors, during its meeting of 10 March 2023, and therefore before the approval of the draft financial statements, approved the impairment test criteria and the tests conducted by Toscana Aeroporti on the consolidated financial statements and on the annual report relating to the Cash Generating Units (CGUs) corresponding to the Florence and Pisa airports.

The results of the process performed confirmed the recoverability of TA's and its subsidiaries' assets.

Auditing of related parties

As required by Consob Regulation no. 17221 of 12 March 2010, subsequently amended with Consob Resolution no. 17389 of 27 April 2017, we acknowledged that the Company adopted measures to ensure that its transactions with related parties, conducted either directly or through subsidiaries, be inspired to transparency and compliance with substantial and procedural correctness criteria.

Intra-group transactions and transactions with other related parties referred to the financial year 2022 have been examined during the meetings of the Monitoring and Risk Committees and no issue is raised about them. These items, including the adoption of tax consolidation, are extensively described in the year's financial statement of TA S.p.A. and in the Group's consolidated financial statements.

Omissions and reprehensible actions detected, opinions and initiatives undertaken

During the financial year 2022, 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.

The Board expressed the specific opinions required by the individual legal provisions.

No significant data or information, omissions, reprehensible actions or irregularities or other significant events worthwhile mentioning in this report have been detected during our supervisory activity and based on the information obtained by the Auditor pursuant to Art. 150, par. 3, of Leg Decree no. 58/1998, including during the periodic meetings held with the Auditor.

Proposals regarding the year's financial statement and the consolidated financial statement

The Board of Statutory Auditors carried out the necessary audits relating to compliance with the reporting legislation regarding the preparation of the annual report and consolidated financial statements at 31 December 2022, approved by the Board of Directors on 15 March 2023. More specifically, we acknowledge that the year's and consolidated financial statements have been prepared in compliance with the International Accounting Standards (IFRS) adopted by the European Union and that the Company has adopted Consob's recommendations in the preparation of its financial statements and corporate disclosures.

We audited the Company's compliance with the legislation concerning the preparation of the Report on Operations, as well as, pursuant to Legislative Decree no. 254/2016 implementing EU Directive 2014/95, the preparation of the Consolidated Non-Financial Statement ("DNF") for the business year ended 31 December 2022, approved by the Board of Directors on 15 March 2023.

The Board of Directors considered that, despite the difficult economic and financial scenario, there is no significant uncertainty as to the company's ability to meet its

obligations in the foreseeable future and, in particular, within 12 months of the approval of these financial statements.

The Auditor issued its reports on the Company's and the Group's financial statements pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) 537/2014 without raising any issue.

The Auditor hereby declares that, in their opinion, the Report on Operations and the information contained in the Report on Operations and the corporate layouts described above are consistent with the annual report and with the consolidated financial statements of the Toscana Aeroporti Group at 31 December 2022.

Today, the Auditor also produced and submitted to the Board of Statutory Auditors, acting as Internal Control and Audit Committee, the Additional Report referred to in Art. 11 of EU Regulation no. 537/2014, which contains no significant remark as to potential weaknesses in the internal control system as regards the financial reporting process.

As specifically required by Toscana Aeroporti S.p.A., the Auditor produced a specific Compliance Report under Legislative Decree no. 254/2016 and CONSOB's Regulation no. 20267 concerning the Consolidated Non-Financial Statement (in Italian "DNF", for *Dichiarazione non finanziaria*) of Toscana Aeroporti S.p.A. for the financial year ended 31 December 2022.

For the areas falling under their competence, the Board of Auditors hereby declares that there is no impediment to the approval of the year's financial statements and of the related proposals put forward by the Board of Directors.

Finally, it should be noted that the BoD met on 15 March 2023 and fixed the date of 27 April 2023, as first call, or 28 April 2023, as second call, for the Ordinary Shareholders' Meeting for the approval of the 2022 financial statements.

In addition, the mandate of the Board of Statutory Auditors expired on the date of the Shareholders' meeting called on 31 December 2022 to approve these financial statements.

We also specify that the audit mandate of PWC S.p.A., deliberated by the Shareholders' Meeting of Toscana Aeroporti S.p.A. for the 2014-2022 9-year period will come to an end upon the approval of the financial statements at 31 December 2022. Pursuant to Legislative Decree no. 39/2010, the new audit mandate for the years 2023 to 2031 will start after the resolution that will be adopted by the Shareholders' Meeting, based on a reasoned proposal from the Board of Statutory Auditors.

Conclusions and proposal for the Meeting

Now, therefore, the Board of Statutory Auditors, after reviewing the reports prepared by the Auditor and having acknowledged the certifications jointly issued by the CEO and by the Manager in charge of the preparation of the company's accounting documents, believes that there are no reasons to reject the Shareholders' Meeting's approval of the draft financial statements for the year ended 31 December 2022, which are closed with profits for € 2,054,996.00, together with the proposal to set aside said profits for € 411,000.00 to the legal reserve and for € 1,643,996.00 to the extraordinary reserve, as proposed by the Board of Directors.

Florence, 04 April 2023

BOARD OF AUDITORS

Mr. Michele Molino, Chairman

Ms. Silvia Bresciani, Statutory Auditor

Ms. Raffaella Fantini, Statutory Auditor

Mr. Roberto Giacinti, Statutory Auditor

Mr. Antonio Martini, Statutory Auditor