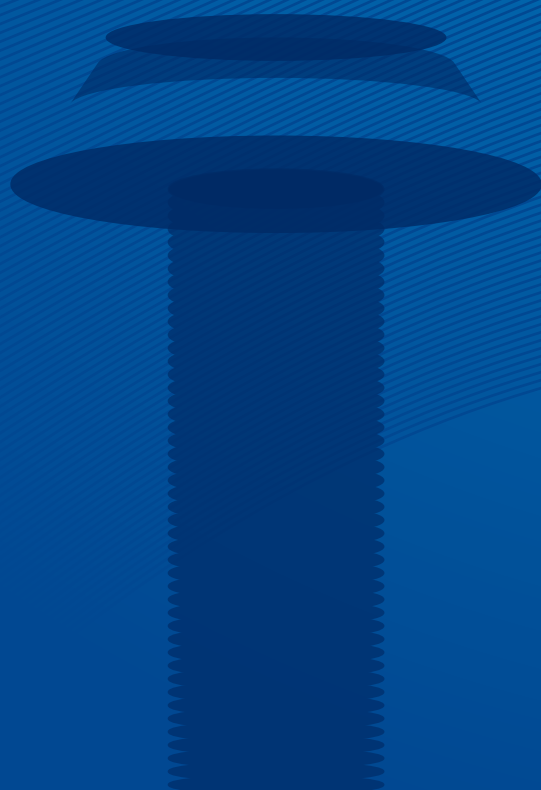


Consolidated Interim Financial Report as at 30 June 2021



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2021



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Interim report on operations

ENAV in figures

Performance	1st Half 2021	1st Half 2020	Change	%
Total revenues	374,993	372,491	2,502	0.7%
EBITDA	76,614	88,022	(11,408)	-13.0%
EBITDA margin	20.4%	23.6%	-3.2%	
EBIT	14,830	20,483	(5,653)	-27.6%
EBIT margin	4.0%	5.5%	-1.5%	
Profit for the year attributable to shareholders of the Parent Company	13,667	15,720	(2,053)	-13.1%

(thousands of euros)

Financial position	30.06.2021	31.12.2020	Change	%
Net capital employed	1,491,718	1,330,595	161,123	12.1%
Consolidated equity	1,102,082	1,085,467	16,615	1.5%
Net financial debt	389,636	245,128	144,508	59.0%

(thousands of euros)

Other indicators	1st Half 2021	1st Half 2020	Change	%
En-route service units	1,572,514	1,884,969	(312,455)	-16.6%
Terminal service units Charging Zone 1	23,948	43,074	(19,126)	-44.4%
Terminal service units Charging Zone 2	58,796	70,993	(12,197)	-17.2%
Terminal service units Charging Zone 3	69,634	78,087	(8,453)	-10.8%
Free cash flow (thousands of euros)	(146,335)	(112,336)	(33,999)	30.3%
Headcount at end of period	4,203	4,230	(27)	-0.6%

Corporate bodies

Board of Directors

Chairman	Francesca Isgrò
Chief Executive Officer	Paolo Simioni
Directors	Angela Bergantino
	Laura Cavallo
	Giuseppe Lorubio
	Fabiola Mascardi
	Fabio Pammolli
	Carlo Paris
	Antonio Santi

Control, Risks and Related Parties Committee

Chairman	Antonio Santi
Member	Laura Cavallo
	Fabio Pammolli

Remuneration and Appointments Committee

Chairman	Giuseppe Lorubio
Member	Laura Cavallo
	Antonio Santi

Sustainability Committee

Chairman	Carlo Paris
Member	Angela Bergantino
	Fabiola Mascardi

Board of Auditors

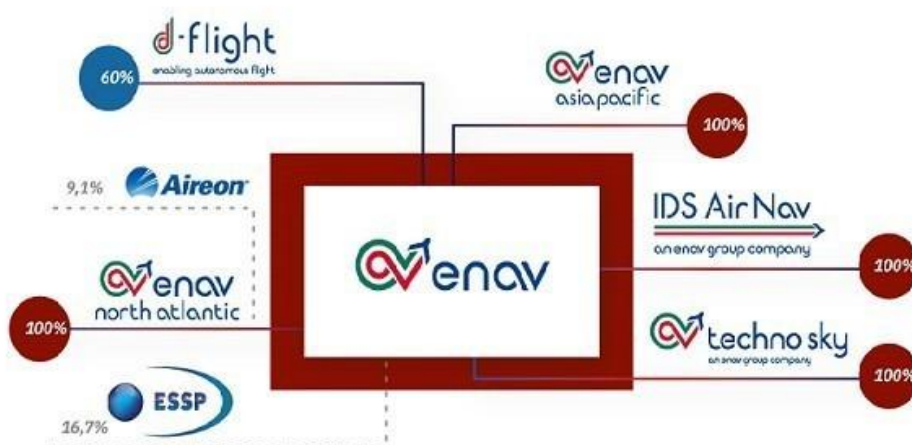
Chairman	Dario Righetti
Standing auditors	Franca Brusco
	Pierumberto Spanò
Alternate auditors	Francesca Parente
	Roberto Cassader

Magistrate of the Court of Auditors designated to control ENAV S.p.A.	Mauro Orefice
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Audit firm	EY S.p.A.
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Business and structure of the ENAV Group

The ENAV Group's business can be broken down into four operational sectors to which all the companies within the scope of consolidation have been allocated, namely i) air navigation services; ii) maintenance services; and iii) AIM (Aeronautical Information Management) software solutions and iv) other services.



The *air navigation services* sector is the exclusive domain of **ENAV S.p.A.** whose core business is providing air traffic control and management services and other essential air navigation services in Italian airspace and at the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology infrastructure of air navigation systems. ENAV is the fifth-ranked player in Europe and a major actor at the global level in the Air Traffic Control (ATC) industry.

The *maintenance services* sector is covered by **Techno Sky S.r.l.** wholly owned by ENAV, whose core business is the management and maintenance of the equipment and systems used to for national air traffic control, ensuring its full operational efficiency and uninterrupted availability around the clock.

The *AIM (Aeronautical Information Management) software solutions* segment is occupied by **IDS AirNav S.r.l.**, wholly owned by ENAV, which is involved in the development and sale of software solutions for the management of aeronautical information and air traffic, as well as delivering a range of commercial services. The products are currently in use with a variety of customers in Italy, Europe and elsewhere in the world.

The residual *other sectors* segment includes:

- **Enav Asia Pacific Sdn Bhd**, a Malaysian company wholly owned by ENAV, which is involved in business development and the delivery of services on the non-regulated market, with particular regard to the areas of strategic interest in Southeast Asia.
- **Enav North Atlantic LLC**, which currently holds 9.14% of the share capital of Aireon LLC, which will rise to 11.1% post redemption. It is responsible for the implementation of the first global satellite monitoring system for air traffic control, with the aim of enabling the comprehensive surveillance of all routes worldwide, with a focus on the polar, oceanic and other remote areas currently not covered by the radar-based air traffic control services, and enabling the optimisation of routes and achieving ever higher standards of flight safety and efficiency.
- **D-Flight S.p.A.** a company 60% held by ENAV and 40% held by the industrial partnership formed by Leonardo S.p.A. and Telespazio S.p.A. through the specifically established company UTM Systems & Services S.r.l.. D-Flight is involved in the development and provision of services for low-altitude air traffic management of remotely piloted aircraft and all other types of aircraft that fall within the unmanned aerial vehicles category.

Information on ENAV's stock in the first half of 2021

During the first half of 2021, the stock registered gains, starting from an opening price at the beginning of the year of €3.6 and closing on June 30 at a price of €3.8, an increase of 5.6%.

At 30 June 2021, the company's market capitalisation was about €2.1 billion, an increase compared with about €1.8 billion at the time of the company's listing.

In the first half of the year, the stock reached a low on January 25, when it closed at €3.36, and a high on March 11, when it closed at €4.37.

The ENAV stock performance during the period was impacted by the effects of the COVID-19 pandemic on the air transport sector and by the uncertainty surrounding the speed of the recovery in air traffic.



Market and air traffic developments

The first half of 2021 saw most of the world's countries committed to supporting vaccination campaigns, with the aim of gradually reopening economic activity and at the same time fostering economic recovery. According to the July *Economic Bulletin* of the Bank of Italy, the growth of world output is strengthening and, as regards Europe in particular, the European Central Bank recently confirmed that it will maintain the current expansionary monetary conditions for a substantial period to provide essential support to the economy in a period characterised by uncertainty and exposed to developments in the pandemic.

As regards Italy, the air transport sector displayed significant signs of recovery in the period following the gradual relaxation of restrictions and the rise in GDP in the second quarter.

In particular, in the first half of 2021, en-route service units (*) declined by 16.6% compared with the corresponding period of the previous year, which although still negative did reflect the strong recovery posted in the second quarter (+248.0% compared with the second quarter of 2020). The comparison with the early months of 2020 is in any case not entirely like-for-like, considering that January and February 2020, i.e. pre-pandemic months, had recorded growth in service units of 8.5 % and 11.2% respectively. Compared with the first half of 2019, a year not affected by the health emergency, the result for the first half of 2021 shows a decline of 65.3% but trending better, where June alone shows a significant improvement (-53 %).

Similar conditions prevailed in the other Eurocontrol countries, where overall en-route service units in the first half of 2021 declined by an average of 22.5%, with decreases posted by all the countries belonging to the so-called continental Europe comparator group: France (-25.7%), Germany (-29.6%), Great Britain

(-38.0%) and Spain (-25.5%). Compared with the corresponding period of 2019, these countries also recorded a contraction in volumes on the order of 65/70%.

Terminal service units registered in Italy fell by 20.7% in the first half of 2021 compared with the year-earlier period, reflecting the especially large decline recorded at the Rome Fiumicino airport, which closed the first half of 2021 with a decrease of 44.4% compared with the same period of 2020.

According to the latest data released by ACI Europe, passenger traffic has been showing signs of recovery since May 2021, although volumes are still around 50% down on the corresponding period of 2019.

Total en-route traffic				Change
service units (**)	1st Half 2021	1st Half 2020	no.	%
France	3,190,806	4,293,134	(1,102,328)	-25.7%
Germany	2,546,919	3,617,066	(1,070,147)	-29.6%
Great Britain	1,783,194	2,874,406	(1,091,212)	-38.0%
Spain	1,715,536	2,302,193	(586,657)	-25.5%
Italy (***)	1,571,497	1,884,397	(312,900)	-16.6%
EUROCONTROL	26,460,286	34,123,255	(7,662,969)	-22.5%

(*) overflight traffic in Italian airspace, with or without layover.

(**) "service unit" is the unit of measurement used within Eurocontrol to determine the value of services rendered. It is a combination of two elements: the weight of the aircraft at departure and the distance travelled.

(***) excluding exempt traffic not reported to Eurocontrol.

En-route traffic

Total en-route traffic in Italy in the first half of 2021 registered a decrease of 16.6% in the number of service units reported by Eurocontrol (the same value if the residual category *Exempt not reported to Eurocontrol* is included) and a decline of 12.5% in the number of flights handled (-11.6% including the residual category *Exempt not reported to Eurocontrol*) compared with the year-earlier period.

The decisive factor in this decline in air traffic was the outbreak of the COVID-19 pandemic, which had a severe impact on the air transport sector, although performance differed over the course of the period under review. More specifically, the first quarter of 2021 posted a decrease in traffic of 65.1%, bearing in mind that the year-earlier quarter benefited from growth in the first two months of the year, when the effects of the health emergency had not yet emerged, while in the second quarter traffic rebounded by 248.0%, as the comparative months of 2020 were affected by lockdown measures.

Compared with 2019, June 2021 recorded a decline of 53.0% in service units, providing a solid sign of a turnaround in the negative trend. Recall that in June 2020, services units had plunged by 87% compared with June 2019.

En-route traffic (number of flights)	1st Half 2021	1st Half 2020	no.	Change %
Domestic	68,450	61,524	6,926	11.3%
International	113,555	170,591	(57,036)	-33.4%
Overflight	117,328	119,813	(2,485)	-2.1%
Paying total	299,333	351,928	(52,595)	-14.9%
Military	18,508	15,228	3,280	21.5%
Other exempt	9,377	7,019	2,358	33.6%
Total exempt	27,885	22,247	5,638	25.3%
Total reported by Eurocontrol	327,218	374,175	(46,957)	-12.5%
Exempt not reported to Eurocontrol	9,007	6,172	2,835	45.9%
Total	336,225	380,347	(44,122)	-11.6%

En-route traffic (service units)	1st Half 2021	1st Half 2020	no.	Change %
Domestic	407,916	354,361	53,555	15.1%
International	409,889	661,121	(251,232)	-38.0%
Overflight	683,468	807,494	(124,026)	-15.4%
Paying total	1,501,273	1,822,976	(321,703)	-17.6%
Military	63,992	55,163	8,829	16.0%
Other exempt	6,232	6,258	(26)	-0.4%
Total exempt	70,224	61,421	8,803	14.3%
Total reported by Eurocontrol	1,571,497	1,884,397	(312,900)	-16.6%
Exempt not reported to Eurocontrol	1,017	572	445	77.8%
Total	1,572,514	1,884,969	(312,455)	-16.6%

An analysis of the composition of en-route traffic shows:

- **international commercial traffic**, the category of flights departing or arriving at an airport in Italy, posting a decrease in terms of service units (SUs) of 38% and in the number of assisted flights of 33.4% in the first half of 2021, despite the fact that the second quarter closed strongly for service units, which rose by 274.1 %. This type of traffic was again the most severely in terms of traffic volumes lost since the beginning of the health emergency, with a reduction of approximately 78% compared with the first half of 2019;

With regard to international traffic by flight distance (short, medium and long-distance flights in national airspace), in the period under review all categories showed reductions in air traffic, in particular on medium distance flights (routes of between 350-700 km), which registered a decline of 40% in terms of service units;

With regard to flight routes by continent, the first half of 2021 experienced a decrease of 38% in service units on connections between Italy and the rest of Europe, representing about 73% of total service units for international traffic, and one of 30% on connections between Italy and Asia, representing about 15% of total international service units. Connections between Italy and Africa

contracted by 45% in terms of service units, while those between Italy and the American continent declined by about 33%, despite the fact that traffic with the United States posted a gain (+10%);

- **commercial overflight traffic**, a category that includes flights that only cross through domestic airspace, registering a decrease in the first half of 2021 both in terms of service units (-15.4%) and, albeit to a lesser extent, the number of assisted flights (-2.1%). The average distance travelled by each flight also declined (-8.7%). The second quarter of 2021 closed with a gain in service units (+217.3%). Service units generated by this category of traffic in the first half of 2021 also contracted compared with the corresponding period of 2019, with a reduction of 61%;

In terms of traffic by flight distance during the period, the routes that more than recouped the levels of service units registered in the same period of 2020 were shorter-distance flights (<400 Km), while medium (between 400 and 800 km) and longer-distance (>800 km) flights posted reductions of 14% and 20% respectively. As regards the main traffic routes, in the first half of 2021, traffic on intra-European flights, which represent about 41% of total overflight service units, fell by 11%, as did that on Europe-Africa routes (-16% in SUs) and Europe-Asia routes (-38% in SUs), which respectively represent about 26% and 18% of total overflight service units. Conversely, gains were seen in traffic on routes from the American continent to Asia (+40% in SUs), Europe (+62% in SUs) and Africa (+52% in SUs). Of the latter, however, only American continent-Asia connections remained positive in comparison with the corresponding figure for 2019 (+49% in SUs);

- **domestic commercial traffic** showing an increase in the first half of 2021, both in terms of service units (+15.1%) and the number of assisted flights (+11.3%), with the average distance travelled also increasing (+3.5%). In the second quarter of 2021, this category of traffic posted a significant gain in terms of service units (+418.9%). However, a comparison with the first half of 2019 shows a decline (-51.9% in SUs), although it was the best performing category of traffic. With regard to flight distance, in the first half of 2021 longer distance flights (>700 km), which connect the northern and southern parts of the country and represent about 51% of total domestic service units, posted an increase of 37% in terms of service units. Medium-distance flights, which mainly connect the airports of Rome and Naples with destinations in the northern and southern parts of the country, and shorter-distance flights (<350 km) recorded small contractions in terms of service units of about 2% and 1%, respectively, while the number of assisted flights increased;
- exempt traffic is divided into: i) **exempt traffic reported by Eurocontrol**, which posted an increase of 14.3% in terms of service units and 25.3% in the number of assisted flights. The figure for service units in the first half of 2021 was broadly unchanged in terms of the volume of traffic handled. The developments in this category mainly reflected an increase in military flights of EU countries (+25.5% in SUs) and non-EU countries (+4.2% in SUs), which represent about 87% of exempt traffic; and ii)

exempt traffic not reported to Eurocontrol, which accounts for only a very small residual proportion of revenues and registered an increase in service units of 77.8% and one in the number of assisted flights of 45.9%.

With regard to carriers, the first half of 2021 registered a contraction in the flight activities of the low-cost segment, which in the months affected by mobility restrictions experienced a sharper reduction than that recorded by traditional airlines. However the low-cost carriers have displayed greater responsiveness and resilience in recent months: **Ryanair** (-25.4% in SUs), with a particularly strong performance in June 2021 and a contraction of only 25% compared with the corresponding month of 2019; **Easyjet** (-46.9% in SUs) and **Aegean** (-10.3% in SUs), while **Wizz Air** (+42.8% in SUs) and **Volotea** (+23.0%) recorded gains. In June 2021 alone, **Wizz Air** posted higher traffic volumes than in the same month of 2019 (+34% in SUs). Among the traditional carriers, Middle Eastern carriers such as **Turkish Airlines** (-1.1% in SUs) and **Qatar Airways** (+23.7% in SUs) were more resilient than **Emirates** (-37.1% in SUs). These airlines generally generate the largest number of service units per flight. Contrasting performance was registered by **Air France** (+9.3% in SUs) and **Lufthansa** (-11.3% in SUs), carriers that have always been present on national routes. **Alitalia** also closed the period under review with a contraction (-32.6% in SUs). Finally, cargo traffic performed well, as underscored by the gains posted by companies operating in the sector, such as **DHL** (+22.2% in SUs) and **Poste Air Cargo** (+25.5% in SUs).

Terminal traffic

In the first half of 2021, terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, contracted in a manner similar to en-route traffic, with a decline of 20.8% in terms of service units and 14% in terms of the number of assisted flights

Terminal traffic (number of flights)		1st Half 2021	1st Half 2020	Change	
				no.	%
Domestic					
	Chg. Zone 1	8,572	10,921	(2,349)	-21.5%
	Chg. Zone 2	15,182	13,100	2,082	15.9%
	Chg. Zone 3	40,763	34,323	6,440	18.8%
	Total domestic flights	64,517	58,344	6,173	10.6%
International					
	Chg. Zone 1	9,149	17,836	(8,687)	-48.7%
	Chg. Zone 2	25,148	36,239	(11,091)	-30.6%
	Chg. Zone 3	21,405	30,525	(9,120)	-29.9%
	Total international flights	55,702	84,600	(28,898)	-34.2%
Paying total		120,219	142,944	(22,725)	-15.9%
Exempt					
	Chg. Zone 1	45	189	(144)	-76.2%
	Chg. Zone 2	647	824	(177)	-21.5%
	Chg. Zone 3	10,247	8,583	1,664	19.4%
	Total exempt flights	10,939	9,596	1,343	14.0%
Total reported by Eurocontrol		131,158	152,540	(21,382)	-14.0%
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	n.a.
	Chg. Zone 2	173	144	29	20.1%
	Chg. Zone 3	5,441	3,777	1,664	44.1%
Total exempt flights not reported to Eurocontrol		5,614	3,921	1,693	43.2%
Total by Charging Zone					
	Chg. Zone 1	17,766	28,946	(11,180)	-38.6%
	Chg. Zone 2	41,150	50,307	(9,157)	-18.2%
	Chg. Zone 3	77,856	77,208	648	0.8%
Total		136,772	156,461	(19,689)	-12.6%

Terminal traffic (service units)		1st Half 2021	1st Half 2020	no.	Change %
Domestic					
	Chg. Zone 1	10,579	14,202	(3,623)	-25.5%
	Chg. Zone 2	18,267	15,932	2,335	14.7%
	Chg. Zone 3	45,142	38,925	6,217	16.0%
	Total domestic SUs	73,988	69,059	4,929	7.1%
International					
	Chg. Zone 1	13,260	28,665	(15,405)	-53.7%
	Chg. Zone 2	40,166	54,314	(14,148)	-26.0%
	Chg. Zone 3	20,373	35,284	(14,911)	-42.3%
	Total international SUs	73,799	118,263	(44,464)	-37.6%
Paying total		147,787	187,322	(39,535)	-21.1%
Exempt					
	Chg. Zone 1	109	207	(98)	-47.3%
	Chg. Zone 2	349	735	(386)	-52.5%
	Chg. Zone 3	3,740	3,596	144	4.0%
	Total exempt SUs	4,198	4,538	(340)	-7.5%
Total reported by Eurocontrol		151,985	191,860	(39,875)	-20.8%
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	n.a.
	Chg. Zone 2	14	12	2	16.7%
	Chg. Zone 3	379	282	97	34.4%
Total exempt SUs not reported to Eurocontrol		393	294	99	33.7%
Total by Charging Zone					
	Chg. Zone 1	23,948	43,074	(19,126)	-44.4%
	Chg. Zone 2	58,796	70,993	(12,197)	-17.2%
	Chg. Zone 3	69,634	78,087	(8,453)	-10.8%
Total		152,378	192,154	(39,776)	-20.7%

Overall, the performance for the first half of 2021 compared with the same period of the previous year shows a general decline in all three charging zones in terms of service units, despite the overall increase of about 230% in service units posted in the second quarter. More specifically:

- **Charging Zone 1**, represented by Rome Fiumicino airport, experienced a decrease in traffic in the first half of 2021 of 44.4% in terms of service units and 38.6% in the number of flights handled, with a decrease for international traffic (-53.7% in SUs) and a smaller contraction in domestic traffic (-25.5% in SUs). In the second quarter of 2021, however, traffic volumes rebounded in terms of service units, jumping by 118%. Nevertheless, compared with the first half of 2019 total traffic volumes contracted by 79% in terms of service units. The first half of 2021 also experienced a slowdown in the flight activities of the major airlines at the Rome airport, including Alitalia (-48.7% in SUs), Ryanair (-36.3% in SUs), Vueling (-58.1% in SUs), Lufthansa (-48.5% in SUs) and to a lesser extent Air France (-18.7% in SUs). Alitalia alone accounted for about 47% of the total SUs produced by the Rome Fiumicino airport;
- **Charging Zone 2**, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted a decrease for the period in terms of service units (-17.2%) and in flights

handled (-18.2%), attributable entirely to developments in international traffic (-26.0% in SUs) while domestic traffic increased (+14.7% in SUs). Taken alone, the second quarter of 2021 saw service units jump by 193%. By contrast, the volume of service units was 64% lower than in first half of 2019.

Among the airports belonging to this charging zone, the smallest reduction was registered by the airports of Milan Malpensa (-6.0% in SUs) and Milan Linate (-8.0% in SUs), thanks in part to the positive performance of traffic on domestic and non-EU international routes. Conversely, the Bergamo Orio al Serio and Venice Tesserà airports experienced contractions in service units of 40.9% and 39.1%, respectively, both primarily penalised by international traffic with EU countries;

- **Charging Zone 3**, which includes all other Italian airports, registered a decrease in terms of service units (-10.8%) and a small gain in the number of flights handled (+0.8%). Domestic traffic predominates at the airports in this category, with an increase of 16.0% in service units, while international traffic contracted by 42.3% in terms of service units. The second quarter of 2021 saw traffic soar (+335%) compared with the previous year, although this was again due to the extreme weakness registered in the same quarter of 2020. In a comparison with the same half of 2019, flight activity slowed in terms of service units by 66%, with international traffic contracting by 81%.

Among the airports in this charging zone, Catania (+13.8% in SUs), Palermo (+11.6% in SUs), Cagliari (+9.3% in SUs) and Lamezia Terme (+23.8%) posted gains in terms of service units. All these airports are dominated by domestic traffic and face less competition from rail transport. The airports of Naples and Bologna, which have a more international scope, closed with contractions of 35.3% and 31.8%, respectively, in terms of service units.

Performance and financial position of the ENAV Group

Definition of alternative performance measures

In order to illustrate the performance and financial position of the ENAV Group, separate reclassified schedules have been prepared that differ from the schedules envisaged under international accounting standards and adopted by the Group and the Parent Company for use in the interim condensed consolidated financial statements. These reclassified schedules contain alternative performance indicators differing from those drawn directly from the interim condensed consolidated financial statements, which are used by management for monitoring the performance of the Group and representing the performance and financial results produced by the business.

The use of alternative performance indicators in the context of regulated information disclosed to the public was made mandatory with Consob Communication no. 0092543 of 3 December 2015, which transposed the guidelines (no. 2015/1415) issued on 5 October 2015 by the European Securities and

Markets Authority (ESMA). The indicators are intended to ensure the comparability, reliability and understanding of financial information.

These indicators were constructed on the basis of the following criteria:

- **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation):** an indicator of profit before the effects of financial operations and taxation, as well as depreciation, amortisation and write-downs of property, plant and equipment and intangible assets and receivables and provisions, as reported in the financial statements and adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Tax):** EBITDA less depreciation and amortisation adjusted for investment grants and write-downs of property, plant and equipment and intangible fixed assets and receivables and provisions;
- **EBIT margin:** EBIT expressed as a percentage of total revenues less investment grants as specified above;
- **Net non-current assets:** a financial measure represented by the fixed capital employed in operations. It includes property, plant and equipment, intangible assets, investments in other entities, non-current trade receivables and payables, and other non-current assets and liabilities;
- **Net working capital:** capital employed in operations comprising inventory, trade receivables and other non-financial current assets, net of trade payables and other current liabilities excluding those of a financial nature, plus assets held for disposal net of related liabilities;
- **Gross capital employed:** the sum of net non-current assets and net working capital;
- **Net capital employed:** the sum of gross capital employed, less employee benefit provisions, the provision for risks and charges and deferred tax assets/liabilities;
- **Net financial debt:** the sum of the current and non-current financial liabilities, current and non-current financial receivables net of cash and cash equivalents;
- **Free cash flow:** the sum of the cash flow generated or absorbed by operating activities and the cash flow generated or absorbed by investing activities.

Changes in the scope of consolidation

During the early months of 2021, the Sicta Consortium in liquidation was removed from the scope of consolidation following the resolution passed by the Shareholders' Meeting held on 25 February 2021 approving the definitive closure of the consortium following the completion of liquidation activities and approval of the distribution plan and of Enav España Control Aereo SLU, which was definitively liquidated on 1 March 2021.

COVID-19 update

This section discusses the impact of the ongoing COVID-19 pandemic on performance, with a comparison with the corresponding period of the previous year, updating the disclosures provided in the 2020 Annual Financial Report.

The impact on performance in the first half of 2021 for the ENAV Group was reflected in a reduction in revenue from the Parent Company's core business, attributable to the contraction in operations in the air transport sector, which in the year-earlier period had included the positive performance of air traffic registered in the first two months of the year, which preceded the health emergency. The contraction in these operations led to a reduction in service units of 16.6% for en-route traffic and 20.7% for terminal traffic compared with the same period of 2020. These reductions decreased revenue from charges by a total of €25.4 million, partly offset by balance revenue calculated on the basis of the new Regulation (EU) 2020/1627 of 3 November 2020 (the New Regulation) and Decision (EU) 2021/891 of 2 June 2021 of the European Commission (the Implementing Decision) for the 2020-2021 period, albeit with a negative impact on cash flows as those balances will be recouped through charges as from 2023.

Operating costs have increased due to the resumption of air traffic control activities compared with the lower level of traffic registered in the year-earlier period, which are reflected both in external costs and in personnel costs, as operating personnel have returned to normal working conditions.

Further developments will emerge in the third quarter of 2021 as air traffic resumes for the summer period and vaccination campaigns in Italy and elsewhere make further progress.

Reclassified consolidated income statement

The first half of 2021 was still affected by the impact of the COVID-19 pandemic, which caused a contraction in the activities of the air transport sector, generating a reduction in service units of 16.6% for en-route traffic and 20.7% for terminal traffic compared with the same period of 2020, which had benefited from the good performance of air traffic in January (+8.5%) and February (+11.2%) before contracting sharply. Beginning in April 2021, service units returned to growth, reflecting the uptick in flight

activity, which has gradually benefitted from the relaxation of lockdown measures. The recognition of balance in compliance with the new Regulation (EU) 2020/1627 of 3 November 2020 and Decision 2021/891 of 2 June 2021 issued by the European Commission made it possible to recover much of the loss of traffic recorded, closing the first half of 2021 with EBITDA of €76.6 million, a decrease of 13% compared with the first half of 2020. Profit for the period amounted to €13.5 million, down 13.7% on the same period of the previous year.

	1st Half 2021	1st Half 2020	Amount	Change %
Revenues from operations	142,353	164,482	(22,129)	-13.5%
Balance	212,722	191,432	21,290	11.1%
Other operating income	19,918	16,577	3,341	20.2%
Total revenues	374,993	372,491	2,502	0.7%
Personnel costs	(247,351)	(235,235)	(12,116)	5.2%
Capitalised costs	12,446	13,239	(793)	-6.0%
Other operating expenses	(63,474)	(62,473)	(1,001)	1.6%
Total operating costs	(298,379)	(284,469)	(13,910)	4.9%
EBITDA	76,614	88,022	(11,408)	-13.0%
EBITDA margin	20.4%	23.6%	-3.2%	
Net amortisation of investment grants	(61,339)	(65,229)	3,890	-6.0%
Writedowns, impairment (reversal of impairment) and provisions	(445)	(2,310)	1,865	-80.7%
EBIT	14,830	20,483	(5,653)	-27.6%
EBIT margin	4.0%	5.5%	-1.5%	
Financial income/(expense)	1,494	(2,538)	4,032	n.a.
Income before taxes	16,324	17,945	(1,621)	-9.0%
Income taxes	(2,836)	(2,310)	(526)	22.8%
Profit (loss) for the period	13,488	15,635	(2,147)	-13.7%
Profit (loss) for the period pertaining to shareholders of the Parent Company	13,667	15,720	(2,053)	-13.1%
Profit (loss) for the period pertaining to non-controlling interests	(179)	(85)	(94)	n.a.

(thousands of euros)

Revenues from operations amounted to €142.4 million, a decrease of 13.5% compared with the same period of the previous year, of which revenues from the Parent Company's core business in the amount of €127.3 million (-16.7% on the first half of 2020) and revenues from the Group's operations on the non-regulated market, which rose by 28.2%, mainly reflecting revenues generated by the subsidiary IDS AirNav in respect of projects for international customers, in particular: the AIM (Aeronautical Information Management) system for the Colombian service provider, the AMHS (Aeronautical Message Handling System) for the new airport Zambia and a new contract with the Russian service provider. The decrease in revenues from the core business is strictly connected with the COVID-19 pandemic, which sharply

curbed the provision of services for air transport operations as from March 2020, producing a reduction in service units at the end of the first half of 2021 equal to 16.6% for en-route traffic and 20.7% for terminal traffic. The decrease in revenues also reflected a decrease of 5.06% in the unit rate for en-route traffic, a reduction that amounted to 0.89% considering charges net of balances, and a reduction of unit rates for terminal traffic in the first and second charging zones.

Balances, which are also included in the operating activities on the Parent Company, made a positive contribution of €212.7 million, partially recouping the decrease in traffic actually registered compared with the planned figures used in determining the unit rate for 2021. The balance recognised for the first half of 2021 was calculated in accordance with the New Regulation and with the performance targets provided for in Implementing Decision 2021/891 of the European Commission. The Implementing Decision specified the reference parameter for the measurement of the balance as the determined unit cost (DUC) performance indicator, defined as the ratio between determined costs and forecast traffic expressed in terms of service units. This indicator for the two-year period 2020-2021, considered as a single period, shall not exceed +120.1% of the DUC baseline value in 2019. Note that the comparative balance was determined in accordance with the rules in force at that date and considering the criterion for covering determined costs, reduced by an efficiency percentage, compared against baseline determined costs for 2019.

These balances include en-route revenues of €152.3 million and terminal revenues of €55.2 million, which in addition to recognition in profit or loss (and thus incorporation in unit rates for 2021) of balances recognised in previous years in the positive amount of €17.3 million, take account of the interest component connected with timing of the recovery of balances recognised in the first half of 2021 in unit rates applied, i.e. as from 2023 over five years.

Operating expenses increased by 4.9% compared with the year-earlier period to a total of €298.4 million, reflecting an increase both in personnel costs of 5.2% and in other operating expenses of 1.6%, with a decrease in capitalised costs of 6%.

Personnel costs amounted to €247.4 million, an overall increase of €12.1 million compared with the first half of 2020, attributable in particular to the variable portion of remuneration, as fixed remuneration declined slightly in reflection of a change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries. The workforce contracted by 27 effective employees and 22 average employees, closing the first half of 2021 with an effective Group workforce of 4,203 (4,230 at the end of the first half of 2020). The variable component of remuneration increased by 40.7%, mainly attributable to an increase in holiday entitlement accrued and not used by Group's employees compared with the year-earlier period, in addition to an increase in costs for operating personnel as a result of a rise in air traffic handled compared with the corresponding period of 2020. Social security contributions

increased by 4.5% to €57.5 million and other personnel costs rose by 22.6% due to termination incentives paid to outgoing personnel in the period.

Other operating expenses amounted to €63.5 million, an increase of 1.6% compared with the corresponding period of the previous year, reflecting the resumption of activities related to orders on investment projects and foreign orders, an increase in travel costs for Group employees and in electricity costs for the country as a whole. Recall that in the first half of 2020 various airports were either closed or experienced a sharp drop in operations for a period of several months.

These developments produced a decrease of 13% in **EBITDA** compared with the first half of 2020, to €76.6 million.

EBIT reflected a decrease of 6% in depreciation and amortisation net of investment grants during the period and impairment losses on receivables, net of collections on positions written down previously, which had an impact of €1.1 million, and the settlement of a number of disputes with a positive impact of €0.7 million. These factors produced an EBIT of €14.8 million, down €5.7 million on the first half of 2020.

Financial income and expenses show net income of €1.5 million, a marked improvement on the first half of 2020, benefitting from the financial component pertaining to the period connected with the discounting of balance receivables in addition to interest income recognised on part of the IRES credit for which reimbursement had been requested, which was collected in the period.

Income taxes for the period amounted to €2.8 million, a decrease of €0.5 million on the first half of 2020, while **profit** pertaining to shareholders of the Parent Company amounted to €13.7 million, down €2.1 million on the first half of 2020. The share pertaining to non-controlling interests was a loss of €179 thousand.

Reclassified consolidated financial position

	30.06.2021	31.12.2020	Change	
Property, plant and equipment	886,879	922,623	(35,744)	-3.9%
Right-of-use assets	5,938	6,910	(972)	-14.1%
Intangible assets	176,548	175,629	919	0.5%
Investments in other entities	51,850	50,122	1,728	3.4%
Non-current trade receivables	582,610	385,971	196,639	50.9%
Other non-current assets and liabilities	(150,875)	(139,434)	(11,441)	8.2%
Net non-current assets	1,552,950	1,401,821	151,129	10.8%
Inventories	61,699	61,561	138	0.2%
Trade receivables	151,826	136,582	15,244	11.2%
Trade payables	(145,420)	(149,812)	4,392	-2.9%
Other current assets and liabilities	(101,105)	(88,119)	(12,986)	14.7%
Assets held for sale net of related liabilities	0	1,427	(1,427)	-100.0%
Net working capital	(33,000)	(38,361)	5,361	-14.0%
Gross capital employed	1,519,950	1,363,460	156,490	11.5%
Employee benefit provisions	(47,281)	(49,943)	2,662	-5.3%
Provisions for risks and charges	(2,454)	(3,341)	887	-26.5%
Deferred tax assets net of liabilities	21,503	20,419	1,084	5.3%
Net capital employed	1,491,718	1,330,595	161,123	12.1%
Shareholders' equity pertaining to Parent Company shareholders	1,100,073	1,083,278	16,795	1.6%
Shareholders' equity pertaining to non-controlling interests	2,009	2,189	(180)	-8.2%
Shareholders' equity	1,102,082	1,085,467	16,615	1.5%
Net financial debt	389,636	245,128	144,508	59%
Total funding	1,491,718	1,330,595	161,123	12.1%

(thousands of euros)

Net capital employed amounted to €1,492 million at 30 June 2021, up €161.1 million on 31 December 2020. Of the total, 73.9% was funded by consolidated shareholders' equity and 26.1% by net financial debt.

Net non-current assets amounted to €1,552.9 million, up €151.1 million compared with 31 December 2020, mainly reflecting: i) a decrease of €35.7 million in property, plant and equipment as a result of the recognition of greater depreciation than investments under construction during the period; ii) an increase in the value of investments in other entities of €1.7 million, accounted for mainly by the impact of the change in the dollar/euro exchange rate on the investment in Aireon LLC; iii) the increase of €196.6 million in non-current trade receivables, reflecting the recognition of receivables for balances in the first half of 2021, net of the discounting component. They will be recovered as from 2023 over five years; and iv) a decline in other non-current assets and liabilities due to the collection of €5.5 million of the principal amount of the IRES receivable for which repayment was requested in previous years and an increase in

liabilities connected with the recognition of financial investments associated with the Connecting Facility Management (CEF) program.

Net working capital amounted to a negative €33 million, an improvement of €5.4 million on 31 December 2020. The main changes regarded: i) a net increase of €15.2 million in trade receivables, mainly reflecting an increase of €15 million in the receivable for the grant to guarantee the safety of plant and operational safety accruing at 30 June 2021; a decrease in the receivable due from the MEF as a result of offsetting of the receivable at 31 December 2020 with the payments on account to the Italian Air Force recognised under other liabilities and an increase in receivables due from international customers in respect of progress on orders; ii) a reduction of €4.4 million in trade payables, mainly due to the decrease in the liability for balances following incorporation in unit rates in 2021; iii) the change in other current assets and liabilities, which resulted in a net increase in liabilities of €13 million as a result of an increase in prepayments of €14.3 million for the “14th-month” salary instalment paid to employees in June but accruing in subsequent months, an increase in receivables recognised following the final reporting of projects financed within the CEF; an increase in tax and social security liabilities of €25.4 million as a result of an increase in social contributions and personal income tax on the 14th-month salary instalment paid to employees in June, as well as provisions for employees in respect of contributions accruing for the period; and an increase in other liabilities relating to the net €11.4 million due to the Italian Air Force and ENAC, corresponding to their share of collections of en-route and terminal receivables accrued during the period.

In determining **net capital employed**, employee benefit provisions had a negative impact of €47.3 million, with the decrease of €2.7 million reflecting the benefits paid and the actuarial gain recognised at 30 June 2021. Provisions for risks and charges amounted to €2.5 million, while net deferred tax assets were a positive €21.5 million.

Shareholders' equity totalled €1,102.1 million, a net increase of €16.6 million on 31 December 2020. The change mainly reflects €13.7 million from the profit recognised at 30 June 2021, the actuarial gain on the reserve for employee benefits, which net of tax effects amounted to €0.8 million, and the positive impact of €1.8 million from the reserve for the translation into euros of the financial statements of foreign subsidiaries.

Net financial debt amounted to €389.6 million, an increase of €144.5 million on 31 December 2020. Note that above figures have been adjusted in order to implement warning notice no. 5/21 issued by CONSOB referring to the Guidelines on disclosure requirements under the Prospectus Regulation issued by ESMA and in force since 5 May 2021. Accordingly, the Group has adopted the currently envisaged composition of the aggregate, as indicated below.

	30.06.2021	31.12.2020	Change	
Cash and cash equivalents	140,797	316,044	(175,247)	-55.5%
Current financial receivables	16	0	16	n.a.
Current financial debt	(67,130)	(65,381)	(1,749)	2.7%
Current financial debt for IFRS 16 lease liabilities	(1,966)	(2,135)	169	-8%
Net current financial position	71,717	248,528	(176,811)	-71.1%
Non-current financial receivables	31	0	31	n.a.
Non-current financial debt	(448,168)	(480,081)	31,913	-6.6%
Non-current financial debt for IFRS 16 lease liabilities	(4,221)	(5,069)	848	-17%
Non-current trade payables	(8,995)	(8,506)	(489)	5.7%
Non-current financial debt	(461,353)	(493,656)	32,303	-6.5%
Net financial debt	(389,636)	(245,128)	(144,508)	59.0%

(thousands of euros)

The composition of the net financial position will be updated on the basis of any further guidelines that may be issued.

The increase of €144.5 million in net financial debt was due to developments in collections and payments connected with ordinary operations, which generated a negative cash flow, connected with the reduction in receipts from the Parent Company's core business activities due to the reduction of air traffic control operations.

As at 30 June 2021, the Group has unused short-term credit lines totalling €292 million, of which committed lines of €150 million and uncommitted lines of €142 million. Furthermore, in July 2021, additional financing agreements were formalised in the total amount of €250 million.

Consolidated cash flows

	1st Half 2021	1st Half 2020	Change
Cash flow generated/(absorbed) by operating activities	(132,250)	(70,158)	(62,092)
Cash flow generated/(absorbed) by investing activities	(14,085)	(42,178)	28,093
Cash flow generated/(absorbed) by financing activities	(30,383)	(118,691)	88,308
Cash flow for the year	(176,718)	(231,027)	54,309
Cash and cash equivalents at the beginning of the year	317,419	450,657	(133,238)
Exchange rate differences on cash	96	10	86
Cash and cash equivalents at end of the year	140,797	219,640	(78,843)
Free cash flow	(146,335)	(112,336)	(33,999)

(thousands of euros)

Cash flows absorbed by operating activities amounted to €132.2 million in the first half of 2021, an increase of €62.1 million compared with the corresponding period of the previous year. This flow was generated by the following factors: i) an increase in non-current trade receivables of €196.6 million, due primarily to the recognition of balances generated in the period and an increase in current trade

receivables, mainly in respect of international customers on the non-regulated market. In the year-earlier period, current trade receivables had decreased, mainly in respect of Eurocontrol as a result of the decline in air traffic, but are virtually unchanged at 30 June 2021; ii) the increase of 31.4 million in tax receivables and payables, reflecting both the collection of €5.5 million in principal amount on the IRES receivable for which reimbursement had been requested and an increase in tax and social security liabilities employee remuneration; iii) an increase in net current liabilities of €13.5 million following the recognition of the receivable linked to projects financed under the CEF subject to reporting during the first half of 2021 and other current liabilities in respect of the increase in liabilities for provisions for personnel, which had a smaller impact in the first half of 2020; iv) a decrease of €19.9 million in current and non-current trade payables, mainly due to the smaller balance payable recognised through profit or loss in 2021, which had a larger impact than in the same period of the previous year.

Cash flows absorbed by investing activities in the first half of 2021 amounted to €14.1 million, a decrease of €28.1 million on the first half of 2020. The decrease, with capital expenditure of €30.5 million, up €2.7 million on the year-earlier period, was due to an increase in payments in the early months of 2020, a decrease in payments to suppliers for investment projects as a result of a payment deferral implemented by the Group in response to the health emergency, which caused air transport operations and the corresponding inward cash flows to contract.

Cash flows absorbed by financing activities in the first half of 2021 totalled €30.4 million, a sharp improvement of €88.3 million compared with the first half of 2020, which included the payment of dividends for 2019. The improvement was partly offset by the payment of quarterly instalments on two ESG Sustainability-Linked Term Loans obtained in October 2020 and therefore not included in the year-earlier period.

The **net outward cash flow for the period** was €54.3 million less than in the first half of 2020.

Free cash flow was a negative €146.3 million, a deterioration of €34 million on the same period of 2020, reflecting the use of cash in operating and investing activities.

Human resources

At 30 June 2021 the ENAV Group workforce numbered 4,203 employees, a decrease of 27 in effective terms on the end of the first half of 2020.

The Group provides flight assistance services, operational system maintenance and AIM software solutions throughout the national territory and is engaged in aeronautical consulting activities in Malaysia.

In response to the COVID-19 pandemic, the ENAV Group developed a contingency plan to ensure the health of its corporate staff and operational personnel without impacting the continuity of service, creating alternating and interchangeable shifts for the latter, which are managed in complete safety.

With regard to health and safety issues in the workplace, in the first half of 2021 the Group promptly adopted the preventive measures established in the new “Protocol updating measures to combat and contain the spread of the SARS-CoV-2 virus/COVID-19 in the workplace” of 6 April 2021.

In addition, internal audits were undertaken to assure compliance with the Group's occupational health and safety management system certified in accordance with UNI ISO 45001:2018. Emergency plans, risk assessment documents, the Single Interference Risk Assessment Documents (DUVRI), the Cooperation and Coordination Reports (VCC) as well as training on occupational health and safety issues and the scheduled of health surveillance of workers all continued at the Group's premises in accordance with approved health protocols, as did evacuation tests and the physical surveillance of radiation sources, performed by radiation protection experts.

With regard to industrial relations, during the period talks with the social partners focused in particular on the issue of the possible use by the Parent Company of the FIS (Wage Supplementation Fund) in order to mitigate the financial impact of the substantial decrease in assisted traffic as a result of the pandemic. In February, an agreement was signed with the social partners on this issue, explicitly providing for the Parent Company to not make recourse to social safety nets for all of 2021 in return for the substantial clearance of residual holiday entitlement and leave for eliminated holidays (RFS) in addition to the scheduled and certain programming of holidays and RFS pertaining to 2021.

Finally, during the period 38 meetings were held with the social partners at the national level and 65 at the local level.

Other information

2020 – 2024 performance plan

In response to the COVID-19 pandemic, in November 2020 the European Commission issued a new Regulation governing the performance and charging scheme (2020/1627), which in addition to modifying the mechanism for measuring balance revenues for 2020-2021 also required the Eurocontrol member states to develop new financial and operational plans for the third reference period (2020-2024) with the preparation of a new performance plan.

The same regulation also outlined the methods and timing for issuing new performance targets that all member states and related air navigation service providers should have followed in the preparation of their financial and operational planning.

Based on the analyses and assessments conducted by the Performance Review Body (PRB), the technical body of the European Commission, in early March 2021, the European Commission issued a preliminary proposal on the efficiency levels expected for RP3, envisaging a reduction in 2020 in determined costs at the European level of 10% in real terms compared with the actual costs for 2019.

After considerable discussion and dialogue, the national regulatory authorities, supported by the evidence provided by their air navigation service providers, found the Commission's preliminary proposal on performance levels for 2020-2024 to be unacceptable. In response to the negative opinion expressed by the member states, the European Commission requested the intervention of the Appeal Committee, which, chaired by the Community regulator, involves the participation of high-level delegates from the member states.

In view of the virtually unanimous position of the member states, the Commission elected to update its proposal, reducing the stringency of the requested efficiency targets, in order to facilitate the discussion within the Committee.

The Appeal Committee met in May and, in order to reach an agreed solution, identified the following expected efficiency targets for the third reference period (2020-2024), incorporating them into a specific Decision of the European Commission published on 2 June 2021 (Decision 2021/891):

- for 2020-2021, an efficiency gain of 3% for determined costs in real terms compared with 2019 actual costs, with a DUC (Determined Unit Cost) target rate for 2020-2021 equal to +120.1% from the DUC rate for 2019;
- for 2022, an efficiency gain of 6% for determined costs in real terms compared with 2019 actual costs, with a DUC target rate of -38.5% from the DUC rate for 2020-2021;
- for 2023, an efficiency gain of 4% for determined costs in real terms compared with 2019 actual costs, with a DUC target rate of -13.2% from the DUC rate for 2022;
- for 2024, an efficiency gain of 3% compared with 2019 actual costs, with a DUC target rate of -11.5% from the DUC rate for 2023;

The performance plan will take account of those efficiency targets and will be submitted for approval to the European Commission by 1 October 2021.

Purchase of treasury shares

The Shareholders' Meeting of 21 May 2020 authorised, subject to revocation of the unexecuted portion of the previous authorisation pursuant to the resolution of the Shareholders' Meeting of 27 April 2018, the Board of Directors to purchase and dispose of treasury shares of ENAV, in compliance with applicable regulations and for a period of eighteen months from the date of the resolution, for the following

purposes: i) to implement the remuneration policies adopted by ENAV and specifically to satisfy the obligations deriving from share option programmes or other grants of shares to employees or members of the Company's administrative bodies and/or of companies directly or indirectly controlled by ENAV; and ii) to support market liquidity in accordance with the market practices permitted pursuant to Article 180, paragraph 1, letter c) of the Consolidated Law on Financial Intermediation. A maximum of 1,200,000 shares were authorised for purchase. No purchases were made in the first half of 2021.

At 30 June 2021, ENAV held 518,823 treasury shares equal to 0.10% of share capital with a value of €2.1 million, having awarded 253,280 treasury shares between May and June 2021 to the beneficiaries of the second cycle of the performance share plan for 2018-2020.

Transactions with related parties

Related parties refer to entities directly or indirectly controlled by ENAV, the Ministry for Economy and Finance (MEF, the parent entity), subsidiary and associated entities controlled directly or indirectly by the MEF and the Ministry with oversight responsibility, namely the Ministry of Sustainable Infrastructure and Mobility. Other related parties are the directors and their immediate family, standing members of the Board of Auditors and their immediate family, key management personnel of the Parent Company and companies directly and/or indirectly controlled by it and their immediate family and the post-employment benefit plan funds for Group employees.

Related-party transactions conducted by the ENAV Group in the first half of 2021 essentially involved services that were provided as part of ordinary operations and settled on market terms and conditions, as described in more detail in Note 33 of the interim condensed consolidated financial statements at 30 June 2021.

In conformity with the provisions of Article 2391-bis of the Civil Code and in compliance with the principles set out in the Regulation containing provisions governing related-party transactions adopted with Consob resolution no. 17221 of 12 March 2010, as amended, the Parent Company established, with effect from the date of the admission of the company's shares to trading on the Mercato Telematico Azionario organised and operated by Borsa Italiana, a procedure governing related-party transactions approved by the Board of Directors on 21 June 2016. This procedure has been updated and amended, with the latest version being approved by the Board of Directors, having obtained the favourable opinion of the Control, Risks and Related-Parties Committee, on 1 July 2021. The procedure now incorporates the amendments made by Consob with Resolution no. 21264 of 10 December 2020 in implementation of the enabling authority granted in Article 2391-bis of the Civil Code. The procedure, which has been in force since 1 July 2021, is available on the ENAV website www.enav.it in the Governance section in the company documents area.

In the first half of 2021, no transactions of greater importance as identified in Annex A of the related-party transaction procedure were carried out. Nor were there any transactions subject to disclosure obligations because they qualify as cases exempt under the procedure or transactions that had a significant impact on the consolidated financial position or the results of the ENAV Group for the period.

Sustainability Plan

The Parent Company has for years been committed to a developing its responsiveness to sustainability issues, in line with the provisions of the new Corporate Governance Code, which place sustainability at the heart of a modern business vision. In this context, the 2021-2023 Sustainability Plan approved by the Board of Directors of the Parent Company on 1 July 2021 was prepared. The Plan envisages 33 objectives that represent the main projects on which the Group will be engaged in the next three years and are divided into the following strategic lines: "Strategy and Governance", "Policies", "Technological Innovation", "Reporting and Communication", "Culture and dedicated projects" and "Climate Change", which, starting from the 17 Sustainable Development Goals (SDGs) set out by the United Nations, delineate a series of actions inspired by a variety of sources, including: the results of stakeholder management activities, analysis of the positioning of the ENAV Group with respect to assessments conducted for key sustainability indices and a benchmark analysis on sustainability issues of greatest interest to the market and to the Group. As a cutting-edge service provider on the European scene, the Parent Company has long been committed to the implementation of projects to lower emissions on the ground and in flight. The Free Route procedure, for example, enables airlines to cross Italian airspace using direct routes, eliminating the old fixed airways. Since 2017, the year in which this innovative procedure was activated, 128 million kg of fuel have been saved globally, with a reduction of 491.1 million kg of CO₂ emissions. On the direct emissions front, by 2022, the Parent Company will be a zero-climate impact company, exceeding and meeting the European Union targets almost 10 years early. In 2021, direct CO₂ emissions will be reduced by 23%, while in 2022 they will fall by up to 80%. The remaining 20% will be offset by financing environmental protection projects for the benefit of the country and the world in general. This historic goal will be achieved thanks to various initiatives, most of which have already started, ranging from actions to increase consumption efficiency, the purchase and generation of power from renewable sources, the gradual replacement of the vehicle fleet with electric cars and the massive use of flexible working as a lever for improving the work environment for employees. Also significant are projects for the elimination of single-use plastics and the green supply chain, as well as initiatives aimed at caring for people, such as improving the reconciliation of work and private life, welfare policies and a new vision of diversity and inclusion as opportunities for a better company.

Risk management

The ENAV Group has adopted an Enterprise Risk Management (ERM) process to monitor and manage risks in terms of threats and opportunities.

The ERM operates in compliance with the Guidelines of the Internal Control and Risk Management System (and in support of the activities carried out by the Control, Risks and Related Parties Committee, adopting a risk classification model structured into four areas (Strategic, Financial, Operations and Compliance) and 22 sub-areas of a financial and non-financial nature.

Periodic risk assessment activities make it possible to assess the exposure to risk both in qualitative and quantitative terms, determining the associated weighted treatment actions with respect to the specific predefined risk appetite threshold.

Compliance with internal rules and the effectiveness of organisational and operational safeguards are supported and reinforced by the constant commitment to disseminating a culture of risk awareness and managing risk-based corporate objectives.

The following offers an analysis of the main risk areas for the Group. For an analysis of purely financial risks, please see to the explanatory notes of the consolidated financial statements at 31 December 2020, with the exception of liquidity risk, developments in which during the first half of 2021 are discussed below.

Operations risks

The Group is constantly committed to ensuring the highest levels of continuity and performance of its services through the systematic management of safety (safety of air navigation services) and security (information security and physical security), guaranteeing constant and innovative technological and infrastructure development.

The Group has developed specific business continuity plans, defining appropriate procedures to be applied in the case of events that cause a significant deterioration or interruption of services, in order to preserve continuity in various possible emergency scenarios. The availability of operational personnel is ensured on a continuous basis, putting this staff through periodic training programmes in order to maintain their required professional qualifications, while also guaranteeing the necessary availability of technology systems with specific functional redundancies and an extensive maintenance plan for all systems and equipment supporting air navigation services. The service level of systems is also supported by specific investments designed to enhance the reliability, availability, safety and efficiency of systems and equipment.

Safety performance is monitored through dedicated organisational arrangements and we have developed and operate a specific Safety Management System, approved and validated by ENAC as part of its surveillance of the certification of the Parent Company as an Air Navigation Service Provider.

The Parent Company prepares its own safety policies and a plan for improvement of those policies (the Safety Plan), which programmes the activities that it intends to carry out in order to achieve the specified safety performance objectives and to improve safety as a whole

The confidentiality, integrity and availability of operational and management information are constantly monitored and guaranteed through a complex architecture of physical and logical security controls as well as internal rules and procedures. Additional security is provided through coordination with the competent civil and military authorities for the protection of operational data, in particular in the context of the National Plan for Cyber Protection and IT Security, and collaborative initiatives with the Italy's CSIRT (Computer Security Incident Response Team) and CNAIPIC (National IT Crime Centre for the Protection of Critical Infrastructure).

The ENAV Group also pays great attention to environmental impact issues, applying the guidelines set out in the Group's Environmental Policy. In particular, the Parent Company plays an active role in reducing carriers' atmospheric CO₂ emissions through the Flight Efficiency Plan (FEP) and the Free Route procedure, thereby mitigating climate change in the long term.

Compliance risks

The national and international regulatory environment today is particularly complex and in constant evolution, requiring investments in terms of resources and processes in order to keep abreast of developments in areas impacting our business.

The ENAV Group constantly monitors the evolution of legislation in order to ensure prompt compliance, in accordance with best practices, with the relevant legal and regulatory framework, taking care to constantly adjust the associated governance and control responsibilities, processes and organisational systems.

The Group also pays great attention to environmental issues, both with a view to regulatory compliance and to deploy proactive actions aimed at limiting environmental impact in all its forms. In order to address environmental issues effectively, ENAV has implemented a Group Environmental Management System, which is UNI EN ISO 14001-compliant and incorporates the guidelines set out in the Group Environmental Policy.

In the Health & Safety area, ENAV, Techno Sky and IDS AirNav have established Occupational Health and Safety Management Systems (OHSMS) certified in accordance with the ISO 45001:2018 standard.

The governance of these systems, together with centralised monitoring and constant training and awareness-raising activities with Group personnel, ensures ongoing compliance with applicable regulations.

Particular attention is also paid to measures to guarantee the safety of workers operating abroad in countries at risk (so-called “travel security”). For this purpose, individual mission assessments are conducted of the physical safety of workers (or security risk) and of any biological or health risk with the collaboration of the competent physician, bearing in mind the threat posed by the COVID-19 health emergency. The findings of the assessments are used to issue specific recommendations, define contingency plans for missions in non-low risk countries, organise training/information sessions for workers and plan emergency response services.

With regard to the impact of the coronavirus emergency on the health and safety of all ENAV Group personnel, all the measures prescribed by existing COVID protocols have been adopted, as well as the measures recommended by the competent entities, such as the Ministry of Health and the Istituto Superiore di Sanità.

Strategic risks

Medium and long-term strategies – regarding anything from the digitalisation of infrastructure to the upgrading of operating platforms and the development of drone services – are intended to preserve and improve the performance and service quality of the Parent Company in the air traffic control sector.

Human rights and diversity issues also fall into this area. They are extensively managed and monitored thanks to specific Company policies and the Code of Ethics of the ENAV Group. Great attention is paid to compliance with social criteria in the supply chain and in commercial operations, in consideration of the international activities in which the Group is engaged.

The ENAV Group also manages the risks associated with market abuse in order to prevent and manage the possible dissemination of false or misleading information to manipulate the financial markets and to prevent the use of inside information in order to take advantage of it (so-called internal dealing). In this regard, in order to ensure maximum compliance, the Compliance Model implemented pursuant to Legislative Decree 231 of 8 June 2001 addresses crimes relating to market abuse, the prevention of which is entrusted by the Group to a centralised organisational and procedural architecture, accompanied by training initiatives for the corporate bodies and top management and all other personnel in order to create the necessary culture and awareness of the issues associated with inside information and compliance with applicable law and regulations.

Corporate image and reputation are factors of success for organisations that have to interact with customers, institutions, authorities, shareholders and other stakeholders in the conduct of their business. This is especially true for companies like ENAV who are listed on regulated markets, as the community of investors is highly sensitive to events that could jeopardise their reputation.

In view of the disclosure obligations incumbent upon the Group, the Parent Company takes specific steps to safeguard its corporate image and reputation and constantly monitors image-relevant content in the press, on the radio, television, the Internet and social media.

Liquidity risk

Liquidity risk is the risk that the Group, despite being solvent, might be unable to promptly meet the commitments associated with its financial liabilities, whether expected or unexpected, due to difficulties in obtaining financial resources, or that it will be able to do so only on unfavourable financial terms due to factors related to the perception of its risk by the market or during systemic crises such as, but not limited to, credit crunches and sovereign debt crises, or because it fails to comply with the covenants envisaged in certain loan agreements and the bond issue.

Although it does not have a cash pooling system, the Group's liquidity is largely managed and monitored by the Parent Company at a centralised level in order to optimise the overall availability of financial resources by performing a coordinating role for the other Group companies.

At 30 June 2021, the Group had €141 million in available cash and equivalents and €292 million in unused short-term lines of credit. These include: i) €142 million in uncommitted lines of credit subject to revocation, which do not require compliance with either covenants or other contractual commitments. Of that total, €25 million are held in current account overdrafts, €102 million in financial advances which can be drawn on without any constraints regarding their use and €15 million in export financing; and ii) two committed lines of credit in the total amount of €150 million, falling due in May 2022.

In order to manage liquidity risk, funding initiatives were undertaken in July 2021 with the signing of loan contracts with a total value of €250 million, including: i) €180 million in the form of a term loan with a term of 24 months from subscription and redemption at maturity obtained from two financial institutions in the amount of €45 million each and from another financial institution in the amount of €90 million; ii) €70 million in the form of a 24-month revolving credit facility with repayment at maturity.

In the longer term, liquidity risk is mitigated by a debt management strategy that diversifies the sources of financing in terms of both types of credit facilities and counterparties, with a view to meeting the Group's financial requirements and establishing a balanced debt maturity profile.

The Group's gross financial exposure at 30 June 2021 stood at €511.9 million and is represented by medium/long-terms bank loans of €331.9 million and the exposure to holders of the bond issued on 4 August 2015 maturing on 4 August 2022, with a principal amount of €180 million.

The loan agreements provide for general commitments and financial covenants exclusively for those with the European Investment Bank. In June 2021, a contract amendment was signed with the EIB that, for the period between 30 June 2021 and 31 December 2024, changes the measurement parameters of the financial covenant from the previous calculation based on a ratio of gross financial debt to EBITDA of less than 3 to a ratio of net financial debt to EBITDA of less than 4. Starting from 30 June 2025, the covenant originally provided for in the contract will again apply. This contractual modification did not entail additional charges for the Group.

Outlook for operations

Operations during the first half of 2021 were still affected by the pandemic and the consequent restrictions aimed at containing the COVID-19 virus.

Compared with 2019, a pre-pandemic year used as a benchmark in assessing the regulated business, air traffic control activities in the first five months of 2021 showed an average decrease of 69% in terms of service units, with maximum declines of more than 70% in February and March. Since June, reflecting vaccination campaigns and the gradual easing of restrictions, a recovery has been observed, with the change in the volume of service units, although still in negative territory (-53%), improving by about 16 percentage points compared with the first five months of the year (-69%).

This positive trend is confirmed by the traffic being recorded in July, which has registered peaks of more than 70% of its level compared with the same period in 2019, prior to the pandemic.

Therefore, taking account of this still rather volatile environment, we feel we can plausibly confirm the estimates produced by Eurocontrol's STATFOR in the Five-Year Forecast 2020-2024 published in November 2020, which for 2021 expects the volume of service units to be down 55% compared with 2019. The next few months will be especially important for ENAV and the Group companies in view of the publication of the targets for RP3 (2020-2024) by the European Commission in May 2021 and the consequent preparation of the performance plan.

Taking account of the predominance of core business turnover in the Group's total revenue, the new Business Plan will consequently be prepared in accordance with the EU regulators' timetable for the assessment and approval of the performance plan.

With regard to the financial outlook for 2021, the signs of an improvement in the evolution of air traffic will have a positive impact on cash inflows in the second half of the year, but it is expected that this will



not be sufficient to achieve a positive free cash flow for 2021. As an additional safeguard, in July the Parent Company undertook additional funding transactions to increase cash reserves that can be drawn on if necessary to meeting any additional requirements. In any case, current projections for cash flows looking forward confirm our capacity to sustain our bank debt in compliance with the agreed amortisation plans.

**Interim Condensed Consolidated Financial Statements
at 30 June 2021**

Consolidated Financial Statements

Consolidated Interim Statement of Financial Position

ASSETS

(euros)	Notes	30.06.2021	of which related parties (Note 33)	31.12.2020	of which related parties (Note 33)
Non-current assets					
Property, plant and equipment	7	892,816,980	0	929,533,044	0
Intangible assets	8	176,548,021	0	175,629,242	0
Investments in other entities	9	51,849,601	0	50,121,845	0
Non-current financial assets	10	378,463	0	346,719	0
Deferred tax assets	11	27,855,656	0	27,147,820	0
Non-current tax receivables	12	18,375,305	0	23,857,810	0
Non-current trade receivables	13	582,610,076	0	385,970,716	0
Other non-current assets	15	7,780,785	7,778,981	7,764,636	7,751,760
Total non-current assets		1,758,214,887		1,600,371,832	
Current assets					
Inventories	14	61,699,442	0	61,560,792	0
Current trade receivables	13	151,825,953	51,051,948	136,581,749	40,641,837
Current financial assets	10	9,063,939	9,048,275	9,850,827	9,850,827
Tax receivables	12	12,393,375	0	13,336,512	0
Other current assets	15	78,301,036	34,350,554	52,234,355	35,239,207
Cash and cash equivalents	16	140,796,754	224,570	316,044,081	224,570
Total current assets		454,080,499		589,608,316	
Assets held for sale	17	0		1,431,642	
Total assets		2,212,295,386		2,191,411,790	

SHAREHOLDERS' EQUITY AND LIABILITIES

(euros)	Notes	30.06.2021	of which related parties (Note 33)	31.12.2020	of which related parties (Note 33)
Shareholders' equity					
Share capital	18	541,744,385	0	541,744,385	0
Reserves	18	472,822,897	0	467,486,532	0
Retained earnings/(loss carryforward)	18	71,838,340	0	19,763,486	0
Profit (loss) for the year	18	13,667,466	0	54,283,479	0
Total shareholders' equity pertaining to shareholders of the Parent Company	18	1,100,073,088	0	1,083,277,882	0
Non-controlling interests and reserves		2,188,502	0	2,499,765	0
Profit/(loss) pertaining to non-controlling interests		(179,502)	0	(311,263)	0
Total shareholders' equity pertaining to non-controlling interests		2,009,000	0	2,188,502	0
Total shareholders' equity	18	1,102,082,088		1,085,466,384	
Non-current liabilities					
Provisions for risks and charges	19	1,003,000	0	1,050,000	0
Severance pay and other employee benefits	20	47,280,802	0	49,943,154	0
Deferred tax liabilities	11	6,353,419	0	6,729,418	0
Non-current financial liabilities	21	452,388,508	0	485,149,609	0
Non-current trade payables	22	8,995,237	0	8,506,073	0
Other non-current liabilities	23	177,377,895	0	171,403,925	0
Total non-current liabilities		693,398,861		722,782,179	
Current liabilities					
Short-term portion of provisions for risks and charges	19	1,451,332	0	2,291,531	0
Current trade payables	22	145,419,639	22,843,564	149,811,624	17,959,187
Tax and social security payables	24	49,694,282	0	24,755,009	0
Current financial liabilities	21	69,095,809	0	67,515,998	0
Other current liabilities	23	151,153,375	89,485,847	138,784,423	91,884,439
Total current liabilities		416,814,437		383,158,585	
Liabilities directly associated with assets held for disposal	17	0		4,642	
Total liabilities		1,110,213,298		1,105,945,406	
Total shareholders' equity and liabilities		2,212,295,386		2,191,411,790	

Consolidated Interim Income Statement

(euros)	Notes	1st Half 2021	of which related parties (Note 33)	1st Half 2020	of which related parties (Note 33)
Revenues					
Revenues from operations	25	142,352,667	5,726,806	164,481,857	4,970,184
Balances	25	212,721,781	0	191,432,221	0
<i>Total revenues from contracts with customers</i>	25	<i>355,074,448</i>		<i>355,914,078</i>	
Other operating income	26	24,399,367	17,453,798	20,941,539	17,351,850
Total revenues		379,473,815		376,855,617	
Costs					
Costs for raw materials, supplies, consumables and goods	27	(3,528,774)	(389,680)	(3,245,170)	0
Costs for services	27	(57,735,478)	(4,345,470)	(56,315,826)	(4,304,569)
Personnel costs	28	(247,351,385)	0	(235,235,479)	0
Costs leases and rentals	27	(816,329)	(22,625)	(1,074,824)	(22,846)
Other operating expenses	27	(1,393,392)	0	(1,837,479)	0
Capitalisation of costs	29	12,445,549	0	13,239,090	0
Total costs		(298,379,809)		(284,469,688)	
Depreciation and amortisation	7 and 8	(65,819,556)	0	(69,592,885)	0
Writedowns/(writebacks) for impairment of receivables	13	(1,102,700)	0	(2,195,289)	0
Provisions	19	658,200	0	(115,000)	0
Operating income		14,829,950		20,482,755	
Financial income and expense					
Financial income	30	4,651,921	0	1,030,320	0
Financial expense	30	(3,283,766)	0	(3,479,846)	0
Exchange rate gains (losses)	30	126,276	0	(88,053)	0
Total financial income and expense		1,494,431		(2,537,579)	
Income before taxes		16,324,381		17,945,176	
Income taxes	31	(2,836,417)		(2,309,938)	
Profit (loss) for the year		13,487,964		15,635,238	
<i>Pertaining to shareholders of the Parent Company</i>		<i>13,667,466</i>		<i>15,719,871</i>	
<i>Pertaining to non-controlling interests</i>		<i>(179,502)</i>		<i>(84,633)</i>	
Basic earnings/(loss) per share	38	0.02		0.03	
Diluted earnings/(loss) per share	38	0.02		0.03	

Consolidated Interim Statement of Other Comprehensive Income

<i>(euros)</i>	Notes	1st Half 2021	1st Half 2020
Profit (loss) for the period	18	13,487,964	15,635,238
<i>Other comprehensive income recyclable to profit/(loss):</i>			
- Differences arising from the translation of foreign financial statements	18	1,774,281	(12,726)
- Fair value of derivative financial instruments	10 and 18	105,831	84,028
- Tax effect of the valuation at fair value of derivative financial instruments	11 and 18	(25,399)	(20,167)
Total other comprehensive income recyclable to profit or loss		1,854,713	51,135
<i>Other comprehensive income not recyclable to profit or loss:</i>			
- Fair value measurement of investments in other entities	9	102,980	858,203
- Actuarial gains/(losses) on employee benefits	18 and 20	1,020,848	47,842
- Tax effect of actuarial gains/(losses) on employee benefits	11 and 18	(266,630)	(191,667)
Other comprehensive income not recyclable to profit or loss		857,198	714,378
Comprehensive income		16,199,875	16,400,751
Pertaining to shareholders of the Parent Company		16,379,377	16,485,384
Pertaining to non-controlling interests		(179,502)	(84,633)

Consolidated Interim Statement of Changes in Shareholders' Equity

	Capitale sociale	Legal reserve	Sundry reserves	Reserves Reserve from actuarial gains/(losses) for employee benefits	Cash flow hedges	Total reserves	Retained earnings/(loss carryforward)	Profit (loss) for the year	Total shareholders' equity	Non-controlling interests	Total shareholders' equity
(euros)											
Balance at 31 December 2019	541,744,385	31,809,804	450,743,646	(11,209,831)	2,029,942	473,373,561	19,992,565	118,432,376	1,153,542,887	2,499,765	1,156,042,652
Allocation of net profit from the previous year	0	5,594,056	0	0	0	5,594,056	112,838,320	(118,432,376)	0	0	0
Dividend distribution	0	0	0	0	0	0	(113,189,994)	0	(113,189,994)	0	(113,189,994)
Purchase of Treasury shares	0	0	0	0	0	0	0	0	0	0	0
Currency translation difference reserve	0	0	(12,726)	0	0	(12,726)	0	0	(12,726)	0	(12,726)
Long-Term Incentive Plan	0	0	604,100	0	0	604,100	0	0	604,100	0	604,100
Change in scope of consolidation	0	0	(2,847)	0	0	(2,847)	0	0	(2,847)	0	(2,847)
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	678,018	36,360	63,861	778,239	0	0	778,239	0	778,239
- Profit (loss) for the year	0	0	0	0	0	0	0	15,719,871	15,719,871	(84,633)	15,635,238
Balance at 30 June 2020	541,744,385	37,403,860	452,010,191	(11,173,471)	2,093,803	480,334,383	19,640,891	15,719,871	1,057,439,530	2,415,132	1,059,854,662
Balance at 31 December 2020	541,744,385	37,403,860	439,724,625	(11,554,724)	1,912,771	467,486,532	19,763,486	54,283,479	1,083,277,882	2,188,502	1,085,466,384
Allocation of net profit from the previous year	0	2,167,114	0	0	0	2,167,114	52,116,365	(54,283,479)	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0	0
(Purchase)/Award of treasury shares	0	0	1,049,667	0	0	1,049,667	0	0	1,049,667	0	1,049,667
Currency translation difference reserve	0	0	1,774,281	0	0	1,774,281	0	0	1,774,281	0	1,774,281
Long-Term Incentive Plan	0	0	(592,327)	0	0	(592,327)	(41,511)	0	(633,838)	0	(633,838)
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	81,354	775,844	80,432	937,630	0	0	937,630	0	937,630
- Profit (loss) for the year	0	0	0	0	0	0	0	13,667,466	13,667,466	(179,502)	13,487,964
Balance at 30 June 2021	541,744,385	39,570,974	442,037,600	(10,778,880)	1,993,203	472,822,897	71,838,340	13,667,466	1,100,073,088	2,009,000	1,102,082,088

Consolidated Interim Statement of Cash Flows

	Notes	1st Half 2021	of which related parties	1st Half 2020	of which related parties
A - CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (*)	16	317,419		450,657	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the year	18	13,488	0	15,635	0
Depreciation and amortisation	7 and 8	65,820	0	69,593	0
Net change in liabilities for employee benefits	20	(1,641)	0	(1,910)	0
Change resulting from exchange rate differences	18	(103)	0	(193)	0
Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	7 and 8	33	0	10	0
Other income/charges on non-monetary flows	7	0	0	(2)	0
Provision for stock grant plans	28	416	0	604	0
Net provisions for risks and charges	19	(658)	0	115	0
Net change in deferred tax assets and deferred tax liabilities	11	(1,222)	0	(3,518)	0
Decrease/(increase) in inventories	14	355	0 -	156	0
Decrease/(increase) in current and non-current trade receivables	13	(212,631)	(10,410)	(150,944)	(7,730)
Decrease/(increase) in tax receivables and tax and social security payables	12 and 24	31,419	0	29,451	0
Change in other current assets and liabilities	15 and 23	(13,538)	(1,510)	(5,694)	4,392
Change in other non-current assets and liabilities	23	5,957	(27)	(5,599)	606
Increase/(decrease) in current and non-current trade payables	22	(19,945)	(383)	(17,550)	679
B - TOTAL CASH FLOW FROM OPERATING ACTIVITIES		(132,250)		(70,158)	
of which taxes paid		(2,077)	0	(3,801)	0
of which interest paid		(229)	0	(601)	0
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	7	(23,326)	0	(23,743)	0
Investments in intangible assets	8	(7,158)	0	(4,041)	0
Increase/(decrease) in trade payables for investments	22	15,809	5,268	(14,593)	(13,094)
Sales of property, plant and equipment	7	0	0	0	0
Decrease/(increase) in trade receivables for investments	13	750	0	750	0
Investments in other shares	9	0	0	0	0
Increase/(decrease) in trade payables for equity investments	9	(160)	0	(551)	0
Investments in financial assets	10	0	0	0	0
C - TOTAL CASH FLOW FROM INVESTING ACTIVITIES		(14,085)		(42,178)	
Net cash flow generated/(absorbed) from financing activities					
New medium and long term loans	21	0	0	0	0
(Repayments) of medium and long term loans	21	(31,817)	0	(6,755)	0
Net change in short-term financial liabilities	21	(974)	0	(982)	0
Bond issue	21	0	0	0	0
Net change in short-term financial liabilities	21	1,605	0	1,736	0
(Increase)/Decrease in current/non-current financial assets	10	803	803	(32)	0
Dividend distribution	18	0	0	(112,658)	(60,024)
D - TOTAL CASH FLOW FROM FINANCING ACTIVITIES		(30,383)		(118,691)	
E - Total cash flow (B+C+D)		(176,718)		(231,027)	
F - Exchange rate differences on cash		96		10	
G - CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E+F) (**)	16	140,797		219,640	

(thousands of euros)

(*) Cash and cash equivalents at the beginning of the 1st Half 2021 included €1,375 thousand of the liquidity of Sicta Consortium in liquidation, which was closed definitively in early 2021.

Explanatory notes to the Interim Condensed Consolidated Financial Statements

1. General information

ENAV S.p.A. (hereinafter also the “Company” or “Parent Company”) was established in 2001 following the transformation with Law 665/1996 of the “Ente Pubblico Economico denominato Ente Nazionale di Assistenza al Volo” (the National Agency for Flight Assistance), a public enterprise, that was formerly known as the “Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale” (A.A.A.V.T.A.G.) (Autonomous Company providing Flight Assistance for General Traffic) and has its registered office in Rome, 716 via Salaria and other secondary offices and operating facilities located throughout Italy.

Since 26 July 2016, ENAV shares have been listed on the Mercato Telematico Azionario (MTA) organised and operated by Borsa Italiana S.p.A. and, at 30 June 2021, 53.28% of the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.62% by institutional and individual shareholders, with 0.10% being held by ENAV itself as treasury shares.

The activity of the ENAV Group consists of the air traffic control and management services and other essential services provided by the Parent Company for air navigation in Italian airspace skies and at the national civil airports for which it is responsible, as well as the technical operation and maintenance of air traffic control equipment and systems, the sale of aeronautical software solutions and commercial development and aeronautical consulting activities. The measurement and presentation of operations is broken down into four operating sectors, namely *air navigation services*, *maintenance services*, *AIM software solutions* and a residual sector defined as *other sectors*.

These interim condensed consolidated financial statements regard the six months ending 30 June 2021 and have been prepared in euros, the legal tender in the economy in which the Group operates.

Publication of this Consolidated Interim Financial Report was authorised by the Board of Directors on 3 August 2020 and it has undergone a limited review by EY S.p.A.

2. Form and content of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements at 30 June 2021 of ENAV S.p.A. and its subsidiaries (hereinafter also the “Group”) have been prepared in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002 as well as Legislative Decree 38 of 28 February 2005, which governed the application of the IFRS under the scope of Italian law.

In particular, these financial statements, which have been drafted on a going-concern basis, have been prepared in compliance with IAS 34 *Interim Financial Reporting* and Article 154-ter paragraph 3 of the

Consolidated Law on Financial Intermediation. In application of the option granted by IAS 34, the disclosures contained in the interim condensed consolidated financial statements are less complete than those provided in complete annual financial statements, as they are aimed at providing an update on the activities, facts and circumstances that occurred in the reference period as well as some minimum supplementary information expressly requested by the standard, thus omitting information, data and notes already presented and discussed in the consolidated financial statements of the ENAV Group as at 31 December 2020. Accordingly, the interim condensed consolidated financial statements at 30 June 2021 should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020, which readers are invited to consult for a more complete understanding of the information reported in this document.

Note that the ENAV Group has designated the first half of the year as the interim reference period for the purpose of applying IAS 34 and the definition of interim financial statements.

With regard to the method for presenting the financial statements, the distinction between current and non-current assets and liabilities has been adopted for the *statement of financial position*. The *income statement* was prepared by classifying operating costs by nature and the *cash flow statement* has been prepared using the indirect method.

In compliance with the provisions of Consob Resolution no. 15519 of 27 July 2006, the statement of financial position, the income statement and the cash flow statement report the value of positions or transactions with related parties in order to ensure an understanding of the financial position, performance and cash flows.

3. Scope and basis of consolidation

The basis of consolidation adopted in preparing the interim condensed consolidated financial statements at 30 June 2021 is consistent with that adopted in preparing the consolidated financial statements at 31 December 2020, approved on 20 April 2021 and available at www.enav.it in the section <https://www.enav.it/sites/public/en/InvestorRelations/Financial-Statements-and-Reports.html>.

In the first half of 2021 the scope of consolidation changed compared with 31 December 2020 as a result of the removal of the Sicta Consortium in liquidation from the scope of consolidation following the resolution of the Shareholders' Meeting approving its definitive closure in view of the completion of the winding up process and the approval of the allotment plan and of the definitive liquidation, as from 1 March 2021 of the non-operational company ENAV España Control Aereo S.L.U..

There were no significant transactions or unusual events in the first half of 2021.

Translation of financial statements of foreign companies

The interim statements of financial position and income statements of subsidiaries are prepared using the currency of the primary economic environment in which they operate. For the purpose of the interim condensed consolidated financial statements, the statement of financial position and income statement of each foreign company are translated into euros, which is the Group's functional currency. The exchange rates used to translate the statements of financial position and income statements of companies that use a functional currency other than the euro are shown in the table below:

	1st Half 2021		31.12.2020		1st Half 2020	
	6-month average	at 30 June	12-month average	at 31 December	6-month average	at 30 June
Malaysian ringgit	4.9385	4.9336	4.7935	4.9340	4.6829	4.7989
US dollar	1.2057	1.1884	1.1413	1.2271	1.1015	1.1198

4. New accounting standards and interpretations

The accounting standards adopted in the preparation of the interim condensed consolidated financial statements at 30 June 2021 are consistent with those used for the preparation of the consolidated financial statements at 31 December 2020, which readers are invited to consult for a more extensive discussion, with the exception of the adoption of new standards, amendments and interpretations in force as from 1 January 2021. The Group has not opted for early adoption of any new standard, amendment or interpretation issued but not yet in force.

New accounting standards, interpretations and amendments taking effect as from 1 January 2021 that did not have an impact on the Group's interim condensed consolidated financial statements

The following is a list of the new accounting standards, amendments, and interpretations applicable to the Group as from 1 January 2021 with no impact on the Group's interim condensed consolidated financial statements:

- ✓ *Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*, issued on 27 August 2020 and endorsed on 13 January 2021. The amendments for phase 2 address issues that could affect financial reporting when changing the interest rate, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative rate (replacement issues).

The amendments took effect for reporting periods that begin on or after 1 January 2021.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2021 and not adopted early by the Group

The following is a list of new accounting standards, amendments and interpretations that will be applied by the Group in annual accounting periods after that ending 31 December 2021. The Group will assess the expected impact of their first-time adoption:

- *Amendments to IFRS 3: Reference to the Conceptual Framework* – issued on 14 May 2020 and endorsed on 28 June 2021. In May 2020, the IASB published amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, in the definitions of assets and liabilities with references to the Conceptual Framework for Financial Reporting published in March 2018 without significantly changing its provisions. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2022.

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – issued on 7 May 2021, endorsement pending. IAS 12 requires the recognition of deferred taxes or assets for all temporary differences, i.e. taxes due or recoverable in the future.

In particular, it was established that companies, in specific circumstances, can be exempted from recognising the deferred tax when they recognise assets or liabilities for the first time. This provision previously raised some uncertainty as to whether the exemption would apply to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. With the amendment to IAS 12, the IFRS clarifies that the exemption does not apply and that companies are required to recognise the deferred tax on such transactions. The aim of the amendments is to reduce the diversity in accounting for deferred taxes on leases and decommissioning obligations. The amendments will take effect for annual periods beginning on or after 1 January 2023 and early adoption is permitted.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* – issued on 12 February 2021. The amendments introduce a definition of accounting estimates to replace the concept of changes in accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to

measurement uncertainty. Entities develop an accounting estimate if an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. Furthermore, the Board clarifies that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period error. An effect of a change in an accounting estimate is recognised in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both. The amendments will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2023.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies* – issued on 12 February 2021. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. More specifically, an entity is now required to disclose its material accounting policy information instead of its significant accounting policies and several paragraphs are added to explain how an entity can identify material accounting policy information, which may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2023.
- *Amendment to IAS 1: Classification of Liabilities as Current or Non-current* – issued on 23 January 2020, with deferral of initial application issued on 15 July 2020. With this amendment, the IASB modified paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, that this right must exist at the end of the financial year and that classification is unaffected by the likelihood that an entity will exercise its deferral right. Finally, the amendment also clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments will take effect for annual reporting periods beginning on or after 1 January 2023. The Group is monitoring the discussions under way within the IFRS Interpretations Committee and the IASB.
- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use* – issued on 14 May 2020 and endorsed on 28 June 2021. These amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while

bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise the proceeds from the sale of these items, and the costs to produce them, in profit or loss. The amendments will take effect for annual periods beginning on or after 1 January 2022. Entities are required to apply the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendments.

- *Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of fulfilling a contract* – issued on 14 May 2020 and endorsed on 28 June 2021. The amendments clarify which costs must be considered by an entity in assessing whether a contract is onerous, i.e. loss-making. The amendment provides for the application of a “directly related costs approach”. Costs that relate directly to a contract for the supply of goods or services consist of both incremental costs and other costs that relate directly to fulfilling contracts. General and administrative costs are not directly related to a contract and are excluded unless they are explicitly charged to the counterparty under the terms of the contract. The amendments will take effect for annual periods beginning on or after 1 January 2022.
- *Annual Improvements 2018-2020* – issued on 14 May 2020 and endorsed on 28 June 2021. As part of the cycle of improvements of accounting standards, the IASB published an amendment of IFRS 1 First Time Adoption, which permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure the cumulative translation differences at the amounts that would be included in the parent’s consolidated financial statements, based on parent’s date of transition to the IFRSs. The amendment also applies to associates and joint ventures. The IASB also amended IFRS 9, clarifying that the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In particular, these include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity shall apply the amendment to financial liabilities that are modified or traded subsequent to the date of the first reporting period in which the entity applies the amendment for the first time. The amendments will take effect for annual periods beginning on or after 1 January 2022. Early adoption is permitted.

In addition, *Amendment to IFRS 16 – Leases: Covid-19-Related Rent Concessions beyond 30 June 2021* was issued on 31 March 2021. It was intended to take effect as from 1 April 2021, but endorsement is still pending. With this amendment, the IASB further amended IFRS 16 to extend the time limit of one of the criteria with which a lessor must comply in order to apply the practical expedient to the concessions received (exemption for lessees from the obligation to determine whether a lease concession represents

a modification of the lease), or that any reduction in lease payments could only affect the payments originally due by 30 June 2021.

5. Use of estimates and management judgements connected with the COVID-19 pandemic

With reference to the description of the use of accounting estimates and management judgments connected with the COVID-19 pandemic, please see the extensive discussion in the Annual Financial Report at 31 December 2020, as no additional issues have arisen compared with that document.

Note that with regard to the topic “*Measurement of revenues for balances*”, the definition of performance targets for the third reference period (RP3), which covers the five-year period 2020-2024 at the European level by the European Commission was made official with the publication of Decision (EU) 2021/891 on 2 June 2021 (the Decision). As already reported in the “2020 – 2024 performance plan” paragraph of the report on operations, for the years 2020-2021 (considered as a single period), the expected efficiency target in terms of the DUC (Determined Unit Cost) rate was set at +120.1% compared with the 2019 DUC rate.

The Decision has substantially changed only the method for measuring the Group’s remuneration for services provided, without modifying the original right to payment.

Balance revenues for the first half of 2021 were determined using measurement criteria in accordance with the principles contained in Implementing Regulation (EU) 2020/1627 compliant with the performance targets set out in the Decision.

The Decision establishes that the costs and traffic for the years 2020 and 2021 shall be counted as a single reference period, and that for the purpose of recognising the balance, the overall DUC for this two-year period shall not exceed 120.1% of the final 2019 DUC. In application of this principle, management has determined the ratio between the final costs and the traffic expressed in service units for the period 2020 and the first half of 2021, measured taking into account the forecasts of costs expected in 2021 and the traffic forecasts for the same year published by Eurocontrol's STATFOR. As a result of this estimate, the balance for the first half of 2021 was found to be compatible with the DUC threshold established with the Decision.

6. Seasonal effects

The type of business in which the Parent Company operates is affected by seasonal effects. Trends in air traffic are by nature not distributed linearly over the year. More specifically, passenger traffic fluctuates significantly depending on the time of year, reflecting changes in tourist flows.

However, compared with previous years, as we have been able to appreciate in the first half of the year, seasonal effects will be considerably reduced in 2021 due to the particular impact of the pandemic on traffic volumes and the change in the regulatory system concerning the measurement of the balance, with the latter being exceptionally determined on the basis of determined costs rather than the traditional traffic-risk sharing mechanism.

Notes to the consolidated interim statement of financial position

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 30 June 2021 compared with the end of 2020.

<i>(thousands of euros)</i>	Land and Buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Cost	553,441	1,989,831	269,968	325,620	207,398	3,346,258
Accumulated depreciation	(261,872)	(1,623,763)	(229,325)	(301,765)	0	(2,416,725)
Balance at 31.12.2020	291,569	366,068	40,643	23,855	207,398	929,533
Increases	3,746	4,897	1,802	1,923	23,326	35,694
Disposals - cost	(66)	(7,111)	(578)	(1,499)	0	(9,254)
Disposals - accumulated depreciation	36	7,108	578	1,499	0	9,221
Reclassification	0	(4)	(159)	0	(13,121)	(13,284)
Depreciation	(10,373)	(40,777)	(4,300)	(3,642)	0	(59,092)
Total changes	(6,657)	(35,887)	(2,657)	(1,719)	10,205	(36,715)
Cost	557,121	1,987,534	271,033	326,044	217,603	3,359,335
Accumulated depreciation	(272,209)	(1,657,353)	(233,047)	(303,908)	0	(2,466,517)
Balance at 30.06.2021	284,912	330,181	37,986	22,136	217,603	892,818

Property, plant and equipment in the first half of 2021 decreased by a net €36,715 thousand, reflecting:

- depreciation for the period of €59,092 thousand (€63,077 thousand at 30 June 2020), of which €1,037 thousand regarding rights of use (€1,085 thousand at 30 June 2020);
- an increase in property, plant and equipment of €35,694 thousand, of which €12,368 thousand relating to investments that entered service during the period. These included: i) the program dedicated to the new Technical Operations Centre (TOC) model for managing the maintenance of air traffic control plant and systems, established in a special room of the Rome Area Control Centre Area (ACC), which will act as a national centre from which it will be possible to access all the main remote control systems necessary for the management and maintenance of ATM/CNS systems; ii) the upgrade of the weather forecasting offices and the implementation of a new weather database at the Rome ACC; iii) the completion of the technological upgrade of the operations room and LAN services of the Milan ACC; iv) the activation of two new frequencies at a number of remote sites of the Milan ACC; v) supply and installation services connected with the replacement of two SMR (Surface Movement Radar) sensors of the A-SMGCS airport surveillance system at Milan Linate airport; vi) the implementation of new features in the EAWOS airport weather system in compliance with the Regulation (EU) 2017/373 at various airport sites. Increases of €23,326 thousand refer to progress on assets under construction as part of investment projects, including: i) the 4-Flight programme, whose objective is to develop the entire Air Traffic Management (ATM) technology platform of the ACCs

based on SESAR operational concepts and taking the Coflight system as a basic component; ii) the program for moving approach radar control positions from the current dedicated rooms at major airports to the higher-level Area Control Centres; iii) the construction of the first Italian remote tower, enabling airport control using cameras from a Control Room with a 360° view, in place of a room located on a physical control tower; and iv) evolutionary maintenance of various systems;

- the decrease in property, plant and equipment due to reclassifications totalling €13,284 thousand mainly regards investment projects that were completed and entered service during the period, with classification to a specific account in the amount of €12,303 thousand, as well as €492 thousand for the reclassification of certain components of operating systems in inventories for replacement parts.

Note that part of the investments, with a historical cost of €278.6 million, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006 and 2007-2013 for initiatives at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/09 and projects financed at the European level. The capital grants for these investments are accounted for as other liabilities and reversed to profit or loss in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €4,481 thousand. With regard to property, plant and equipment, no internal or external evidence of impairment losses was found that would call for an assessment of the recoverability of the assets 30 June 2021.

8. Intangible assets

Intangible assets at 30 June 2021 amounted to €176,548 thousand, a net increase of €919 thousand on the end of 2020, as indicated in the following table:

<i>(thousands of euros)</i>	Industrial patent and intellectual property rights	Other intangible assets	Assets under development	Goodwill	Total
Cost	184,756	11,816	47,670	93,472	337,714
Accumulated amortisation	(158,607)	(3,478)	0	0	(162,085)
Balance at 31.12.2020	26,149	8,338	47,670	93,472	175,629
Increases	1,485	509	7,158	0	9,152
Disposals	0	0	0	0	0
Reclassifications	0	0	(1,505)	0	(1,505)
Impairment losses	0	0	0	0	0
Amortisation	(5,991)	(737)	0	0	(6,728)
Total changes	(4,506)	(228)	5,653	0	919
Cost	186,241	12,325	53,323	93,472	345,361
Accumulated amortisation	(164,598)	(4,215)	0	0	(168,813)
Balance at 30.06.2021	21,643	8,110	53,323	93,472	176,548

The change in the period is mainly attributable to the following developments:

- amortisation for the period amounting to €6,728 thousand (€6,516 thousand at 30 June 2020).
- increases in intangible assets in the total amount of €9,152 thousand, of which €1,994 thousand regard assets that came into service during the period, which mainly refer to software developments connected with the FPDAM and AIM Portal products and multi-year licenses for management and operating systems, as well as €7,158 thousand in respect of progress on projects for the implementation of the Group ERP system and the new company portal;
- decreases in intangible assets regard investment projects that were completed and entered service in the period, with classification to a specific account, amounting to €1,994 thousand net of amounts reclassified in this item from property, plant and equipment.

With regard to intangible assets and goodwill, no internal or external evidence of impairment losses was found that would call for an assessment of the recoverability of assets at 30 June 2021 in application of the provisions of IAS 36 *Impairment of Assets*. Accordingly, we can confirm the disclosures provided in the 2020 Annual Financial Report.

More specifically, the item totals €93,472 thousand and includes €66,486 thousand in respect of the positive difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets at fair value and is representative of future economic benefits. This value is entirely allocated to the Maintenance Services CGU, coinciding with the legal entity Techno Sky S.r.l.. It should be noted that, except for goodwill, no other intangible assets with an indefinite useful life have been allocated to the CGU in question.

The remainder of goodwill, equal to €26,986 thousand, reflects the positive difference between the acquisition value of the subsidiary IDS AirNav S.r.l. and its net assets at fair value, and is representative of

future economic benefits. This value, which was determined during the purchase price allocation process, is allocated entirely to the AIM Software Solutions CGU, coinciding with the legal entity IDS AirNav. For more on the impact of COVID-19 on the CGU, please see note 32 *Segment reporting*.

9. Investments in other entities

At 30 June 2021, investments in other entities amounted to €51,850 thousand, an increase of €1,728 thousand compared with 31 December 2020, associated entirely with the investment in Aireon LLC, which is accounted for at fair value with no recycling to profit or loss, which reflects the adjustment of the investment to fair value and translation at the period-end exchange rate. The carrying amount of the investment is therefore equal to €51.7 million and the Group holds a stake of 9.1%, which will rise to 11.1% following execution of the redemption clause, which will not give rise to costs for the Company.

At 30 June 2021, the Parent Company updated the estimate of the fair value of the investment using the following inputs: the Long Term Operating Plan ("LTOP"), presented at the Aireon Board of Directors meeting of 26 February 2021 and used for the valuation at 31 December 2020, official stock market prices and historical and forecast economic-financial data for the sector and the market price of government securities. Following the assessment, the fair value of the investment in Aireon LLC as at 30 June 2021 was estimated as equal to €51.7 million, corresponding to about \$61.4 million, an increase of \$0.1 million compared with 31 December 2020.

The valuation model used is based on the following assumptions: i) fair value, determined from an equity-side perspective, based on a model involving the discounting of the dividends drawn from the explicit period of the plan; ii) the terminal value of the investment was determined by assuming sustainable cash flows at a long-term nominal average growth rate (g-rate); iii) the discount rate used is a cost of capital (Ke) of 15.57%, calculated using the CAPM (Capital Asset Pricing Model) method. With a non-active market, the inputs used are consistent with Level 3 of the fair value hierarchy.

In order to verify the robustness of the estimate, a sensitivity analysis was conducted for the Ke and the growth rate g: maintaining a growth rate of 2% and assuming a Ke of 15.07% (a decrease of 0.5 percentage points), the value of the investment would increase by about \$3 million; maintaining the growth rate at 2% and assuming an increase of 0.5 percentage points in the Ke, bringing it to 16.07%, the value of the investment would decrease by about \$2.7 million.

10. Current and non-current financial assets

Current and non-current financial assets amounted to €9,064 thousand and €378 thousand, respectively, an overall net decrease of €756 thousand on 31 December 2020. The item breaks down as follows:

	30.06.2021			31.12.2020			Change		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Financial assets at amortised cost	9,048	0	9,048	9,851	0	9,851	(803)	0	(803)
Other financial assets	0	347	347	0	347	347	0	0	0
Derivative financial instruments	16	31	47	0	0	0	16	31	47
Total	9,064	378	9,442	9,851	347	10,198	(787)	31	(756)

(thousands of euros)

Current financial assets decreased by a net €787 thousand, including €803 thousand in partial collections on the receivable due from the company from which the business unit folded into Techno Sky was acquired. The receivable regarded advances on and payments of severance benefits to employees working in the business unit at that time. The receivable falls due on 28 December 2021 and is secured by a demand bank guarantee.

Financial assets also include the fair value of the financial instrument, which amounted to €47 thousand compared with a negative fair value at the end of 2020.

11. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities, as well as deferred tax assets offsettable, where permitted, against deferred tax liabilities, are reported below, with amounts impacting profit and loss and those impacting other comprehensive income (shareholders' equity) reported separately.

	31.12.2020 Deferred Tax		Increase/decrease through profit or loss Deferred Tax		Increase/decrease through OCI Deferred Tax			30.06.2021 Deferred Tax	
(thousands of euros)	Temporary differences	assets/liabi- ties	Temporary differences	assets/liabi- ties	Temporary differences	assets/liabi- ties	Exchange differences	Temporary differences	assets/liabi- ties
Deferred tax assets									
Taxed provisions	32,081	7,699	(830)	(199)	0	0	0	31,251	7,500
Write-down of inventories	9,081	2,179	174	42	0	0	0	9,255	2,221
Discounting of receivables	20,847	5,004	4,525	1,086	0	0	0	25,372	6,090
Tax effect of IFRS conversion	296	91	0	0	0	0	0	296	91
provision	4,341	1,061	0	0	(1,021)	(245)	0	3,320	816
Non-deductible portion of severance pay	89	22	0	0	0	0	0	89	22
Fair value of derivatives	62	15	0	0	(58)	(14)	0	4	1
Other	45,574	11,077	(398)	(116)	0	0	154	45,176	11,115
Total	112,371	27,148	3,471	813	(1,079)	(259)	154	114,763	27,856
Deferred tax liabilities									
Other	6,632	1,592	(191)	(46)	0	0	0	6,441	1,546
Discounting on debts	123	30	(9)	(2)	0	0	0	114	28
Tax effect of IFRS conversion	2,048	610	0	0	0	0	0	2,048	610
Fair value of investment	62	13	0	0	103	22	0	165	35
Fair value of derivatives	2,580	619	0	0	47	11	0	2,627	630
PPA	0	3,865	0	(361)	0	0	0	0	3,504
Total	11,445	6,729	(200)	(409)	150	33	0	11,395	6,353

The change in the first half of 2021 in deferred tax assets and deferred tax liabilities, which have a balance of €27,856 thousand and €6,353 thousand, respectively, is attributable to the following factors:

- the recognition of the deferred tax liabilities associated with the discounting of receivables and payables for balances recognised in the first half of 2021 and the reversal of the deferred tax liabilities for receivables and payables accruing in the period;
- the recognition of employee severance pay in accordance with the actuarial method, which produced an actuarial gain recognised in other comprehensive income;
- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 13 and 19;
- the recognition and reversal through profit or loss of the elimination of margins intercompany transactions;
- the reversal of deferred tax liabilities connected with the purchase price allocation of the subsidiary IDS AirNav.

The Group has determined that it is reasonably certain that the deferred tax assets recognised on the basis of future taxable income inferable in the business plan can be recovered.

12. Current and non-current tax receivables

Non-current tax receivables amounted to €18,375 thousand, a decrease of €5,482 thousand on 31 December 2020, reflecting the partial collection of the receivable for the excess IRES paid by the Group in 2007-2011, including accrued interest of €877 thousand.

Current tax receivables amounted to €12,393 thousand and include the receivables shown in the following table.

	30.06.2021	31.12.2020	Change
Receivables from tax authorities for VAT	5,514	5,559	(45)
IRES receivable	5,433	6,896	(1,463)
IRAP receivable	1,157	692	465
Other current tax receivables	289	190	99
Total	12,393	13,337	(944)

(thousands of euros)

The decrease of €944 thousand in tax receivables mainly regards the decrease in the IRES receivable as a result of the recognition of taxes for the period, which was partly offset the receivable recognised at the end of 2020.

13. Current and non-current trade receivables

Current trade receivables amounted to €151,826 thousand and non-current trade receivables amounted to €582,610 thousand, changing during the first half of 2021 compared with the end of 2020 as follows:

	30.06.2021	31.12.2020	Change
Current trade receivables			
Receivables from Eurocontrol	94,074	94,708	(634)
Receivables from the Ministry for the Economy and Finance	5,606	10,243	(4,637)
Receivables from the Ministry of Sustainable Infrastructure and Mobility	45,000	30,000	15,000
Receivables from others	36,157	31,526	4,631
Receivables for balances	4,201	2,559	1,642
	185,038	169,036	16,002
Provision for doubtful accounts	(33,212)	(32,454)	(758)
Total	151,826	136,582	15,244
Non-current trade receivables			
Receivables from customers	0	741	(741)
Receivables for balances	582,610	385,230	197,380
Total	582,610	385,971	196,639

(thousands of euros)

Receivables from Eurocontrol refer to amounts in respect of en-route and terminal revenues not yet received as of 30 June 2021, the majority of which have not yet fallen due, equal to €61,781 thousand

(€65,748 thousand at 31 December 2020) and €32,293 thousand (€28,960 thousand at 31 December 2020), respectively, gross of the provision for doubtful accounts. The overall decrease of €634 thousand is mainly attributable to the collection of receivables for flights for March and April 2020 that had been deferred by the member states of Eurocontrol for airlines, which occurred in February and May 2021. Net of the amount directly attributable to the provision for doubtful accounts, receivables from Eurocontrol amounted to €71,655 thousand (€73,117 thousand at 31 December 2020).

Receivables from the Ministry for the Economy and Finance (MEF) of €5,606 thousand are entirely accounted for by the en-route and terminal exemptions recognised in the first half of 2021. The receivable at 31 December 2020 of €10,243 thousand was offset, after approval of the 2020 financial statements, with the payable to the Italian Air Force for the collections in respect of the en-route charges of €26,465 thousand, which left a payable of €16,223 thousand due to the MEF recognised under other liabilities.

Receivables from the Ministry of Sustainable Infrastructure and Mobility include the operating grant intended to cover the costs incurred by the Parent Company to guarantee the safety of its plant and operational safety, as provided for by Article 11-septies of Law 248/05, in the amount of €30 million, increased by €15 million in the first half of 2021 by the amount accruing for the period.

Receivables from others amounted to €36,157 thousand, an increase of €4,631 thousand on 31 December 2020, mainly in respect of the receivables in respect of new international orders carried out during the period. Receivables from customers classified as non-current trade receivables fell to zero in the period owing to the reclassification under current receivables of the fourth and final annual instalment of the receivable in respect of Alma Mater Studiorum recognised following the disposal of the Academy building complex, which is to be paid in four annual instalments of €750 thousand on 28 June each year. To guarantee the deferred payment, Alma Mater Studiorum - University of Bologna granted a voluntary first mortgage of the same duration as the payment extension on the properties involved in the sale in the amount of €3 million.

The **provision for doubtful accounts** amounted to €33,212 thousand with changes in the first half of 2021 breaking down as follows:

(thousands of euros)	31.12.2020	Increases	Decreases		30.06.2021
			reversals	cancellations	
Provision for doubtful accounts	32,454	2,361	(1,244)	(359)	33,212

The increase in the period in the provision for doubtful accounts reflected both positions written off following the bankruptcy of a number of air carriers and the effects of the updating of the valuation model used to assess the recoverability of receivables in line with the procedure adopted for the 2020 financial statements. The decreases include €1,244 thousand in respect of collections on both en-route and

terminal positions in respect of other customers written down in previous years, while the remainder regarded the write-off of positions that are no longer considered recoverable.

Receivables for balances, which pertain to the Parent Company in their entirety, amounted to €586,811 thousand net of discounting (€387,789 thousand at 31 December 2020), a net increase of €199,022 thousand attributable to the recognition of positive en-route and terminal balances at 30 June 2021. The balances were recognised in accordance with Regulation (EU) 2020/1627, which in response to the COVID-19 emergency introduced a number of rules that partially derogate from the provisions of Regulation (EU) 2019/317 governing the performance and charging scheme, and Decision 2021/891, which defined the efficiency targets for period covered by the performance plan, setting a DUC rate target for 2020-2021 equal to +120.1% compared with the DUC 2019 rate. Based on this criterion, en-route rates generated a credit balance of €152.3 million. This criterion was also extended to the overall determination of the terminal balance for the first and second charging zones, which were equally affected by the health crisis, producing an overall balance of €24.3 million. The balance for the third charging zone amounts to €30.9 million. Considering the fact that under the provisions of the Regulation these balances have to be deferred over a five-year period – which can be extended to seven years - starting from 2023, they have been discounted over that time period, producing an overall negative value of €7 million.

14. Inventories

Inventories, which are mainly represented by spare parts, amounted to €61,698 thousand net of provisions for doubtful accounts. Changes during the period break down as follows:

<i>(thousands of euros)</i>	31.12.2020	Increases	Decreases	30.06.2021
Bonded inventory	65,208	1,426	(1,260)	65,374
Direct inventory	5,435	368	(223)	5,580
	70,643	1,794	(1,483)	70,954
Provision for inventory losses	(9,082)	(174)		(9,256)
Total	61,561	1,620	(1,483)	61,698

The increase of €1,620 thousand, net of the inventory loss provision, mainly reflects bonded inventory for the purchase of spare parts for operating systems used for air navigation. Part of the increase, equal to €492 thousand, was attributable to parts of systems classified to inventories from property, plant and equipment. The decrease of €1,483 thousand reflected the use of spare parts in operating systems.

15. Other current and non-current assets

Other current assets amounted to €78,301 thousand and other non-current assets totalled €7,781 thousand. The item breaks down as follows:

	30.06.2021	31.12.2020	Change
Other current receivables			
Receivables from government entities for capital grants	34,351	35,239	(888)
Receivables from personnel	3,299	3,291	8
Receivables from various entities for projects funded	24,289	12,139	12,150
Prepaid expenses	15,730	1,446	14,284
Other receivables	3,318	2,819	499
	80,987	54,934	26,053
Provision for doubtful accounts	(2,686)	(2,700)	14
Total	78,301	52,234	26,067
Other non-current receivables			
Receivables from government entities for capital grants	7,779	7,752	27
Other receivables	2	13	(11)
Total	7,781	7,765	16

(thousands of euros)

Receivables from government entities for capital grants in the first half of 2021 decreased by €861 thousand compared with 31 December 2020, mainly due to the collection of grants under the deconflicting tool project of the Brindisi Area Control Centre.

Receivables from sundry entities for projects funded increased by a net €12,150 thousand compared with 31 December 2020, mainly reflecting the recognition of receivables following the final reporting accounts presented in June for projects funded under the Connecting Europe Facility (CEF) 2014, 2016 and 2017 calls in the total amount of €12.2 million.

Prepaid expenses increased by €14,284 thousand compared with 31 December 2020, reflecting the recognition of personnel expenses accruing in subsequently months, mainly the 14th month salary payment to employees in June, with the portion not pertaining to the period deferred.

16. Cash and cash equivalents

	30.06.2021	31.12.2020	Change
Bank and post office deposits	140,760	315,994	(175,234)
Cash and cash equivalents on hand	37	50	(13)
Total	140,797	316,044	(175,247)

(thousands of euros)

Cash and cash equivalents totalled €140,797 thousand, a net decrease of €175,247 thousand that mainly reflected developments in receipts and payments connected with ordinary operations, which produced a negative cash flow owing to the reduction in receipts from core business operations as a result of the effects of the COVID-19 pandemic. Other factors included the repayment of loan principal of €31.8 million and the payment to ENAC of its share of terminal receipts in the amount of €5.1 million, only partly offset

by the receipt of financing in respect of NOP and European Commission projects in the total amount of €6.1 million as well as the collection of tax receivables in the amount of €6.4 million.

Cash and cash equivalents are not restricted by encumbrances limiting their availability.

17. Assets held for sale and associated liabilities

The value of assets and liabilities held for sale decreased to zero in the period following the definitive closure of the Sicta Consortium in liquidation approved by the Shareholders Meeting of 25 February 2021 and the definitive liquidation of ENAV España Control Aereo S.L.U. on 1 March 2021.

18. Shareholders' equity

Shareholders' equity at 30 June 2021 amounted to €1,102,082 thousand and breaks down as follows.

	30.06.2021	31.12.2020	Change
Share capital	541,744	541,744	0
Legal reserve	39,571	37,404	2,167
Other reserves	441,375	441,885	(510)
Translation reserve	3,541	1,767	1,774
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(10,779)	(11,555)	776
Cash flow hedge reserve	1,993	1,913	80
Reserve for treasury shares	(2,150)	(3,200)	1,050
Retained earnings/(loss carryforward)	71,838	19,763	52,075
Profit (loss) for the period	13,667	54,284	(40,617)
Total shareholders' equity pertaining to shareholders of the Parent Company	1,100,073	1,083,278	16,795
Share capital and reserves pertaining to non-controlling interests	2,189	2,500	(311)
Profit/(loss) pertaining to non-controlling interests	(180)	(311)	131
Total shareholders' equity pertaining to non-controlling interests	2,009	2,189	(180)
Total shareholders' equity	1,102,082	1,085,467	16,615

(thousands of euros)

On 28 May 2021, the Ordinary Shareholders' Meeting called, inter alia, to approve the financial statements at 31 December 2020 resolved to allocate profit for the period in the amount of €2,167 to the legal reserve, pursuant to the provisions of Article 2430, first paragraph, of the Civil Code, and to retain the remainder.

At 30 June 2021, share capital consisted of 541,744,385 ordinary shares with no par value.

Among reserves, the treasury share reserve decreased by €1,050 thousand following the award to the beneficiaries of the second vesting period of the 2017-2019 Performance Plan.

Retained earnings/(loss carryforward) reflects results for previous years of the companies included in the scope of consolidation and adjustments made at the consolidated level. The increase for the period reflects retained 2020 earnings.

19. Provisions for risks and charges

Provisions for risks and charges amounted to €2,454 thousand, of which the portion classified in current liabilities totalled €1,451 thousand, and changed as follows during the period:

<i>(thousands of euros)</i>	31.12.2020	Increases	To profit or loss	Uses	30.06.2021
Provisions for disputes with personnel	1,530	0	(658)	(229)	643
Provisions for other pending litigation	50	0	0	0	50
Other risk provisions	883	0	0	0	883
Provisions for other charges	878	0	0	0	878
Total provisions for risks and charges	3,341	0	(658)	(229)	2,454

Provisions for disputes with personnel, the short-term portion of which amounted to €543 thousand, decreased by €887 thousand in the period, reflecting the positive closure of disputes and the update of the estimated value of liabilities identified as probable. At 30 June 2021, the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be *possible* was €0.9 million.

20. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €47,281 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.

Developments in the liability for severance pay and other employee benefits during the period break down as follows:

	30.06.2021	31.12.2020
Liabilities for employee benefits at the beginning of the period	49,943	52,509
Interest cost	91	385
Actuarial (gains)/losses on defined benefits	(1,021)	454
Advances, benefit payments and other variations	(1,732)	(3,405)
Liabilities for employee benefits at the end of the period	47,281	49,943

(thousands of euros)

The interest cost component of the provision, equal to €91 thousand, was recognised under financial

expenses. The utilisation of €1,732 thousand of the severance pay provision reflected benefits paid out to personnel leaving the Group during the period and advances disbursed to personnel who so requested. The difference between the expected value of provision at the end of observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). At 30 June 2021 this calculation generated actuarial gains of €1,021 thousand.

The main actuarial assumptions applied in the calculation of severance pay are summarised below:

	30.06.2021	31.12.2020
Discount rate	0.79%	0.34%
Inflation rate	0.80%	0.80%
Rate of annual increase in severance pay	2.10%	2.10%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.50%	2.50%

The discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, using the IBoxx Corporate AA Index with a duration of 10+ observed at the measurement date and commensurate with the average length of future service of the personnel involved. To that end the yield with a duration comparable to the duration of the personnel involved was selected.

21. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) payables to credit institutions for medium/long-term loans with the short-term portion reported under current financial liabilities inclusive of interest expenses recognised on an accrual basis; ii) the bond issued by the Parent Company on 4 August 2015, with interest expenses accrued for the first half of 2021 included under current liabilities; and iii) lease liabilities recognised following application of IFRS 16.

The values at 30 June 2021 compared with those at 31 December 2020 and the associated changes are shown below:

	30.06.2021			31.12.2020			Change		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Bank loans	63,989	268,168	332,157	63,938	300,048	363,986	51	(31,880)	(31,829)
Bond	3,141	180,000	183,141	1,418	180,000	181,418	1,723	0	1,723
Lease liabilities under IFRS 16	1,966	4,221	6,187	2,135	5,069	7,204	(169)	(848)	(1,017)
Derivative financial instruments	0	0	0	25	33	58	(25)	(33)	(58)
Total	69,096	452,389	521,485	67,516	485,150	552,666	1,580	(32,761)	(31,181)

(thousands of euros)

The following table provides a breakdown of net financial debt at 30 June 2021 compared with 31 December 2020, reported in accordance with warning notice no. 5/21 of 29 April 2021 issued by Consob, which refers to the Guidelines on disclosure requirements under the Prospectus Regulation issued by ESMA and in force since 5 May 2021. Accordingly, the Group has adopted the following schedule for reporting the aggregate.

	30.06.2021		31.12.2020	
		of which with related parties		of which with related parties
(A) Cash	140,797	225	316,044	225
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	140,797	225	316,044	225
(E) Current financial receivables	0	0	0	0
(F) Current financial debt	0	0	0	0
(G) Current portion of non-current debt	(67,130)	0	(65,356)	0
(H) Other current financial debt	(1,966)	0	(2,135)	0
(I) Current financial debt (F)+(G)+(H)	(69,096)	0	(67,491)	0
(J) Net current financial debt/Liquidity (D)+(E)+(I)	71,701	225	248,553	225
(K) Non-current bank loans	(268,168)	0	(300,048)	0
(L) Bonds issued	(180,000)	0	(180,000)	0
(M) Other non-current debt	(4,221)	0	(5,069)	0
(N) Trade payables and other non-current liabilities	(8,995)	0	(8,506)	0
(O) Non-current financial debt (K)+(L)+(M) + (N)	(461,384)	0	(493,623)	0
(P) CONSOB Net financial debt (J)+(O)	(389,683)	225	(245,070)	225
(Q) Current and non-current derivatives	47	0	(58)	0
(R) Non-current financial receivables	0	0	0	0
(S) ENAV Group net financial debt (P)+(Q)+(R)	(389,636)	225	(245,128)	225

(thousands of euros)

The composition of the net financial position will be updated on the basis of any further guidelines that may be issued.

Bank loans at 30 June 2021 decreased by a net €31,829 thousand following the repayment of loans and the effects associated with amortised cost measurement.

Specifically, repayments involved the following loans: i) the loan from the EIB with an original value of €80 million, in the amount of €2,677 thousand, with the final payment falling due on 12 December 2032; ii) the EIB with an original value of €100 million, in the amount of €4,150 thousand, with the final payment falling due on 19 December 2029; iii) the loan from Intesa San Paolo with an original value of €100 million,

in the amount of €16,667 thousand, with the final payment falling due on 30 October 2023; and iv) the loan from Mediobanca with an original value of €50 million, in the amount of €8,333 thousand, with the final payment falling due on 28 October 2023.

The instalments of loans falling due by the end of the first half of 2022 in line with the repayment plans are recognised under current liabilities in the total amount of €63,989 thousand, which includes the effect of amortised cost measurement.

At 30 June 2021, the Group had unused short-term credit lines totalling €292 million, including committed lines of €150 million and uncommitted lines of €142 million.

The average annual interest rate on bank loans in the reference period was 1.17%.

Lease liabilities under IFRS 16 include a total of €6,187 thousand in financial liabilities in respect of rights of use recognised in application of the new standard and consistent with contractual due dates. During the first half of 2021, that liability decreased by €1,017 thousand, mainly as a consequence of payments made net of new liabilities recognised.

On 4 August 2015, the Parent Company issued a bond with a nominal value of €180 million, which is listed on the Luxembourg Stock Exchange's regulated market and has a maturity of seven years, with full repayment at maturity (4 August 2022). The bond issue provides for the payment in arrears of an annual fixed-rate coupon of 1.93% of the nominal value. The interest accrued for the period amounted to €1,723 thousand and was classified under current liabilities, bringing the entire liability for interest to €3,141 thousand.

In relation to the disclosure required under IFRS 7, the fair value of the bond, understood as the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date of 30 June 2021, was estimated at €187.2 million.

With regard to other financing transactions, the fair value of bank loans at 30 June 2021 is estimated at €331.6 million. The estimate was made considering a free risk curve of market rates, plus a spread equal to the BTP/Bund differential to incorporate the credit risk component.

22. Current and non-current trade payables

Trade payables amounted to €145,420 at 30 June 2021, a net decrease of €4,392 thousand on 31 December 2020, reflecting the changes in the items reported in the following table:

	30.06.2021	31.12.2020	Change
Current trade payables			
Payables to suppliers	112,350	101,389	10,961
Payables for advances received for projects with EU financing	4,353	3,110	1,243
Payables for balances	28,717	45,313	(16,596)
Total	145,420	149,812	(4,392)
Non-current trade payables			
Payables to suppliers	304	210	94
Payables for balances	8,691	8,296	395
Total	8,995	8,506	489

(thousands of euros)

Payables to suppliers of goods and services necessary for the Group's operations increased by €10,961 thousand compared with 31 December 2020, reflecting progress on orders and deferrals of payments to suppliers.

Payables for balances amounted to €37,408 thousand, of which the part classified under current payables came to €28,717 thousand and corresponds to the amount that will be charged to profit or loss in 2022 in accordance with developments in rates. The overall net decrease of €16,201 thousand in payables for balances at 30 June 2021 compared with 31 December 2020 is attributable to the increase in the amount recognised in profit or loss in respect of the amount accruing for the period and in accordance with the amount recognised in unit rates in 2021 in the amount of €20,880 thousand, compared with negative balances recognised in the period and classified under non-current payables in the amount of €4,570 thousand.

23. Other current and non-current liabilities

Other current and non-current liabilities showed an overall net increase of €18,343 thousand compared with 31 December 2020, as a result of the changes in the items reported in the following table:

	30.06.2021			31.12.2020			Change		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Payments on account	18,211	0	18,211	38,414	0	38,414	(20,203)	0	(20,203)
Other payables	124,886	0	124,886	91,925	0	91,925	32,961	0	32,961
Deferred income	8,056	177,378	185,434	8,445	171,404	179,849	(389)	5,974	5,585
Total	151,153	177,378	328,531	138,784	171,404	310,188	12,369	5,974	18,343

(thousands of euros)

Payments on account amounted to €18,211 thousand and include €15,387 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in the first half of 2021 for en-route and terminal services and €2,824 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning those services. The net decrease for the first half of

2021 reflects the following events: i) offsetting of Italian Air Force (IAF) payments on account for en-route services registered at 31 December 2020 in the amount of €26,465 thousand against the receivable due from the Ministry for the Economy and Finance (MEF) of €10,242 thousand, with the associated liability to the MEF recognised in the amount of €16,223 thousand under other payables in other current liabilities; ii) payment to ENAC of the receipts pertaining to it for terminal services in an amount of €5,120 thousand; and iii) recognition of the amounts accrued in the period pertaining to the IAF and ENAC for a total of €11,383 thousand.

Other payables amounted to €124,886 thousand, a net increase of €32,961 thousand compared with 31 December 2020. This mainly reflected: i) the recognition of the payable to the MEF in the amount of €16,223 thousand following the developments noted earlier; ii) the recognition of an increase in payables to personnel, amounting to €28,822 thousand (€16,605 thousand at 31 December 2020), in respect of provisions for the period and the increase in the liability for holiday entitlement accrued and not taken by Group personnel; and iii) an increase of €2 million in liabilities in respect of supplementary pension schemes owing to the increase in the calculation base, which includes the 14th month salary payment.

Deferred income mainly refers to deferred grants on investment projects financed under the NOP Infrastructure and Networks for the period 2000-2006, 2007-2013 and 2014-2020 regarding specific investments made in southern airports, capital grants for investments at military airports in accordance with the provisions of Law 102/09, and other investment grants, mainly referring to European funding obtained under TEN-T and the CEF programme. The net increase of €5,585 thousand for the period mainly regards the recognition of investment projects funded under the CEF program following the reporting of the accounts in the first half of 2021.

24. Tax and social security payables

Tax and social security payables amounted to €49,694 thousand and break down as shown in the following table.

	30.06.2021	31.12.2020	Change
Tax payables	21,224	10,522	10,702
Social security payables	28,470	14,233	14,237
Total	49,694	24,755	24,939

(thousands of euros)

Tax payables showed a net increase of €10,702 thousand, mainly reflecting an increase in IRPEF withholdings paid in July in respect of the payment of the 14th month salary payment in June to personnel.



Social security payables rose by €14,237 thousand, attributable to the increase in charges connected with the additional remuneration paid in June and the part connected with provisions for personnel recognised on an accruals basis.

Notes to the consolidated interim income statement

25. Revenues from contracts with customers

Revenues from contracts with customers, represented by revenues from operating activities and the balance adjustment component, totalled €355,075 thousand, broadly in line with the same period of the previous year, still reflecting the effects of the COVID-19 health emergency under way since March 2020, with revenues from the core business contracting by 16.7% compared with the first half of 2020, which had benefitted from the strong performance of air traffic in the first two months of the year. Revenues for the period were positively impacted by revenues from the non-regulated market, which recorded an increase of 28.2%, and the balance component, which was recognised in accordance with the new European Regulation 2020/1627 and Decision 2021/891 of the European Commission and rose by 11.1% both for the component recognised in the period and for the n-2 balance component, which is the portion of balances recognised in previous years and incorporated in unit rates in 2021, which showed an increase of €13,480 thousand.

The following tables provide a breakdown of the individual items that make up the revenues from contracts with customers in addition to a breakdown of those revenues by nature and type of activity in accordance with the requirements of IFRS 15.

	1st Half 2021	1st Half 2020	Change	%
En-route revenues	86,138	110,024	(23,886)	-21.7%
Terminal revenues	35,563	37,796	(2,233)	-5.9%
En-route and terminal exemptions	5,607	4,924	683	13.9%
Revenues from non-regulated market	15,045	11,738	3,307	28.2%
Total revenues from operations	142,353	164,482	(22,129)	-13.5%
Balances	212,722	191,432	21,290	11.1%
Total revenues from contracts with customers	355,075	355,914	(839)	-0.2%

(thousands of euros)

En-route revenues

En-route revenues amounted to €86,138 thousand, a decrease of 21.7% on the same period of 2020, reflecting a decrease in service units generated during the period of 17.6% (-59.1% first half of 2020 over first half of 2019), which reflected a partial recovery thanks to the gains in service units registered since April 2021, although performance is still below the pre-emergency level. The unit rate applied in 2021 decreased by 5.06% (€62.68 in 2021 compared with €66.02 in 2020). The reduction net of balances amounted to 0.89%.

Considering en-route revenues including the exempt flights component, which increased by 9.4% compared with the first half of 2020 as a result of activities to support the response to the health emergency, and the adjustment component for balances, which includes the portion recognised in the

period including the effect of discounting, the portion recognised in previous years and included in unit rates in 2021 and, consequently, profit or loss for the same period, and the change in Eurocontrol costs, en-route revenues totalled €245,057 thousand, a decrease of 2.8%, as shown below:

	1st Half 2021	1st Half 2020	Change	%
En-route revenues	86,138	110,024	(23,886)	-21.7%
En-route exemptions	4,120	3,766	354	9.4%
<i>Subtotal en-route revenues</i>	<i>90,258</i>	<i>113,790</i>	<i>(23,532)</i>	<i>-20.7%</i>
En-route balances for the period	152,258	147,429	4,829	3.3%
Discounting of balances for the period	(5,149)	(9,413)	4,264	-45.3%
Change in balances	(4,570)	0	(4,570)	n.a.
Use of en-route balances n-2	12,260	283	11,977	n.a.
<i>Subtotal balances</i>	<i>154,799</i>	<i>138,299</i>	<i>16,500</i>	<i>11.9%</i>
Total revenues from en-route operations net of balances	245,057	252,089	(7,032)	-2.8%

(thousands of euros)

The en-route balance had a positive impact totalling €152,258 thousand, an increase of €4,829 thousand compared with the first half of 2020, recognised in conformity with the provision of Decision (EU) 2021/891. In the year-earlier period, considering the fact that the European Commission had not yet published the efficiency target required of service providers, the balance was calculated in accordance with rules proposed at that date by the Commission, which enabled partial recovery of the decrease in revenues caused by the spread of the COVID-19 pandemic with the coverage of determined costs for 2019 reduced by an efficiency gain percentage.

The balances were discounted over a period consistent with the EU regulation, which provides for recovery in rates over five years starting from 2023, generating a negative impact on profit or loss of €5,149 thousand. The change in the balance is connected with the adjustment of Eurocontrol costs for 2020, which had a negative effect of €4,570 thousand.

Terminal revenues

Terminal revenues amounted to €35,563 thousand, a decrease of 5.9% compared with the same period of the previous year, due to the decrease in service units posted by the individual airports, divided by charging zones, which came to 21.1% overall (-60.7% in the first half of 2020 over first half of 2019), and to the reduction in unit rates applied in all three charging zones.

In particular, Charging Zone 1, represented by Rome Fiumicino airport, posted a decrease in assisted air traffic, expressed in service units, of 44.4% (-61.9% first half of 2020 over first half of 2019). This factor was compounded by a decrease of 1.66% in the terminal unit rate applied in 2021, which amounted to €164.55 compared with €167.33 in 2020.

Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tesserà and Bergamo Orio al Serio registered a decrease in assisted air traffic, expressed in service units, of 16.8% compared with the first half of 2020 (-57.4% first half of 2020 over first half of 2019), with a recovery in air traffic, mainly on domestic routes as from April 2021 compared with the year-earlier period. The terminal unit rate for 2021 is €160.86, a decrease of 4.0% on that applied in 2020 (€167.56).

Charging Zone 3, which comprises 40 medium- and low-traffic airports recorded a decrease in assisted air traffic, expressed in service units, of 11.7% (-62.8% first half of 2020 over first half of 2019), with growth as from April compared with the year-earlier period, which had been impacted by the closure of a number of airports. This positive effect was boosted by an increase in the terminal unit rate in 2021 to €395.35 (up 32.36% on the rate applied in 2020 (€298.93)).

Considering terminal revenues together with revenues for exempt flights, which increased by €329 thousand on the corresponding period of the previous year and the adjustment component for balances, which includes the portion recognised in the period and the associated discounting effect and the portion recognised in previous years and included in unit rates in 2021 and, consequently, profit or loss, terminal revenues totalled €94,973 thousand, up 3.1% on the first half of 2020, as shown below:

	1st Half 2021	1st Half 2020	Change	%
Terminal revenues	35,563	37,796	(2,233)	-5.9%
Terminal exemptions	1,487	1,158	329	28.4%
<i>Subtotal</i>	<i>37,050</i>	<i>38,954</i>	<i>(1,904)</i>	<i>-4.9%</i>
Terminal balances for the period	55,222	52,984	2,238	4.2%
Discounting of balances for the period	(1,887)	(3,383)	1,496	-44.2%
Change in balances	(448)	0	(448)	n.a.
Use of terminal balances n-2	5,036	3,532	1,504	42.6%
<i>Subtotal</i>	<i>57,923</i>	<i>53,133</i>	<i>4,790</i>	<i>9.0%</i>
Total revenues from terminal operations net of balances	94,973	92,087	2,886	3.1%

(thousands of euros)

Terminal balances amounted to a positive €57,923 thousand, up €4,790 thousand on the first half of 2020. Terminal balances for Charging Zone 1 and Charging Zone 2 were also calculated using the same rules adopted for en-route balances, while a cost recovery approach was adopted for Charging Zone 3, generating a total balance of €55,222 thousand. The value of balances for the period reflects the recognition in profit or loss (and thus incorporation in unit rates for 2021) of balances recognised in previous years in the positive amount of €5,036 thousand as well as the interest component connected with the timing of the recovery of the balance, which will be collected through unit rates applied over a five-year period beginning in 2023.

Revenues from the non-regulated market amounted to €15,045 thousand, an increase of €3,307 thousand on the same period of the previous year, mainly reflecting revenues generated by the subsidiary IDS

AirNav. Other factors included a contract brokered by a Spanish distributor for the transition of the Colombian service provider from the traditional AIS system to the AIM (Aeronautical Information Management) system, the services rendered for the new airport in Zambia regarding the AMHS (Aeronautical Message Handling) system and the new dynamic AIM platform, the sale of licenses to the Russian service provider for the supply of a digital platform for the design of the airspace and related procedures and the sale of licenses to the Brazilian service provider for the modernisation of AIM systems. The following table provides a breakdown of non-regulated market revenues by type of activity.

	1st Half 2021	1st Half 2020	Change	%
Revenues from non-regulated market				
Sale of licences and provision of services	10,584	6,629	3,955	59.7%
Flight inspection	337	676	(339)	-50.1%
Aeronautical consulting	1,118	1,813	(695)	-38.3%
Technical and engineering services	1,960	1,571	389	24.8%
Services for unmanned aerial vehicles	288	319	(31)	-9.7%
Training	44	2	42	n.a.
Other revenues	714	728	(14)	-1.9%
Total revenues from non-regulated market	15,045	11,738	3,307	28.2%

(thousands of euros)

26. Other operating income

Other operating income amounted to €24,399 thousand, an increase of 16.5% on the first half of 2020, mainly reflecting an increase in revenue from European financing following the reporting of the accounts for project under the Connecting Europe Facility (CEF) calls 2014, 2016 and 2017. The balance of the item primarily regards: i) the portion of capital grants recognised in profit or loss in an amount equal to the depreciation charges on the assets to which the grant, equal to €4,481 thousand; and ii) operating grants of €15 million in respect of the amount paid to the Parent Company under Article 11-*septies* of Law 248/05 (pro-rated for the period) to offset the costs incurred to guarantee the safety of its plant and operational safety.

	1st Half 2021	1st Half 2020	Change	%
Plant grants	4,481	4,364	117	2.7%
Operating grants	15,641	15,214	427	2.8%
European financing	3,536	413	3,123	n.a.
Other revenue	741	950	(209)	-22.0%
Total other revenue	24,399	20,941	3,458	16.5%

(thousands of euros)

The following table provides a breakdown of revenues for first half of 2021 and the same period of 2020 by geographical area.

Revenues	1st Half 2021	% sui ricavi	1st Half 2020	% of revenues
Italy	366,569	96.6%	367,338	97.5%
EU	3,625	1.0%	3,289	0.9%
Non-EU	9,280	2.4%	6,228	1.7%
Total revenues	379,474		376,855	

(thousands of euros)

27. Costs for goods, services, leases and rentals and other operating expenses

Costs for goods, services, leases and rentals and other operating expenses totalled €63,474 thousand, a net increase of 1.6% on the same period of 2020.

	1st Half 2021	1st Half 2020	Change	%
Costs for the purchase of goods	3,529	3,245	284	8.8%
Costs for services:				
Maintenance costs	10,171	8,834	1,337	15.1%
Costs for Eurocontrol fees	17,679	19,158	(1,479)	-7.7%
Costs for utilities and telecommunications	12,225	12,105	120	1.0%
Costs for insurance	1,569	1,588	(19)	-1.2%
Cleaning and security	2,415	2,577	(162)	-6.3%
Other personnel-related costs	4,183	3,294	889	27.0%
Professional services	5,111	5,022	89	1.8%
Other costs for services	4,383	3,738	645	17.3%
Total costs for services	57,736	56,316	1,420	2.5%
Costs for leases and rentals	816	1,075	(259)	-24.1%
Other operating expenses	1,393	1,837	(444)	-24.2%
Total costs for services	63,474	62,473	1,001	1.6%

(thousands of euros)

Costs for the purchase of goods increased by a net 8.8%, reflecting the net impact of a decrease in purchases of spare parts, as greater use was made of spare part inventories, and an increase in materials for the restructuring and modernisation of domestic and international airport facilities.

Costs for services posted a net increase of 2.5% in the period, reflecting an upturn in activities compared with the year-earlier period, including: i) costs for maintenance linked in part to the greater activities carried out on international contracts; ii) costs for utilities and telecommunications, reflecting an increase in electricity costs compared with the first half of 2020, which had experienced the closure of a number of airports; and iii) other personnel costs due to the resumption of operations and greater employee travel. These increases were partly offset by lower costs for Eurocontrol fees and for cleaning, which in the year-earlier period had included a larger volume of sanitisation work in response to the health emergency.

Other operating expenses decreased by a net €444 thousand on the first half of 2020, reflecting an increase in costs connected with Law 81/08 concerning environmental surveys. In the year-earlier period,

the item had included donations to the Lazzaro Spallanzani National Institute for Infectious Diseases and the Civil Protection Department in the fight against COVID-19 in the total amount of €300 thousand.

28. Personnel costs

Personnel costs amounted to €247,351 thousand, a net increase of 5.2%, on the first half of 2020, concentrated mainly in the variable portion of remuneration.

	1st Half 2021	1st Half 2020	Change	%
Wages and salaries, of which:				
Fixed remuneration	143,334	143,467	(133)	-0.1%
Variable remuneration	30,226	21,489	8,737	40.7%
Total wages and salaries	173,560	164,956	8,604	5.2%
Social security contributions	57,522	55,051	2,471	4.5%
Employee severance pay	11,627	11,443	184	1.6%
Other costs	4,642	3,785	857	22.6%
Total personnel costs	247,351	235,235	12,116	5.2%

(thousands of euros)

Fixed remuneration decreased by €133 thousand in reflection of developments in the Group workforce, which decreased by 27 in effective terms and 22 on average compared with the corresponding period of the previous year. The workforce at the end of the first half of 2021 numbered 4,203 in effective terms and 4,213 on average for the period.

Variable remuneration increased by a net 40.7%, mainly reflecting an increase in the number of days of holiday entitlement accrued but not used by Group employees and the cost items connected with operating personnel returning to normal working conditions from the reduced level implemented in the same period of 2020 in order to manage the recovery in air traffic during the period.

Other personnel costs amounted to €4,642 thousand, an increase of 22.6% compared with the first half of 2020, reflecting an increase in termination incentives granted to outgoing personnel in the period, which involved 29 employees.

The following table provides a breakdown of Group's workforce by professional category:

	1st Half 2021	1st Half 2020	Change
Executives	48	56	(8)
Middle managers	418	417	1
Office staff	3,737	3,757	(20)
Workforce at period end	4,203	4,230	(27)
Average workforce	4,213	4,235	(22)

29. Capitalised costs

Capitalised costs amounted to €12,446 thousand, a decrease of €793 thousand on the same period of 2019, reflecting a decrease in the hours spent by personnel employed in investment projects, which partially offset an increase in internal work on investment projects by the subsidiary Techno Sky.

30. Financial income and expenses

Net financial income totalled €1,494 thousand, reflecting financial income of €4,652 thousand, financial expenses of €3,284 thousand and foreign exchange gains of €126 thousand.

The following table provides a breakdown of financial income:

	1st Half 2021	1st Half 2020	Change	%
Income from investments in other entities	667	417	250	60.0%
Financial income from discounting of non-current receivables	2,535	46	2,489	n.a.
Financial income from current and non-current financial assets	0	87	(87)	-100.0%
Other interest income	1,450	480	970	n.a.
Total financial income	4,652	1,030	3,622	n.a.

(thousands of euros)

The increase of €3,622 thousand in financial income mainly reflects the interest financial of discounting balance receivables accrued for the period and interest income on tax receivables collected during the period.

Financial expense amounted to €3,284 thousand, down 5.6% on the first half of 2020.

	1st Half 2021	1st Half 2020	Change	%
Interest expense on bank loans	1,390	1,092	298	27.3%
Interest expense on bonds	1,723	1,723	0	0.0%
Interest expense on employee benefits	91	249	(158)	-63.5%
Interest expense on lease liabilities	70	70	0	0.0%
Financial expense on discounting	0	342	(342)	-100.0%
Other interest expense	10	4	6	n.a.
Total financial expense	3,284	3,480	(196)	-5.6%

(thousands of euros)

The decrease in financial expense mainly reflects the elimination of costs for the discounting of balances and the reduction in the interest cost on benefits for Group employees, which offset the increase in interest expense accrued on bank loans.

31. Income taxes

Income taxes totalled €2,836 thousand, up 22.8% on the first half of 2020. The rise reflected a decrease in current taxes connected with the decline in taxable income and the alignment of the tax liability with the 2021 tax return and the smaller positive effect of deferred taxation.

	1st Half 2021	1st Half 2020	Change	%
IRES (corporate income tax)	4,117	4,707	(590)	-12.5%
IRAP (regional business tax)	(59)	1,120	(1,179)	n.a.
Total current taxes	4,058	5,827	(1,769)	-30.4%
Deferred tax assets	(409)	(3,228)	2,819	-87.3%
Deferred tax liabilities	(813)	(289)	(524)	n.a.
Total deferred tax assets and liabilities	(1,222)	(3,517)	2,295	-65.3%
Total current tax and deferred tax assets and liabilities	2,836	2,310	526	22.8%

(thousands of euros)

For more details on the recognition of deferred tax assets and liabilities, please see Note 11.

Other information

32. Segment reporting

For management purposes, the ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, to enable monitoring by management, has the following three operating segments.

The segments are described below:

- **Air navigation services:** this operating segment coincides with ENAV, the Parent Company, whose core business is providing air traffic control and management services and other essential air navigation services in Italian airspace and at the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology infrastructure of air navigation systems;
- **Maintenance services:** this operating segment coincides with the subsidiary Techno Sky S.r.l., whose core business is the technical management and maintenance of air traffic control equipment and systems. *Air infrastructure*, like the country's other logistics infrastructure, requires constant maintenance and continuous development to ensure safety, punctuality and operational continuity. This is clearly stated in the European Union's Single European Sky regulations, which on the one hand define the future structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet;
- **AIM software solutions:** this operating segment coincides with the subsidiary IDS AirNav S.r.l., whose core business is the development of software solutions for aeronautical information and air traffic management and the provision of associated commercial and maintenance services, for a range of customers in Italy, Europe and around the world.

The column *Other segments* includes the Group's remaining activities that are not categorised in the other segments subject to monitoring.

No operating segment has been aggregated to create the operating segments subject to reporting indicated below for the first half of 2021 and the first half of 2020.

First half of 2021

<i>(thousands of euros)</i>	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/ reclassification	ENAV Group
Revenues from third parties	366,062	1,769	10,585	1,058	0	379,474
Intersegment revenues	4,459	45,167	1,729	0	(51,355)	0
Total revenues	370,521	46,936	12,314	1,058	(51,355)	379,474
Personnel costs	(215,141)	(27,910)	(4,292)	(8)	0	(247,351)
Other net costs	(85,698)	(9,749)	(4,374)	(1,178)	49,971	(51,028)
Total operating costs	(300,839)	(37,659)	(8,666)	(1,186)	49,971	(298,379)
Depreciation and amortisation	(64,512)	(607)	(960)	(301)	560	(65,820)
Writedowns and provisions	(440)	114	(116)	(3)	0	(445)
EBIT	4,730	8,784	2,572	(432)	(824)	14,830
Financial income and expense	1,738	112	(74)	(27)	(255)	1,494
Income before taxes	6,468	8,896	2,498	(459)	(1,079)	16,324
Income taxes	128	(2,432)	(845)	88	225	(2,836)
Net profit (loss) for the period	6,596	6,464	1,653	(371)	(854)	13,488
Total assets	2,229,216	113,243	29,636	73,075	(232,875)	2,212,295
Total liabilities	1,147,334	68,290	20,914	5,821	(132,146)	1,110,213
Net financial debt	(401,881)	(2,840)	4,789	10,296	0	(389,636)

First half of 2020

<i>(thousands of euros)</i>	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/ reclassification	ENAV Group
Revenues from third parties	366,915	1,373	6,730	1,837	0	376,855
Intersegment revenues	1,725	44,583	867	0	(47,175)	0
Total revenues	368,640	45,956	7,597	1,837	(47,175)	376,855
Personnel costs	(204,703)	(26,451)	(4,072)	(9)	0	(235,235)
Other net costs	(83,508)	(6,466)	(3,784)	(1,335)	45,859	(49,234)
Total operating costs	(288,211)	(32,917)	(7,856)	(1,344)	45,859	(284,469)
Depreciation and amortisation	(68,859)	(896)	(183)	(114)	459	(69,593)
Writedowns and provisions	(2,098)	(160)	(30)	0	(22)	(2,310)
EBIT	9,472	11,983	(472)	379	(879)	20,483
Financial income and expense	10,864	(88)	(70)	(46)	(13,198)	(2,538)
Income before taxes	20,336	11,895	(542)	333	(14,077)	17,945
Income taxes	956	(3,462)	34	(79)	241	(2,310)
Net profit (loss) for the period	21,292	8,433	(508)	254	(13,836)	15,635
Total assets	2,014,167	119,440	18,228	71,769	(229,743)	1,993,861
Total liabilities	962,234	90,698	13,944	4,923	(137,792)	934,007
Net financial debt	(109,751)	6,543	(3,338)	8,027	0	(98,519)

33. Related parties

ENAV Group related parties were identified in accordance with the provisions of IAS 24 *Related-party disclosures* and are involved in transactions carried out in the interest of the Group, are part of ordinary operations and are settled on market terms and conditions unless otherwise indicated. On 12 December 2018, the Board of Directors of the Parent Company, having obtained a favourable opinion of the Control, Risks and Related Parties Committee, approved the “Procedure governing related-party transactions” carried out by the Parent Company directly and/or through its subsidiaries, in conformity with Article 2391-bis of the Civil Code and in compliance with the principles dictated by the “Regulation containing provisions on related-party transactions” approved with Consob Resolution no. 17221 of 12 March 2010 as amended. On 1 July 2021, with effect from the same date as per law, the Board of Directors approved the new procedure, which incorporated the amendments made by Consob with Resolution no. 21264 of 10 December 2020 in implementation of the enabling authority contained in Article 2391 bis of the Civil Code.

The following tables report the balances of the income statement and statement of financial position resulting from Group transactions with related entities outside the Group, including those with directors, statutory auditors and key management personnel for the first half of 2021 and for 2020 for figures in the statement of financial position and the first half of 2020 for figures in the income statement, respectively.

	1st Half 2021						
	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals
External related parties							
Ministry for the Economy and Finance	5,606	0	225	89,486	5,606	0	0
Ministry of Sustainable Infrastructure and Mobility	87,130	0	0	0	17,383	0	0
Enel Group	0	0	0	854	0	3,199	0
Leonardo Group	440	9,048	0	21,634	121	1,096	0
Other external related parties	5	0	0	355	71	440	23
Balance in financial statements	237,908	9,064	140,797	296,573	166,752	61,264	1,393
<i>Related parties as % of balance in financial statements</i>	<i>39.2%</i>	<i>99.8%</i>	<i>0.2%</i>	<i>37.9%</i>	<i>13.9%</i>	<i>7.7%</i>	<i>1.6%</i>

(thousands of euros)

	At 31.12.2020				1st Half 2020		
	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals
External related parties							
Ministry for the Economy and Finance	10,243	0	225	91,866	4,924	0	0
Ministry of Sustainable Infrastructure and Mobility	72,991	0	0	0	17,301	0	0
Enel Group	0	0	0	749	0	2,798	0
Leonardo Group	399	9,851	0	17,174	46	1,162	0
Other external related parties	0	0	0	54	51	345	23
Balance in financial statements	196,581	9,851	316,044	288,596	376,855	61,398	1,075
<i>Related parties as % of balance in financial statements</i>	<i>42.5%</i>	<i>100.0%</i>	<i>0.1%</i>	<i>38.1%</i>	<i>5.9%</i>	<i>7.0%</i>	<i>2.1%</i>

(thousands of euros)

The nature of the main transactions with external related entities, namely the Ministry for the Economy and Finance (MEF) and the Ministry of Sustainable Infrastructure and Mobility and the entities subject to the control of the MEF is discussed below and described in the comments on the individual items of the financial statements in the notes to the financial statements:

- transactions with the MEF involve receivables and revenue streams connected with the refund of charges for services provided by the Parent Company for exempt flights and charged to the MEF in accordance with European and Italian law, as well as payables for the amounts collected by the Parent Company relating to the portion attributable to the Italian Air Force for en-route charges. Following approval of the Parent Company's financial statements by the Shareholders' Meeting, this payable is used to offset the receivable position. Cash and cash equivalents regard a bank account opened by the Parent Company with the Bank of Italy;
- transactions with the Ministry of Sustainable Infrastructure and Mobility regard receivable and revenue relationships associated with both an operating grant intended to cover the costs incurred by the Parent Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/05, and capital grants as part of the Networks and Mobility NOP recognised on the basis of agreements between the parties following registration with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Leonardo Group mainly regard activities connected with Parent Company investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control and the financial receivable of the subsidiary Techno Sky in respect of Vitrociset;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with other related parties contain residual positions.

Key management personnel comprise the ENAV CEO and four executives holding senior positions in the Group, namely the Chief Financial Officer, the Chief Human Resources and Corporate Services Officer, the Chief Operating Officer and the Chief Technology Officer.

The remuneration of the Group's key management personnel, gross of pension and social security costs and contributions, is reported in the following table:

	1st Half 2021	1st Half 2020
Short-term remuneration payments	1,122	1,130
Other long-term benefits	0	0
Share-based payments	369	602
Total	1,491	1,732
		(thousands of euros)

The Group remuneration of the Board of Auditors amounted to €116 thousand (€119 thousand in the first half of 2020).

The Parent Company and Techno Sky participate in the Prevaer Pension Fund, which is the national supplementary pension fund for non-executive personnel working in the air transport and similar sectors. As provided for in Article 14 of the articles of association of the Prevaer Fund, whose corporate bodies are the delegated shareholders' meeting, the board of directors, the chairman and the vice chairman and the board of auditors, shareholder representation is based on the equal participation of workers' representatives and representatives of the participating businesses. The Fund's board of directors resolves, among other things, on the general criteria for risk sharing in investments as well as on investment policies, the selection of asset managers and the designation of the custodian bank.

34. Disclosures on the long-term incentive plan

On 21 May 2020, the Parent Company's Shareholders' Meeting approved the *Long-term share-based incentive plan for the management of ENAV and its subsidiaries* for 2020-2022 and on 22 December 2020 the Board of Directors approved the Plan Rules, marking the start of the first vesting cycle for 2020-2022. Of the previous cycle, subject to approval by the Shareholders' Meeting of the Parent Company on 28 April 2017 for the years 2017-2019, the third vesting cycle for 2019-2021 remains active, while the second vesting cycle referring to 2018-2020 was awarded to the Plan beneficiaries in June 2021.

The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. The target aggregates are cumulative EBIT, total shareholder return (TSR) and cumulative free cash flow, as well as a corrective factor based on sustainability indicators having a maximum impact on the stock incentive of +/-10%, identified with a resolution of the Board of

Directors on the start date of each vesting period. For the first vesting cycle for 2020-2022, the sustainability indicator is represented by obtaining certification of ENAV as carbon neutral by 31 December 2022.

The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also includes a lock-up period of two years for 30% of shares awarded to the beneficiaries, i.e. the Chief Executive Officer, key management personnel and any other specified managers.

The performance targets are composed of the following indicators:

- a market-based component (with a 40% weighting on assigned rights) related to ENAV's performance in terms of TSR compared with the peer group already identified by the Company;
- a non-market-based component (with a 60% weighting on assigned rights) related to the achievement of the cumulative free cash flow or EBIT targets.

With regard to the measurement of the long-term share-based incentive plan pursuant to the provisions of IFRS 2, the calculation method used for the market-based component is the Monte Carlo method, which, on the basis of appropriate assumptions, made it possible to define a large number of alternative scenarios over the time horizon considered. By contrast, the non-market-based component is not significant for the purpose of estimating the fair value at the time of the grant, but it is updated at every reporting date to take account of the expectations for the number of rights that may vest based on the performance of EBIT and free cash flow compared with the Plan targets.

At 30 June 2021, the overall fair value of the first and second vesting cycles was to €1.9 million and takes account of the adjustment for the second vesting cycle (2018-2020), which underwent final determination of the performance achieved and award of the incentive in the first half of 2021. The details for each vesting cycle are provided below.

Second vesting cycle 2018-2020

The second cycle was completed with the approval of the financial statements for 2020. In accordance with the Rules, 253,280 shares were awarded to the Plan beneficiaries in accordance with the determination of the performance achieved in the amount of €1 million.

Third vesting cycle 2019-2021

The third cycle envisaged 8 beneficiaries and the cost recognised for the first half of 2021 was equal to €76 thousand, while the equity reserve amounted to €0.6 million.

First vesting cycle 2020-2022

The first vesting cycle for 200-2022 envisaged 9 beneficiaries and assumed achievement of the target with 300,403 shares and a fair value of €0.8 million. The cost recognised for the first half of 2021 was equal to €0.1 million, while the equity reserve amounted to €0.4 million.

35. Derivatives

In April 2019, the Parent Company entered into five derivative contracts, three of which already exercised, with the aim of hedging exposure to unfavourable developments in the euro/dollar exchange rate deriving from the Data Services Agreement signed by the Parent Company with Aireon LLC for the acquisition of satellite surveillance data. This contract provides for the payment in dollars of service fees on an annual basis until 2023. The exchange risk was managed through forward currency purchases whose residual notional value at the reporting date was \$2.8 million.

The fair value of derivatives was a positive €47 thousand at 30 June 2021. In accordance with IFRS 13, the mark-to-market value was adjusted to also take account of the effect of non-performance risk (CVA), i.e. the risk that one of the parties will not meet its contractual commitments as the result of a possible default. From an accounting perspective, the positive or negative fair value was recognised in current/non-current financial assets/liabilities based on the contractual maturity, with a matching entry in an equity reserve.

Indeed, pursuant to IFRS 13, the fair value of a derivative must incorporate the risk that one or both counterparties may not meet their obligations (credit risk adjustment). More specifically, from the financial perspective, the Credit Valuation Adjustment (CVA) is the expected value of the loss deriving from the default of the counterparty, if the derivative has a positive fair value. Conversely, a Debit Valuation Adjustment (DVA) represents the value of the expected loss on the default of the Company if the fair value is negative.

The contractual characteristics and the relative fair value at 30 June 2021, as indicated in bank communications, are listed below:

Counterparty	Type of transaction	Start date	Expiry date	Notional (thousands of USD)	Forward rate	Forward value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	02/04/2019	14/01/2022	1,392	1.2063	1,154	16.1
BNL - BNP Paribas	Buy USD (Fwd)	02/04/2019	13/01/2023	1,392	1.2340	1,128	32.3
Total				2,784		2,282	48.4

Counterparty	Type of transaction	Notional (thousands of USD)	Forward value (thousands of euros)	MtM	Debit Value Adjustment (DVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,154	15.7	0.0	15.7
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	31.8	(0.1)	31.7
Total		2,784	2,282	47.5	(0.1)	47.4

It was not possible to identify an active market for these instruments. The fair value was therefore calculated using a method consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. Although quotes on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market on which the measurements could be based.

Due to the substantive features of the derivatives, they are classified as hedging instruments. In conformity with the disclosure requirements under the IFRS, the maturity analysis indicates €15.7 thousand between 6 and 12 months and €31.7 thousand between 1 and 2 years, while the sensitivity analysis indicates the following:

Type of transaction	Fair value (euro/thousands)	Delta SE exchange rate Eur/FX +5% (euro/thousands)	Delta SE exchange rate Eur/FX -5% (euro/thousands)
Forward purchase (BNL)	47	178	(54)

36. Assets and liabilities by maturity

<i>(thousands of euros)</i>	Within the next financial year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	378	0	378
Deferred tax assets	0	27,856	0	27,856
Non-current tax receivables	0	18,375	0	18,375
Non-current trade receivables	0	461,013	121,597	582,610
Other non-current receivables	0	7,781	0	7,781
Total	0	515,403	121,597	637,000
Financial liabilities	69,096	334,734	117,654	521,484
Deferred tax liabilities	0	6,353	0	6,353
Other non-current liabilities	0	36,008	141,369	177,377
Non-current trade payables	0	8,995	0	8,995
Total	69,096	386,090	259,023	714,209

Non-current trade receivables maturing at more than 5 years regard balances that will be recovered over five years beginning in 2023.

Financial liabilities falling due after the 5th year refer to bank loans.

Other non-current liabilities maturing in more than 5 years refer to the share of capital grants recognised in line with the depreciation of the investment projects to which they refer for the amount that will be reversed to profit or loss after the fifth year.

37. Basic and diluted earnings per share

Basic earnings per share and diluted earnings per share, which both amount to €0.02 per share, are reported at the end of the income statement and are calculated by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

38. Events after the reporting date

In July 2021 loan contracts were signed with a total value of €250 million, including: i) €180 million in the form of a term loan with a term of 24 months from subscription and redemption at maturity obtained from Unicredit and Mediobanca in the amount of €45 million each and from BNL in the amount of €90 million; ii) €70 million in the form of a 24-month revolving credit facility with repayment at maturity from Unicredit in the amount of €45 million, Mediobanca in the amount of €15 million and BNL in the amount of €10 million.

**Attestation of the Chief Executive Officer and the Manager responsible for
Financial Reporting**



Attestation of the condensed consolidated interim financial statement for the six months ended 30 June 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-ter of Consob Regulation 11971 of 14 May 1999

1. The undersigned Paolo Simioni, as Chief Executive Officer, and Luca Colman as Manager responsible for ENAV Spa's financial reporting, having also taken account of the provisions of art. 154 bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the ENAV Group's condensed consolidated interim financial statements during the period from 1 January 2021 to 30 June 2021.
2. In this regard, it should be noted that:
 - the administrative and accounting procedures adopted in preparation of the ENAV Group's condensed consolidated interim financial statements have been defined and the evaluation of their adequacy has been assessed based on principles and methodologies adopted by ENAV in accordance with the *Internal Control-Integrated Framework Model* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents an internationally-accepted *framework* for the internal control system;
 - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:
 - 3.1 the ENAV Group's condensed consolidated interim financial statements for the six months ended 30 June 2021:
 - a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.
 - 3.2 the Directors' Interim Report on Operations includes a reliable analysis of significant events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year.

Rome, 3 August 2021

Chief Executive Officer
Paolo Simioni

Manager responsible for financial reporting
Luca Colman

(This certification has been translated from the original which was issued in accordance with Italian legislation)

Independent Auditor's Report



Enav S.p.A.

Interim condensed consolidated financial statements
as of June 30, 2021

Review report on the interim condensed consolidated
financial statements

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

To the Shareholders of
Enav S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes of Enav S.p.A. and its subsidiaries ("Enav Group") as of June 30, 2021. The directors of Enav S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Enav Group as of June 30, 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, August 4, 2021

EY S.p.A.
Signed by: Riccardo Rossi, Auditor

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



Legal information and contacts

Registered office

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Legal information

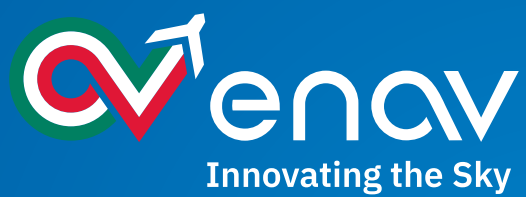
Share capital: €541,744,385.00 fully paid-up

Tax ID and enrolment number in the Company Register
of Rome: 97016000586

VAT Registration No. 02152021008

Investor Relations

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