



Interim Financial Report
at 31 March 2022



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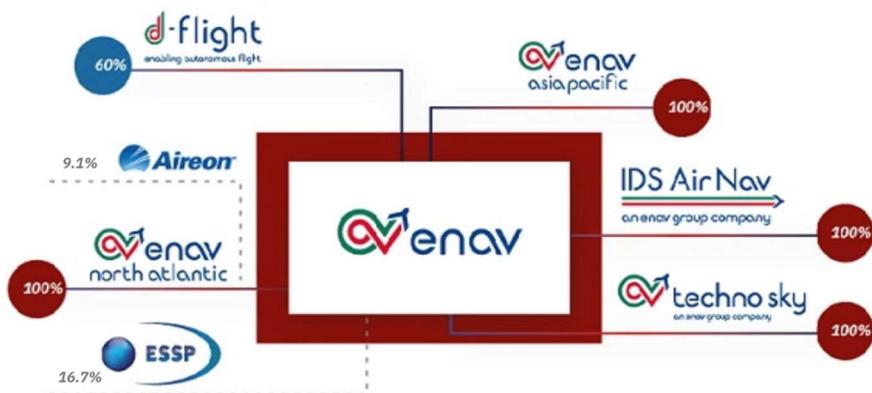
Interim Report on Operations

ENAV Group in figures

Performance	1st Quarter 2022	1st Quarter 2021	Change	%
Total revenues	168,066	189,039	(20,973)	-11.1%
EBITDA	15,168	44,677	(29,509)	-66.0%
EBITDA margin	9.0%	23.6%	-14.6%	
EBIT	(14,218)	15,236	(29,454)	n.a.
EBIT margin	-8.5%	8.1%	-16.6%	
Profit for the period attributable to shareholders of the Parent Company	(15,209)	11,905	(27,114)	n.a.
				(thousands of euros)
Financial position	31.03.2022	31.12.2021	Change	%
Net capital employed	1,629,248	1,646,610	(17,362)	-1.1%
Consolidated shareholders' equity	1,150,723	1,163,081	(12,358)	-1.1%
Net financial debt	478,525	483,529	(5,004)	-1.0%
				(thousands of euros)
Other indicators	1st Quarter 2022	1st Quarter 2021	Change	%
En-route service units	1,492,931	555,924	937,007	168.5%
Terminal service units Charging Zone 1	24,829	9,434	15,395	163.2%
Terminal service units Charging Zone 2	59,652	23,327	36,325	155.7%
Terminal service units Charging Zone 3	72,077	21,028	51,049	242.8%
Free cash flow (thousands of euros)	5,414	(51,560)	56,974	n.a.
Workforce at period end	4,253	4,252	1	0.0%

ENAV Group business and ownership structure

The ENAV Group's business can be broken down into four distinct operational sectors to which all the consolidated companies are allocated, namely i) air navigation services; ii) maintenance services; iii) Aeronautical Information Management (AIM) 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 aircraft that fall within the unmanned aerial vehicles category.

ENAV stock performance in the first quarter of 2022

The stock gained ground during the first quarter of 2022, rising from an opening price at the beginning of the year of €4.03 to close on 31 March at €4.20, an increase of 4.12%.

At 31 March 2022, the company's stock market capitalisation was about €2.3 billion.

In the first quarter, the stock registered a low on 7 March, when it closed at €3.54, and a high on 30 March, when it closed at €4.32.

Market and air traffic developments

The first quarter of 2022 was characterised by a gradual recovery in traffic, continuing the developments already observed in the second half of 2021. Obviously, this improvement can be traced to the mitigation of the negative impact of COVID-19, with a consequent easing of the restrictions imposed to fight the pandemic. In view of these developments, en-route service units (*) for Italy in the first quarter of 2022 increased significantly, rising by 168.5% compared with the same period of 2021, recouping 82.2% of the traffic volume registered in the first quarter of 2019, the last full "pre-pandemic" year, and 93.7% of the traffic recorded in the first quarter of 2020, which the health emergency impacted for about a month.

In Europe, the member states of Eurocontrol registered very strong growth in service units in the first quarter of 2022, jumping by 119.2%, with Italy outpacing the other countries in the continental European comparator group with the exception of Spain (+201.6%), as volumes began to return to normal.

Terminal service units in Italy also posted growth of 191.7% compared with the first quarter of 2021, even exceeding the expansion of en-route traffic. All major Italian airports contributed to the result, including Rome Fiumicino, which experienced a marked increase in operations after a 2021 affected by the pandemic and the cessation of flight operations by Alitalia.

Total en-route traffic service units (**)	1st Quarter 2022	1st Quarter 2021	Change	
			no.	%
France	3,277,237	1,232,973	2,044,264	165.8%
Germany	2,356,658	1,098,909	1,257,749	114.5%
Great Britain	1,899,883	782,683	1,117,200	142.7%
Spain	1,923,971	637,882	1,286,089	201.6%
Italy (***)	1,492,931	555,924	937,007	168.5%
EUROCONTROL	24,378,117	11,121,388	13,256,729	119.2%

(*) 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 three months of 2022 registered an increase of 168.5% in the number of service units reported by Eurocontrol (the same value if the residual category *Exempt not reported to*

Eurocontrol is included) and one of 156.3% in the number of flights handled (+151.7% including the residual category *Exempt not reported to Eurocontrol*).

The rise in service units in the first three months of 2022 compared with the corresponding period of 2021 was a consequence of the progressive improvement in air traffic volumes thanks to the relaxation of the restrictions adopted to combat the COVID-19 pandemic, which were still present in the period.

The Russia-Ukraine crisis that began in February 2022 had no particular impact in the first quarter of 2022, except for that associated with the ban on flights to and from the countries involved and flights operated by Russian carriers. However, these flights represent a negligible portion of the overall flight volume handled by the Parent Company.

France, Spain, Germany and Great Britain were again the most frequent destination countries for flights through national airspace.

En-route traffic (number of flights)	1st Quarter 2022	1st Quarter 2021	Change	
			no.	%
Domestic	54,767	23,779	30,988	130.3%
International	135,242	38,915	96,327	247.5%
Overflight	92,895	40,204	52,691	131.1%
Paying total	282,904	102,898	180,006	174.9%
Military	8,550	8,584	(34)	-0.4%
Other exempt	4,874	4,150	724	17.4%
Total exempt	13,424	12,734	690	5.4%
Total reported by Eurocontrol	296,328	115,632	180,696	156.3%
Exempt not reported to Eurocontrol	4,417	3,833	584	15.2%
Total	300,745	119,465	181,280	151.7%

En-route traffic (service units)	1st Quarter 2022	1st Quarter 2021	Change	
			no.	%
Domestic	371,449	130,422	241,027	184.8%
International	497,830	136,984	360,846	263.4%
Overflight	591,271	256,682	334,589	130.4%
Paying total	1,460,550	524,088	936,462	178.7%
Military	29,328	28,601	727	2.5%
Other exempt	3,053	3,235	(182)	-5.6%
Total exempt	32,381	31,836	545	1.7%
Total reported by Eurocontrol	1,492,931	555,924	937,007	168.5%
Exempt not reported to Eurocontrol	475	280	195	69.6%
Total	1,493,406	556,204	937,202	168.5%

An analysis of the composition of en-route traffic breaks down into:

- **international commercial traffic**, a category of flights departing from or arriving at an airport in Italy, which in the first three months of 2022 posted gains both in terms of service units (SUs), which rose by 263.4%, and flights handled, which expanded by 247.5%, reversing the contraction posted in the first quarter of 2021 (-76.7% in SUs on the first quarter of 2020). Air traffic handled in the first quarter of 2022 managed recover 66.9% of its level in the pre-pandemic first quarter of 2019, a smaller gain than other

types of traffic, confirming this category of traffic as the hardest hit in terms of traffic volumes lost since the start of the health emergency.

With regard to international traffic by flight distance (short, medium and long distance flown in national airspace), during the period under review all categories showed significant recoveries in service units by comparison with the same period of 2021.

With regard to flight routes by continent, the first three months of 2022 recorded a substantial increase of 413% in service units generated on connections between Italy and the rest of Europe, representing about 84% of total international traffic service units. Connections between Italy and Africa, which account for 6% of international service units, recorded a larger increase (+187%) than connections between Italy and the American continent (+63%) and between Italy and Asia (+39%), which respectively represent about 3% and 7% of total international service units. Compared with the first quarter of 2019, traffic between Italy and the rest of Europe registered the largest rebound (+73% in SUs);

- **commercial overflight traffic**, a category that includes flights that only cross through domestic airspace, which in the first three months of 2022 registered an increase in service units (+130.4%) and in the number of assisted flights (+131.1%). This category also showed a rebound in service units for the period compared with the same period of 2019, recouping 90.8% of its former level. With regard to flight distance, all routes recorded major increases in volumes of traffic handled in terms of service units. All the main traffic routes showed substantial gains in the first three months of 2022, notably flights within Europe (+195% in SUs), which account for 42% of total overflight service units, while Europe-Africa routes posted a gain of 101% in terms of service units and Europe-Asia connections expanded by 80% in terms of service units, with these two representing about 29% and 18% of total overflight service units. Other routes involving the American continent also registered sharp gains, especially in comparison with the first quarter of 2019;
- **domestic commercial traffic**, which in the first three months of 2022 registered an increase in both service units (+184.8%) and in the number of assisted flights (+130.3%), as well as a significant increase in the average distance travelled (+15%). The good performance of traffic flows is also confirmed in a comparison with the first quarter of 2019, recouping 95.8% in terms of service units. With regard to flight distance, in the first quarter of 2022 longer distance flights (>700 km), which connect the northern and southern parts of the country and represent about 54% of total domestic service units, posted an increase of 210% in terms of service units. Medium-distance flights, which mainly connect the airports of Rome and Naples with the rest of the country, showed an increase of 167% in terms of service units;
- **exempt traffic** is divided into: i) *exempt traffic reported by Eurocontrol*, which increased by 1.7% in terms of service units and by 5.4% in terms of the number of assisted flights. The developments in this category mainly reflected an increase in military flights (+2.5% in SUs), which represent about 91% of exempt traffic; and ii) *exempt traffic not reported to Eurocontrol*, which accounts for only a residual proportion of revenues, posted an increase 69.6% in service units and one of 15.2% in the number of assisted flights. Exempt traffic accounted for just 2% of service units in the first quarter of 2022.

With regard to carriers, in the first three months of 2022 the flight operations of the low-cost segment progressively began to improve, contributing to the general recovery in air traffic. Among these companies, **Ryanair** stands out, confirming its position as the leading carrier in Italy with an increase of 716.0% in service units while also improving its positioning in the Italian market, as its share of total service units rose to 25% from 8.2% in the first quarter of 2021. The Irish company is the leader in terms of the number of flights

departing from the airports of Bergamo, Venice Tessera, Bologna, Catania, Naples, Rome Ciampino, Palermo, Turin Caselle, Cagliari and Bari. Significant increases were also recorded for **Wizz Air** (+390.9% in SUs) and **Easyjet** (+491.3% in SUs), both with a market share of about 5.5%. Other airlines such as **Volotea** (+948.7% in SUs) and **Vueling** (+1020.6% in SUs) also confirmed their presence in the Italian market with significant improvements compared with the first quarter of 2021, when operations virtually came to a halt due to the health emergency. Among traditional carriers, increases were recorded both among Middle Eastern airlines such as **Turkish Airlines** (+77.5% in SUs), **Emirates** (+151.6% in SUs), **Qatar Airways** (+13.4% in SUs) and **Saudia** (+112.4% in SUs) and among European carriers such as **Air France** (+109.4 % in SUs), **Lufthansa** (+221.2% in SUs) and **British Airways** (+203.7%). The new Italian airline **ITA** (Italia Trasporti Aereo) ranked second in terms of number of service units in the first quarter of 2022, with a market share of 6.1%.

Terminal traffic

In the first three months of 2022, terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, expanded by 191.7% in terms of service units and 169.8% in terms of the number of assisted flights. Air traffic volumes recovered 74.9% of their level in the same period of 2019.

Terminal traffic (number of flights)	1st Quarter 2022	1st Quarter 2021	Change	
			no.	%
Domestic				
Chg. Zone 1	6,399	3,440	2,959	86.0%
Chg. Zone 2	12,994	5,186	7,808	150.6%
Chg. Zone 3	33,227	13,337	19,890	149.1%
Total domestic flights	52,620	21,963	30,657	139.6%
International				
Chg. Zone 1	11,106	3,534	7,572	214.3%
Chg. Zone 2	29,719	9,940	19,779	199.0%
Chg. Zone 3	26,214	5,625	20,589	366.0%
Total international flights	67,039	19,099	47,940	251.0%
Paying total	119,659	41,062	78,597	191.4%
Exempt				
Chg. Zone 1	22	17	5	29.4%
Chg. Zone 2	223	325	(102)	-31.4%
Chg. Zone 3	4,610	4,746	(136)	-2.9%
Total exempt flights	4,855	5,088	(233)	-4.6%
Total reported by Eurocontrol	124,514	46,150	78,364	169.8%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	92	87	5	5.7%
Chg. Zone 3	2,540	2,632	(92)	-3.5%
Total exempt flights not reported to Eurocontrol	2,632	2,719	(87)	-3.2%
Total by Charging Zone				
Chg. Zone 1	17,527	6,991	10,536	150.7%
Chg. Zone 2	43,028	15,538	27,490	176.9%
Chg. Zone 3	66,591	26,340	40,251	152.8%
Total	127,146	48,869	78,277	160.2%

Terminal traffic (service units)	1st Quarter 2022	1st Quarter 2021	no.	Change	
				%	
Domestic					
Chg. Zone 1	8,450	4,221	4,229	100.2%	
Chg. Zone 2	16,586	6,117	10,469	171.1%	
Chg. Zone 3	40,195	13,930	26,265	188.5%	
Total domestic SU	65,231	24,268	40,963	168.8%	
International					
Chg. Zone 1	16,347	5,166	11,181	216.4%	
Chg. Zone 2	42,960	17,007	25,953	152.6%	
Chg. Zone 3	29,969	5,157	24,812	481.1%	
Total international SU	89,276	27,330	61,946	226.7%	
Paying total	154,507	51,598	102,909	199.4%	
Exempt					
Chg. Zone 1	32	47	(15)	-31.9%	
Chg. Zone 2	98	196	(98)	-50.0%	
Chg. Zone 3	1,734	1,762	(28)	-1.6%	
Total exempt SU	1,864	2,005	(141)	-7.0%	
Total reported by Eurocontrol	156,371	53,603	102,768	191.7%	
Exempt not reported to Eurocontrol					
Chg. Zone 1	0	0	0	n.a.	
Chg. Zone 2	8	7	1	14.3%	
Chg. Zone 3	179	179	0	0.0%	
Total exempt SU not reported to Eurocontrol	187	186	1	0.5%	
Total by Charging Zone					
Chg. Zone 1	24,829	9,434	15,395	163.2%	
Chg. Zone 2	59,652	23,327	36,325	155.7%	
Chg. Zone 3	72,077	21,028	51,049	242.8%	
Total	156,558	53,789	102,769	191.1%	

Overall, performance in the first quarter of 2022 compared with the same period of the previous year shows a major recovery in operations in terms of service units in all charging zones:

- **Charging Zone 1**, represented by Rome Fiumicino airport, experienced an increase in traffic in the first three months of 2022 of 163.2% in terms of service units and 150.7% in the number of flights handled, bearing in mind the low level of traffic in the first quarter of 2021. Compared with the same period of 2019, total traffic volumes recouped only 49.4% in terms of service units owing to the decline in international traffic, especially extra-EU flights.
- **Charging Zone 2**, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted an increase for the period in terms of service units (+155.7%) and assisted flights (+176.9%), reflecting both domestic traffic (+171.1% in SU) and international traffic (+152.6% in SU). Among the airports in this charging zone, strong performance was posted by all airports, including Milano Malpensa (+94.8% in SU) and Milan Linate (+226.8% in SU), Bergamo Orio al Serio (+380.0% in SU) and Venice Tessera (+234.6% in SU);
- **Charging Zone 3**, which includes all other Italian airports, recorded gains both in terms of service units (+242.8%) and the number of assisted flights (+152.8%). The positive performance in the first three months of 2022 is attributable to both domestic traffic (+188.5% in SU) and international traffic (+481.1% in SU). The period saw a recovery in flight operations at all the main airports, including Napoli (+472.4% in SU), Catania (+195.2% in SU), Bologna (+252.8% in SU), Palermo (+257.3% in SU), Bari (+462.6% in SU) and Rome Ciampino (+188.1% in SU).

Performance and financial position of the ENAV Group

Definition of alternative performance measures

In addition to the financial data required by the International Financial Reporting Standards and in line with Consob notice no. 0092543 of 3 December 2015, which incorporates the Guidelines (no. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA), the ENAV Group uses a number of measures derived from the IFRS data to provide management with an additional metric for evaluating the performance achieved by the Parent Company and its subsidiaries, as well as ensuring greater comparability, reliability and understanding of financial information.

The following alternative performance measures are used:

- **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 writedowns of property, plant and equipment and intangible assets and receivables and provisions, 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 writedowns 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 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 and non-current trade payables, and cash and cash equivalents. The net financial debt of the ENAV Group is determined in accordance with the provisions of Guideline no. 39 issued by ESMA, applicable from 5 May 2021, and in line with Warning Notice no. 5/21 issued by CONSOB on 29 April 2021;
- **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.

The reclassified consolidated income statement, statement of financial position and cash flow statement, the consolidated statement of net financial debt and the main performance and financial indicators used by management to monitor operating performance are shown below.

Reclassified consolidated income statement

The first quarter of 2022 of the ENAV Group fully reflects the seasonal variations in air transport operations, in line with developments in the last quarters before the pandemic. These first three months reflect not only the increase in air traffic handled, which came to 168.5% for en-route service units and 191.1% for terminal service units, but also the return to the use of the charging scheme based on a traffic-risk sharing mechanism. In the first quarter of 2021, balance revenues were determined by applying the mechanism envisaged in Regulation (EU) 2020/1627 issued by the European Commission for the 2020-2021 combined period, which was based on the recovery of determined costs reduced by an efficiency percentage. The differences between the mechanism used to determine balance revenues in the first quarter of 2022 and that used in the corresponding period of last year produced a decrease of €118.7 million in those revenues, which was only partially recovered through an increase of €98 million in revenues from operating activities in the quarter, producing a net reduction in revenues of €20.7 million. Given the differences in the rules governing the balance, the two periods are not fully comparable.

Operating expenses increased by 5.9%, mainly attributable to the costs associated with the resumption of air traffic operations, which impacted personnel costs, and those in respect of sales orders on the non-regulated market, producing EBITDA of €15.2 million, a decrease of €29.5 million compared with the corresponding period of 2021.

Depreciation and amortisation, together with writedowns of receivables, which incorporate the prudential assessment of the status of customers in the Russian Federation, produced negative EBIT of €14.2 million, a deterioration of €29.4 million compared with the first quarter of 2021.

The loss for the period came to €15.4 million, a deterioration of €27.2 million compared with the same period of 2021, which recorded a profit of €11.8 million.

	1st Quarter 2022	1st Quarter 2021	Amount	Change
				%
Revenues from operations	147,330	49,321	98,009	n.a.
Balance	12,439	131,156	(118,717)	-90.5%
Other operating income	8,297	8,562	(265)	-3.1%
Total revenues	168,066	189,039	(20,973)	-11.1%
Personnel costs	(125,903)	(120,364)	(5,539)	4.6%
Capitalised costs	6,610	5,928	682	11.5%
Other operating expenses	(33,605)	(29,926)	(3,679)	12.3%
Total operating costs	(152,898)	(144,362)	(8,536)	5.9%
EBITDA	15,168	44,677	(29,509)	-66.0%
EBITDA margin	9.0%	23.6%	-14.6%	
Net amortisation of investment grants	(28,253)	(30,389)	2,136	-7.0%
Writedowns, impairment (reversal of impairment) and provisions	(1,133)	948	(2,081)	n.a.
EBIT	(14,218)	15,236	(29,454)	n.a.
EBIT margin	-8.5%	8.1%	-16.6%	
Financial income/(expense)	670	1,341	(671)	-50.0%
Income before taxes	(13,548)	16,577	(30,125)	n.a.
Income taxes	(1,832)	(4,746)	2,914	-61.4%
Profit (loss) for the period	(15,380)	11,831	(27,211)	n.a.
Profit (loss) for the period attributable to shareholders of the Parent Company	(15,209)	11,905	(27,114)	n.a.
Profit (loss) for the period attributable to non-controlling interests	(171)	(74)	(97)	n.a.

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €147.3 million, a jump of €98 million compared with the same period of the previous year, with revenues from the Parent Company's core business amounting to €141.3 million (+96.9 million on the first quarter of 2021), while those from the Group's operations on the non-regulated market totalled €6 million, up €1.1 million. The increase in revenues is strictly connected with the recovery in activity in the air transport sector, which is returning to normal thanks to the spread of vaccination coverage and the possibility of moving freely between countries, unlike the first quarter of 2021 when movement was still subject to restrictions. Revenues also increased by 9.2% compared with the first quarter of 2020, when only March was impacted by the pandemic, representing a first step in the return to pre-pandemic levels.

	1st Quarter 2022	1st Quarter 2021	Change	%
En-route revenues	100,451	30,071	70,380	234.0%
Terminal revenues	37,966	11,736	26,230	223.5%
En-route and terminal exemptions	2,878	2,568	310	12.1%
Revenues from non-regulated market	6,035	4,946	1,089	22.0%
Total revenues from operations	147,330	49,321	98,009	198.7%
Balance	12,439	131,156	(118,717)	-90.5%
Total revenues from contracts with customers	159,769	180,477	(20,708)	-11.5%

(thousands of euros)

En-route revenues amounted to €100.4 million, an increase of €70.4 million compared with the corresponding period of the previous year, reflecting both an increase of 178.7% in service units generated in the period (-66.4% in the first quarter of 2021 on the same period of 2020) and an increase of 20.33% in the unit rate applied in 2022 (€75.42 in 2022 compared with €62.68 in 2021), with amounted to 16.67% if only the charge excluding balances is considered. Comparing the first quarter of 2022 with the first quarter of 2020, the volume of service units shows a decrease of 6.5%, a significant improvement compared with the analogous comparison in the first quarter of 2021, while en-route revenues rose by 6.6% due to the rate increase.

The en-route balance had a positive impact of €2.5 million, a decrease of €94.2 million compared with the first quarter of 2021. Note that the two periods are not comparable, as the balance for the first quarter of 2021 was determined in accordance with the rules in force at that time, which provided for coverage of final costs less an efficiency percentage, in compliance with the provisions of Regulation (EU) 2020/1627 of 3 November 2020 of the European Commission for the 2020-2021 combined period. By comparison, in the first quarter of 2022 the system returned to the normal rate scheme based on the traffic-risk sharing mechanism. The en-route balance for the period reflects traffic risk, as fewer service units were generated than the level envisaged in the Performance Plan, producing a decrease of 2.95%.

Commercial [terminal revenues](#) amounted to €38 million, an increase of €26.2 million compared with the first quarter of 2021, reflecting the increase in service units generated by the individual airports broken down by charging zone, with an overall increase of 199.4% (-67.8% in the first quarter of 2021 on the same period of 2020), and the effect of the rate increase applied in the first two charging zones. Comparing the first quarter of 2022 with the first quarter of 2020, when only one month was impacted by the effects of the pandemic, service units increased by 15.8%, a significant improvement over the results in the first quarter of 2021 compared with the first quarter of 2020, while terminal revenues increased by 17% as a result of the unit rate increase.

The terminal balance had a positive impact of €9.2 million, a decrease of €24.2 million compared with the first quarter of 2021. Once again, the terminal balance for the first two charging zones (totalling €2.1 million) cannot be compared with the first quarter of 2021, as the same traffic-risk sharing mechanism used for the en-route charge was adopted this year, while the balance for the third charging zone continues to be determined using a cost recovery method and amounted to €7.1 million (€19.8 million at the first quarter of 2021).

[Revenues from the non-regulated market](#) amounted to €6 million, an increase of €1.1 million compared with the corresponding period of the previous year, mainly due to the increase in revenues generated by both the Parent Company, mainly from flight inspection activities for radio aids installed at airports in Greece, and the subsidiary IDS AirNav, for maintenance and service activities associated with existing contracts with customers around the world.

Developments in costs

	1st Quarter 2022	1st Quarter 2021	Amount	Change %
Personnel costs	(125,903)	(120,364)	(5,539)	4.6%
Capitalised costs	6,610	5,928	682	11.5%
Other operating expenses	(33,605)	(29,926)	(3,679)	12.3%
Total operating expenses	(152,898)	(144,362)	(8,536)	5.9%

(thousands of euros)

Operating expenses increased by 5.9% compared with the year-earlier period to a total of €152.9 million, reflecting an increase in personnel costs of 4.6%, an increase in other operating expenses of 12.3% and an increase in capitalised costs connected with the activity of personnel involved in ongoing investment projects. Personnel costs rose by €5.5 million compared with the first quarter of 2021, reaching €125.9 million in response to the resumption of activity in the air traffic sector, which saw air traffic controllers (ATC) return to normal operating conditions.

More specifically, fixed remuneration was virtually unchanged, influenced by the change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries and by ordinary developments in remuneration. The average workforce decreased by 22 compared with the first quarter of 2021, while the effective workforce expanded by just 1 employee, closing the first quarter of 2022 with an effective Group workforce of 4,253. Variable remuneration increased by 27.2%, mainly attributable to an increase in the number of days of holiday entitlement accrued and not used by Group personnel, which had an impact of €3.6 million, up €0.8 million on the first three months of 2021, and to the items variable remuneration directly associated with air traffic controllers and the increase in air traffic, which translated into greater overtime for ATC personnel, the provision for performance bonuses, ancillary remuneration and an increase in costs for indemnities for holidays not falling on business days. Social security contributions increased by 5% to €29.7 million, while other personnel costs were broadly stable at €1.8 million.

Other operating expenses amounted to €33.6 million, an increase of 12.3% compared with the corresponding period of the previous year, mainly reflecting the increase in electricity costs across the country as electricity prices rose, higher contract acquisition costs and a rise in other personnel costs connected with the increase in business travel by Group staff.

Margins

These developments produced a decrease of €29.5 million in EBITDA compared with the first quarter of 2021, reaching €15.2 million. Readers should bear in mind the impact of the regulatory changes discussed earlier on any comparison of the two periods.

EBIT reflected a decrease of 7% in depreciation and amortisation net of investment grants and the writedown of receivables, which in addition to the reversal of risk provisions for the positive settlement of a number of disputes, had a total negative impact of €1.1 million, a deterioration of €2.1 million compared with the year-earlier period, when the impact was a positive €1 million. The change is mainly attributable to the Group's prudential writedown of €0.9 million on positions in respect of Russia. EBIT was a negative €14.2 million, a deterioration of €29.4 million compared with the same period of 2021, when it was a positive €15.2 million, due to the different regulation referred to revenues from balance applied to the first three months 2022 in comparison with the same period of 2021.

Financial income and expense show net income of €0.7 million, a decrease of 50% on the first quarter of 2021. The decline mainly reflected a decrease in financial income compared with the first quarter of 2021, when the item had included interest income on part of the IRES credit for which reimbursement had been requested, which was collected in early 2021.

Financial expense amounted to €1.7 million, an increase of 7.2% on the year-earlier period, reflecting an increase in interest expense on bank loans and the interest cost on Group employee benefits.

Performance for the period

Income taxes for the period amounted to €1.8 million, a decrease of €2.9 million compared with the same period of 2021, mainly due to the decrease in the taxable income and deferred taxation.

As a result, the loss pertaining to shareholders of the Parent Company amounted to €15.2 million, a deterioration of €27.1 million on the profit of €11.9 million registered for corresponding period of the previous year.

The share pertaining to non-controlling interests was a loss of €0.2 million.

Reclassified consolidated statement of financial position

	31.03.2022	31.12.2021	Amount	Change %
Property, plant and equipment	861,076	879,281	(18,205)	-2.1%
Right-of-use assets	4,967	5,434	(467)	-8.6%
Intangible assets	177,645	176,193	1,452	0.8%
Investments in other entities	49,559	47,253	2,306	4.9%
Non-current trade receivables and payables	699,460	687,253	12,207	1.8%
Other non-current assets and liabilities	(159,670)	(161,721)	2,051	-1.3%
Net non-current assets	1,633,037	1,633,693	(656)	0.0%
Inventories	61,469	61,519	(50)	-0.1%
Trade receivables	177,600	177,161	439	0.2%
Trade payables	(105,957)	(116,425)	10,468	-9.0%
Other current assets and liabilities	(102,940)	(74,585)	(28,355)	38.0%
Net working capital	30,172	47,670	(17,498)	-36.7%
Gross capital employed	1,663,209	1,681,363	(18,154)	-1.1%
Employee benefit provisions	(46,615)	(47,896)	1,281	-2.7%
Provisions for risks and charges	(13,548)	(13,914)	366	-2.6%
Deferred tax assets net of liabilities	26,202	27,057	(855)	-3.2%
Net capital employed	1,629,248	1,646,610	(17,362)	-1.1%
Shareholders' equity attributable to Parent Company shareholders	1,149,047	1,161,234	(12,187)	-1.0%
Shareholders' equity attributable to non-controlling interests	1,676	1,847	(171)	-9.3%
Shareholders' equity	1,150,723	1,163,081	(12,358)	-1.1%
Net financial debt	478,525	483,529	(5,004)	-1.0%
Funding of net capital employed	1,629,248	1,646,610	(17,362)	-1.1%
(thousands of euros)				

Net capital employed amounted to €1,629.2 million at 31 March 2022, down €17.4 million on 31 December 2021. Of the total, 70.6% was funded by consolidated shareholders' equity and 29.4% by net financial debt.

Net non-current assets amounted to €1,633 million, broadly in line with 31 December 2021, mainly reflecting: i) a decrease of €18.2 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 €2.3 million, accounted for by the fair value adjustment of the investment in Aireon, producing an increase of €1.4 million and the impact of the change in the dollar/euro exchange rate on the investment in Aireon LLC; iii) an increase of €12.2 million in non-current trade receivables, reflecting the recognition of receivables for the balance in the first quarter of 2022 and the discounting component recognised through profit or loss.

Net working capital amounted to €30.2 million, a decrease of €17.5 million on 31 December 2021, when it was €47.7 million. The main changes regarded: i) a small net increase in trade receivables, mainly reflecting a decrease of €9 million in the receivable from Eurocontrol, mainly reflecting the collection of receivables from Alitalia for traffic in two months of 2021 and an increase in the receivable in respect of the Ministry of Sustainable Infrastructure and Mobility for the grant to guarantee the safety of plant and operational safety

accruing at 31 March 2022 in the amount of €7.5 million; ii) a decrease of €10.5 million in trade payables, reflecting the accrued liability for the balance recognised through profit or loss and the decline of €7.7 million in payables to suppliers; iii) the change in other current assets and liabilities, which resulted in a net increase in liabilities of €28.4 million, mainly as a result of an increase in amounts due to personnel as a result of provisions recognised for the first quarter of 2022 and an increase of €14.2 million in other liabilities in respect of the Italian Air Force and ENAC, corresponding to their share of collections of en-route and terminal receivables accrued during the period. These effects were partially offset by payment of €16.2 million on the liability to the Ministry for the Economy and Finance and collections under projects funded within the Transport NOP and the Connecting Europe Facility.

In determining **net capital employed**, employee benefit provisions had a negative impact of €46.6 million, with the decrease of €1.3 million reflecting the benefits paid and the actuarial gain recognised at 31 March 2022. Provisions for risks and charges amounted to €13.5 million, down €0.4 million, while net deferred tax assets amounted to €26.2 million.

Consolidated shareholders' equity totalled €1,150.7 million, a net decrease of €12.4 million on 31 December 2021. The change mainly reflects €15.4 million from the consolidated loss for the period recognised for the first quarter of 2022, partly offset by the actuarial gain on the reserve for employee benefits, which net of tax effects amounted to €0.6 million, and the positive impact of €1.3 million from the reserve for the translation into euros of the financial statements of foreign subsidiaries and the fair value adjustment of the investment in Aireon in the amount of €1 million, net of tax effects.

Net financial debt

Net financial debt amounted to €478.5 million at 31 March 2022, an improvement of €5 million on 31 December 2021.

	31.03.2022	31.12.2021	Amount	Change
Cash and cash equivalents	218,912	225,310	(6,398)	-2.8%
Current financial receivables	107	70	37	52.9%
Current financial debt	(251,497)	(250,325)	(1,172)	0.5%
Current financial debt for IFRS 16 lease liabilities	(1,793)	(1,907)	114	-6.0%
Net current financial debt	(34,271)	(26,852)	(7,419)	27.6%
Non-current financial receivables	0	83	(83)	-100.0%
Non-current financial debt	(398,928)	(411,428)	12,500	-3.0%
Non-current financial debt for IFRS 16 lease liabilities	(3,334)	(3,771)	437	-11.6%
Non-current trade payables	(41,992)	(41,561)	(431)	1.0%
Non-current financial debt	(444,254)	(456,677)	12,423	-2.7%
Net financial debt	(478,525)	(483,529)	5,004	-1.0%
(thousands of euros)				

The decrease of €5 million in net financial debt was due to developments in collections and payments connected with ordinary operations, which generated a positive cash flow, which also includes the proceeds from projects financed at the European level and under the Transport NOP in the total amount of €16.2 million. The resumption of air transport operations and collections from core business activities in the quarter

made it possible to pay the quarterly instalments of loans and the payable due to the Ministry for the Economy and Finance, in addition to ordinary operations, with a positive effect on debt, which fell by €5 million.

At 31 March 2022, the Group had unused short-term credit lines totalling €294 million, of which committed lines of €220 million and uncommitted lines of €74 million.

Consolidated statement of cash flows

	31.03.2022	31.03.2021	Change	%
Cash flow generated/(absorbed) by operating activities	18,859	(45,605)	64,464	n.a.
Cash flow generated/(absorbed) by investing activities	(13,445)	(5,955)	(7,490)	n.a.
Cash flow generated/(absorbed) by financing activities	(11,878)	(11,301)	(577)	5.1%
Cash flow for the period	(6,464)	(62,861)	56,397	-89.7%
Cash and cash equivalents at the beginning of the year	225,310	317,419	(92,109)	-29.0%
Exchange rate difference on cash	66	137	(71)	-51.8%
Cash and cash equivalents at end of the period	218,912	254,695	(35,783)	-14.0%
Free cash flow	5,414	(51,560)	56,974	n.a.

(thousands of euros)

Cash flows from operating activities

Cash flows generated by operating activities in the first three months of 2022 amounted to €18.9 million, a positive change of €64.5 million compared with the corresponding period of 2021, which absorbed cash in the amount of €45.6 million. This flow was determined by the following factors: i) an increase in non-current trade receivables of €12.3 million following the recognition of the balance generated in the period. This was €113.3 million less than in the first quarter of 2021, as the balance for that period was determined on the basis of Regulation (EU) 2020/1627 in force for the 2020-2021 combined period, which produced a larger amount; ii) a smaller reduction in tax receivables compared with the first quarter of 2021, which included the collection of a reimbursement of a principal amount of €5.5 million on the IRES credit; iii) a net decrease in other current assets and liabilities of €21.4 million, reflecting both a net decrease of €10.1 million in other current assets following the collection of amounts due under projects funded within the CEF and the Transport NOP and a net increase in other liabilities associated with the payment of the debt to the Ministry of Economy and Finance in the amount of €16.2 million and the recognition of the debt to the Italian Air Force and ENAC for the portion of en-route and terminal collections pertaining to them, in addition to an increase in liabilities in respect of personnel provisions; and iv) a decrease of €10 million in current trade payables as a result of an increase in payments to suppliers for operating activities made in the first quarter of 2022 compared with the corresponding period of the previous year, when the volume of payments was smaller.

Cash flows from investing activities

Cash flows absorbed by investing activities in the first three months of 2022 amounted to €13.5 million, an increase of €7.5 million on the same period of 2021. This increase, with capital expenditure of €13.1 million (down €1.4 million on the year-earlier period), was due to an increase in payments to suppliers for investment projects thanks to the resumption of air transport operations, which generated an increase in inward cash flows.

Cash flows from financing activities

Cash flows absorbed by financing activities in the first three months of 2022 amounted to €11.9 million, a slight increase on the corresponding period of the previous year, reflecting the payment of quarterly instalments on two ESG Sustainability-Linked Term Loans present in the year-earlier period.

Free cash flow was a positive €5.4 million, an improvement of €57 million compared with the same period of 2021, when it was a negative €51.6 million, reflecting the cash flow generated by operating activities which allowed to cover the cash flow absorbed by investing activities.

Outlook for operations

Continuing the trend registered since the second half of 2021, the resumption of the operations of the ENAV Group moved ahead in the first three months of 2022, fuelled by the progressive return to normal operations of the air navigation services, as well as the rapid expansion of the Group's commercial projects.

This positive trend is reflected in the substantial growth in en-route service units, which expanded by 168.5% compared to the same period of 2021, reaching a level equal to 82.2% of the volume recorded in the pre-pandemic first quarter of 2019. This rising trend also continued in April, and the latest available forecasts point to further growth in the summer.

Nevertheless, the possible resurgence of the pandemic in the form of waves of different variants, as well as the dramatic events associated with the conflict between Russia and Ukraine, have caused uncertainty to persist, which could affect operating conditions in the coming months of 2022.

In this context and consistent with the guidelines and actions implemented in 2021, which enabled the Group to post a profit even in a year still impacted by the effects of the pandemic, we expect to maintain constant control over spending in the coming months, continue to implement our industrial strategies and further develop activities on the non-regulated market.

**Interim condensed consolidated financial statements
at 31 March 2022**

Consolidated financial statements

Interim consolidated statement of financial position

ASSETS

(euros)	Notes	of which related parties (Note 32)		of which related parties (Note 32)	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
Non-current assets					
Property, plant and equipment	7	866,043,079	0	884,715,291	0
Intangible assets	8	177,645,318	0	176,192,810	0
Investments in other entities	9	49,558,613	0	47,253,016	0
Non-current financial assets	10	344,319	0	426,874	0
Deferred tax assets	11	32,235,566	0	33,246,034	0
Non-current tax receivables	12	715,754	0	715,754	0
Non-current trade receivables	13	699,459,709	0	687,253,421	0
Other non-current assets	15	6,377,652	6,322,752	6,362,903	6,312,216
Total non-current assets		1,832,380,010		1,836,166,103	
Current assets					
Inventories	14	61,469,445	0	61,518,741	0
Current trade receivables	13	177,600,243	54,631,787	177,161,512	44,270,001
Current financial assets	10	107,472	0	70,238	0
Tax receivables	12	4,896,750	0	5,564,549	0
Other current assets	15	40,222,522	19,593,498	50,323,565	28,356,001
Cash and cash equivalents	16	218,911,765	16,129,906	225,309,927	30,874,698
Total current assets		503,208,197		519,948,532	
Total assets		2,335,588,207		2,356,114,635	

SHAREHOLDERS' EQUITY AND LIABILITIES

(euros)	Notes	31.03.2022	of which related parties (Note 32)		31.12.2021	of which related parties (Note 32)
Shareholders' equity						
Share capital	17	541,744,385	0	541,744,385	0	0
Reserves	17	472,302,498	0	469,279,232	0	0
Retained earnings/(loss carryforward)	17	150,210,033	0	71,838,340	0	0
Profit (loss) for the period	17	(15,208,331)	0	78,371,693	0	0
Total Group shareholders' equity	17	1,149,048,585	0	1,161,233,650	0	0
Non-controlling interests and reserves		1,847,184	0	2,188,502	0	0
Profit/(loss) attributable to non-controlling interests		(171,542)	0	(341,318)	0	0
Total shareholders' equity attributable to non-controlling interests		1,675,642	0	1,847,184	0	0
Total shareholders' equity	17	1,150,724,227			1,163,080,834	
Non-current liabilities						
Provisions for risks and charges	18	3,475,072	0	3,601,072	0	0
Severance pay and other employee benefits	19	46,614,921	0	47,895,752	0	0
Deferred tax liabilities	11	6,034,008	0	6,188,240	0	0
Non-current financial liabilities	20	402,262,540	0	415,199,419	0	0
Non-current trade payables	21	41,992,331	117,985	41,561,039	139,789	
Other non-current liabilities	22	167,107,971	0	169,143,537	0	0
Total non-current liabilities		667,486,843		683,589,059		
Current liabilities						
Short-term portion of provisions for risks and charges	18	10,073,372	0	10,313,372	0	0
Current trade payables	21	105,957,167	13,138,629	116,424,813	15,793,571	
Tax and social security payables	23	39,137,449	0	32,890,186	0	0
Current financial liabilities	20	253,290,048	0	252,231,730	0	0
Other current liabilities	22	108,919,100	36,369,153	97,584,641	43,558,504	
Total current liabilities		517,377,136		509,444,742		
Total liabilities		1,184,863,979			1,193,033,801	
Total shareholders' equity and liabilities		2,335,588,207			2,356,114,635	

Interim consolidated income statement

(euros)	Notes	1st Quarter 2022	of which related parties (Note 32)	1st Quarter 2021	of which related parties (Note 32)
Revenues					
Revenues from operations	24	147,330,079	3,402,443	49,321,331	2,676,415
Balances	24	12,439,025	0	131,155,630	0
<i>Total revenues from contracts with customers</i>	<i>24</i>	<i>159,769,104</i>		<i>180,476,961</i>	
Other operating income	25	10,343,733	8,469,774	10,789,450	8,715,463
Total revenues		170,112,836		191,266,412	
Costs					
Costs for raw materials, supplies, consumables and goods	26	(1,366,390)	(129,167)	(1,617,109)	(112,233)
Costs for services	26	(31,271,392)	(674,955)	(27,332,334)	(1,960,435)
Personnel costs	27	(125,903,417)	0	(120,364,188)	0
Costs leases and rentals	26	(346,544)	(6,517)	(383,843)	(5,941)
Other operating expenses	26	(621,293)	0	(591,991)	0
Capitalised costs	28	6,610,186	0	5,927,650	0
Total costs		(152,898,849)		(144,361,815)	
Depreciation and amortisation	7 and 8	(30,299,022)	0	(32,616,442)	0
Writedowns/(writebacks) for impairment of receivables	13	(1,449,363)	0	893,295	0
Writedowns/(writebacks) for impairment of property, plant and equipment and intangible assets	7	0	0	0	0
Provisions	18	316,000	0	55,000	0
Operating income		(14,218,398)		15,236,449	
Financial income and expense					
Financial income	29	2,190,193	0	2,681,403	0
Financial expense	29	(1,717,138)	0	(1,601,268)	0
Exchange rate gains (losses)	29	197,105	0	260,925	0
Total financial income and expense		670,160		1,341,060	
Income before taxes		(13,548,238)		16,577,510	
Income taxes	30	(1,831,635)	0	(4,745,572)	0
Profit (loss) for the period		(15,379,873)		11,831,938	
<i>Attributable to shareholders of Parent</i>		<i>(15,208,331)</i>		<i>11,905,809</i>	
<i>Attributable to non-controlling interests</i>		<i>(171,542)</i>		<i>(73,871)</i>	
Basic earnings/(loss) per share	36	(0.03)		0.10	
Diluted earnings/(loss) per share	36	(0.03)		0.10	

Interim consolidated statement of other comprehensive income

(euros)	Notes	1st Quarter 2022	1st Quarter 2021
Profit (loss) for the period	17	(15,379,873)	11,905,809
<i>Other comprehensive income recyclable to profit/(loss):</i>			
- Differences arising from the translation of foreign financial statements	17	1,302,580	2,604,892
<i>- Fair value of derivative financial instruments</i>			
- Fair value of derivative financial instruments	10 and 17	(45,321)	119,096
<i>- Tax effect of the valuation at fair value of derivative financial instruments</i>			
- Tax effect of the valuation at fair value of derivative financial instruments	11 and 17	10,877	(28,583)
<i>Total other comprehensive income recyclable to profit or loss</i>		1,268,136	2,695,405
<i>Other comprehensive income not recyclable to profit or loss:</i>			
- fair value measurement of investments in other entities	9	1,209,954	2,866
<i>- Actuarial gains/(losses) on employee benefits</i>			
- Actuarial gains/(losses) on employee benefits	17 and 19	848,887	857,296
<i>- Tax effect of actuarial gains/(losses) on employee benefits</i>			
- Tax effect of actuarial gains/(losses) on employee benefits	11 and 17	(457,822)	(206,353)
<i>Other comprehensive income not recyclable to profit or loss</i>		1,601,019	653,809
Comprehensive Income		(12,510,718)	15,255,024
<i>Attributable to shareholders of Parent Company</i>		(12,339,176)	15,328,895
<i>Attributable to non-controlling interests</i>		(171,542)	(73,871)

Interim consolidated statement of changes in shareholders' equity

	Share capital	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 period	Total	Attributable to non-controlling interests	Total shareholders' equity
<u>(euros)</u>											
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	0	0	0	0	0	54,283,479	(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	0	0	0	0	0	0	0	0	0
Currency translation difference reserve	0	0	2,604,892	0	0	2,604,892	0	0	2,604,892	0	2,604,892
Long-Term Incentive Plan	0	0	106,794	0	0	106,794	0	0	106,794	0	106,794
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	2,264	651,545	90,513	744,322	0	0	744,322	0	744,322
- Profit (loss) for the period	0	0	0	0	0	0	0	11,905,809	11,905,809	(73,871)	11,831,938
Balance at 31 March 2021	541,744,385	37,403,860	442,438,575	(10,903,179)	2,003,284	470,942,540	74,046,965	11,905,809	1,098,639,699	2,114,631	1,100,754,330
Balance at 31 December 2021	541,744,385	39,570,974	440,045,096	(12,410,133)	2,073,295	469,279,232	71,838,340	78,371,693	1,161,233,650	1,847,184	1,163,080,834
Allocation of net profit from the previous year	0	0	0	0	0	0	78,371,693	(78,371,693)	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0	0
Purchase/award of treasury shares	0	0	0	0	0	0	0	0	0	0	0
Currency translation difference reserve	0	0	1,304,580	0	0	1,304,580	0	0	1,304,580	0	1,304,580
Long-Term Incentive Plan	0	0	152,113	0	0	152,113	0	0	152,113	0	152,113
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	955,864	645,153	(34,444)	1,566,573	0	0	1,566,573	0	1,566,573
- Profit (loss) for the period	0	0	0	0	0	0	0	(15,208,331)	(15,208,331)	(171,542)	(15,379,873)
Balance at 31 March 2022	541,744,385	39,570,974	442,457,653	(11,764,980)	2,038,851	472,302,498	150,210,033	(15,208,331)	1,149,048,585	1,675,642	1,150,724,227

Interim consolidated statement of cash flows

	Notes	1st Quarter 2022	of which related parties	1st Quarter 2021	of which related parties
A - CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16	225,310		317,419	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the period	17	(15,379)	0	11,832	0
Depreciation and amortisation	7 and 8	30,299	0	32,616	0
Net change in liabilities for employee benefits	19	(432)	0	(932)	0
Change resulting from exchange rate differences	17	(15)	0	(81)	0
Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	7 and 8	15	0	0	0
Other income/expense on non-cash flows	7	0	0	3	0
Provision for stock grant plans	27 and 28	152	0	107	0
Net provisions for risks and charges	18	(316)	0	55	0
Net change in deferred tax assets and deferred tax liabilities	11	567	0	(392)	0
Decrease/(increase) in inventories	14	59	0	150	0
Decrease/(increase) in current and non-current trade receivables	13	(12,645)	(10,362)	(107,167)	(10,064)
Decrease/(increase) in tax receivables and tax and social security payables	12 and 23	6,915	0	14,811	0
Change in other current assets and liabilities	15 and 22	21,387	1,573	9,844	5,651
Change in other non-current assets and liabilities	15 and 22	(2,052)	(11)	(13)	(13)
Increase/(decrease) in current and non-current trade payables	21	(9,696)	(17)	(6,438)	(811)
B - TOTAL CASH FLOW FROM OPERATING ACTIVITIES		18,859		(45,605)	
of which taxes paid		(849)		(875)	
of which interest paid		(152)		(87)	
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	7	(9,142)	0	(10,540)	0
Investments in intangible assets	8	(3,962)	0	(4,004)	0
Increase/(decrease) in trade payables for investments	21	(341)	0	8,749	597
Sale of property, plant and equipment	7	0	0	0	0
Increase/(decrease) in trade payables for equity investments	9	0	0	(160)	0
Investments in financial assets	10	0	0	0	0
C - TOTAL CASH FLOW FROM INVESTING ACTIVITIES		(13,445)		(5,955)	
Net cash flow generated/(absorbed) from financing activities					
New medium and long term loans	20	0	0	0	0
(Repayments) of medium and long term loans	20	(12,500)	0	(12,500)	0
Net change in long-term financial liabilities	20	1,172	0	1,202	0
Bond issue	20	0	0	0	0
Net change in short-term financial liabilities	20	(550)	0	(614)	0
(Increase)/Decrease of current and non-current financial assets	10	0	0	611	0
Purchase of treasury shares	17	0	0	0	0
Change in share capital	17	0	0	0	0
Dividend distribution	17	0	0	0	0
D - TOTAL CASH FLOW FROM FINANCING ACTIVITIES		(11,878)		(11,301)	
E - Total cash flow (B+C+D)		(6,464)		(62,861)	
F - Exchange rate differences on cash		66		137	
G - CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)	16	218,912		254,695	

(thousands of euros)

Notes to the interim condensed consolidated financial statements

1. General information

ENAV S.p.A. (hereinafter also the “Company” or the “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 (now EXM – Euronext Milan) organised and operated by Borsa Italiana S.p.A. and, at 31 March 2022, 53.28% 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 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 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 three operating sectors, namely *air navigation services*, *maintenance services*, *AIM software solutions* and a remaining sector defined as *other sectors*.

These condensed consolidated financial statements regard the quarter ended at 31 March 2022 and have been prepared in euros, the legal tender in the economy in which the Group operates.

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

The condensed interim consolidated financial statements at 31 March 2022 of ENAV S.p.A. and its subsidiaries (hereinafter also the “Group”) were 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.

More specifically, these financial statements, drawn up on a going-concern basis, were prepared in compliance with IAS 34 *Interim Financial Reporting*. Although the Group has defined the half-year as its interim period of reference for the purposes of applying IAS 34 and the definition of interim financial statements indicated therein, this Interim Financial Report at 31 March 2022 was prepared in compliance with this standard, in anticipation of its possible inclusion in documentation to be prepared on the occasion of the possible launch of specific financial transactions intended to ensure, in particular, the repayment of its short-term liabilities.

In application of IAS 34, the information provided in the condensed interim consolidated financial statements is less extensive than that contained in a complete annual report, as it is intended to provide an update on the activities, events and circumstances occurring in the quarter under review as well as certain minimum additional disclosures expressly required by the standard, thus omitting information, data and notes already presented and discussed in the consolidated financial statements of the ENAV Group at 31 December 2021. Accordingly, the condensed interim consolidated financial statements at 31 March 2022 must be read together with the Group’s consolidated financial statements for the year ended 31 December 2021, which

readers are invited to consult for a more complete understanding of the information contained in this document.

With regard to presentation in the financial statements, the statement of financial position distinguishes between current and non-current assets and liabilities, the income statement classifies operating costs by their nature and the cash flow statement has been prepared using the indirect method.

3. Principles and scope of consolidation

The consolidation principles adopted in the preparation of the condensed interim consolidated financial statements at 31 March 2022 are consistent with those adopted in the preparation of the consolidated financial statements at 31 December 2021, approved on 21 April 2022 and available at www.enav.it in the following section: <https://www.enav.it/sites/public/en/InvestorRelations/Financial-Statements-and-Reports.html>.

The scope of consolidation in the first quarter of 2022 did not change from that at 31 December 2021. No significant transactions or unusual events occurred in the first quarter of 2022.

Translation of financial statements of foreign companies

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

	1st Quarter 2022		31.12.2021		1st Quarter 2021	
	Avg. for quarter	At 31 March	Avg. for year	At 31 December	Avg. for quarter	At 31 March
Malaysian ringgit	4.7058	4.6667	4.9026	4.7184	4.9002	4.8618
US dollar	1.1225	1.1102	1.1835	1.1326	1.2056	1.1725

4. New accounting standards, interpretations and amendments

The accounting standards adopted in the preparation of the condensed interim consolidated financial statements at 31 March 2022 are consistent with those used for the preparation of the consolidated financial statements at 31 December 2021, 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 2022, which did not have an impact on the condensed interim consolidated financial statements. 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 in force as from 1 January 2022 that did not have an impact on the Group's condensed interim consolidated financial statements.

The following is a list of the new accounting standards, amendments and interpretations applicable to the Group as from 1 January 2022 with no impact on the Group's condensed interim consolidated financial statements:

- *Amendments to IFRS 3: Business Combinations - 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, 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, with prospective application.
- *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.
- *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.

New accounting standards, interpretations and amendments taking effect for periods after 31 March 2022 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 March 2022. The Group will assess the expected impact of their first-time adoption:

- *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, subject to endorsement, 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 and endorsed on 2 March 2022. 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 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 and endorsed on 2 March 2022. 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 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. 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 discussions within the IFRS Interpretations Committee and the IASB.

5. Use of estimates and management judgements

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities in the financial statements and on the disclosures concerning contingent assets and liabilities at the reporting date. Changes in the conditions underlying the assumptions and judgments adopted could have a significant impact on subsequent results. For the purposes of preparing these condensed interim consolidated financial statements, estimates were used for the same cases for which estimates were made in preparing the annual financial statements.

For a more extensive discussion of the Group's most significant valuation processes, please see the section "5. Use of estimates and management judgements, including those connected with the COVID-19 pandemic" of the notes to the consolidated financial statements at 31 December 2021.

With regard to the "Measurement of revenues for the balance", compared with the discussion in the 2021 Annual Financial Report in that section, in the first quarter of 2022 balance revenues were determined in compliance with the ordinary rate regulations, i.e. on the basis of the traffic-risk sharing mechanism in compliance with Regulation (EU) 2019/317. Balance revenues were measured considering the Performance Plan presented in November 2021 and the efficiency targets specified in European Commission Decision no. 891 of 2 June 2021.

With the issue of communication no. C(2022) 2294 final of 13 April 2022, the European Commission informed the Italian government that the performance targets contained in the Performance Plan presented in November 2021 were consistent with the targets set at the EU level for the third reference period in Implementing Decision (EU) 2021/891.

The provisions of Implementing Regulation (EU) 2020/1627 were applied for the 2020-2021 combined period, which became final during the first months of 2022 with notification no. C(2022) 2294 above mentioned.

Finally, due to the extraordinary conditions created by the impact of the pandemic on traffic volumes and the change in the regulatory scheme, which impacted the measurement of the balance item for the 2020-2021 combined period, the first quarter of 2022 is not fully comparable with the corresponding period of the previous year, when the balance was determined in compliance with Regulation (EU) 2020/1627, with the application of an efficiency percentage to determined costs, unlike the current scheme in which the balance is determined in accordance with the traffic-risk sharing mechanism.

6. Seasonal effects

The type of business in which the Parent Company operates is normally affected by seasonal effects. Developments in air traffic are not linear throughout the year. In particular, passenger traffic fluctuates significantly depending on the time of year, reflecting changes in tourist flows.

Specifically, developments in revenues, which are linked to the performance of air traffic, are not uniform throughout the year and tend to peak in the summer months. As a result the interim performance of the Group does not contribute uniformly to performance and financial position for the year as a whole. In particular, the first quarter of the year is the one historically affected by the lowest volume of air traffic handled compared to subsequent quarters.

Notes to the interim consolidated statement of financial position

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 31 March 2022 compared with 31 December 2021.

	Land and Buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Cost	559,710	1,997,624	272,434	335,704	240,099	3,405,571
Accumulated depreciation	(282,563)	(1,693,917)	(235,814)	(308,562)	0	(2,520,856)
Balance at 31.12.2021	277,147	303,707	36,620	27,142	240,099	884,715
Increases	0	0	0	206	9,142	9,348
Disposals - cost	(23)	(1,119)	(231)	(951)	0	(2,324)
Disposals - accumulated depreciation	8	1,119	231	951	0	2,309
Reclassification	0	0	0	0	(345)	(345)
Depreciation	(5,194)	(18,530)	(1,775)	(2,161)	0	(27,660)
Total changes	(5,209)	(18,530)	(1,775)	(1,955)	8,797	(18,672)
Cost	559,687	1,996,505	272,203	334,959	248,896	3,412,250
Accumulated depreciation	(287,749)	(1,711,328)	(237,358)	(309,772)	0	(2,546,207)
Balance at 31.03.2022	271,938	285,177	34,845	25,187	248,896	866,043

(thousands of euros)

Property, plant and equipment in the first quarter of 2022 decreased by a net €18,672 thousand, reflecting depreciation for the period of €27,660 thousand, which exceeded asset under construction in the same period. Increases of €9,142 thousand refer to progress on assets under construction as part of investment projects, including 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, and 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 evolutionary maintenance of systems.

8. Intangible assets

Intangible assets at 31 March 2022 amounted to €177,645 thousand, net increase of €1,452 thousand on 31 December 2021, as shown in the following table:

	Industrial patent and intellectual property rights	Other intangible assets	Assets under development	Goodwill	Total
Cost	188,825	12,333	56,964	93,472	351,594
Accumulated amortisation	(170,637)	(4,764)	0	0	(175,401)
Balance at 31.12.2021	18,188	7,569	56,964	93,472	176,193
Increases	46	0	3,964	0	4,010
Disposals	0	0	0	0	0
Reclassifications	0	0	82	0	82
Amortisation	(2,370)	(270)	0	0	(2,640)
Total changes	(2,324)	(270)	4,046	0	1,452
Cost	188,871	12,333	61,010	93,472	355,686
Accumulated amortisation	(173,007)	(5,034)	0	0	(178,041)
Balance at 31.03.2022	15,864	7,299	61,010	93,472	177,645

(thousands of euros)

The change in the period largely reflects amortisation of €2,640 thousand and the increase of €3,964 thousand in assets under development, connected with software development and progress on projects for the implementation of the Group ERP system.

With regard to intangible assets in addition to goodwill, there were no internal and/or external indicators of impairment that would require verification of the recoverability of the assets at 31 March 2022, in application of the methodology provided for in IAS 36 *Impairment of Assets*. Accordingly, the values reported in the 2021 Annual Financial Report are confirmed.

More specifically, goodwill amounted to €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.. Other than 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, regards the positive difference between the acquisition value of the subsidiary IDS AirNav S.r.l. and the current value of net assets, and is representative of future economic benefits. This value, determined following the purchase price allocation process, has been entirely allocated to the AIM Software Solutions CGU, coinciding with the legal entity IDS AirNav.

9. Investments in other entities

At 31 March 2022, investments in other entities amounted to €49,559 thousand, an increase of €2,306 thousand compared with 31 December 2021, associated entirely with the investment in Aireon LLC, which is measured at fair value through OCI with no recycling to profit or loss, reflecting the adjustment of the investment to fair value and measurement at the year-period exchange rate. The investment is therefore carried at €49.4 million and the Group's stake is equal to 9.1%, which will rise to 11.1% following execution of the redemption clause, which will not give rise to costs for the Company.

The fair value was measured using the valuation techniques provided for in IFRS 13, under which the calculation of fair value should maximise the use of observable data and minimise unobservable data in order to estimate the price at which it would be sold in an orderly transaction to transfer the equity instrument

would take place between market participants at the measurement date. With a non-active market, the inputs used are consistent with Level 3 of the fair value hierarchy. During the period were not changes within fair value hierarchy.

At 31 March 2022, the Parent Company updated the estimate of the fair value of the investment using the following inputs: the Long-Term Operating Plan (LTOP) presented to the Board of Directors of Aireon on 16 February 2022, which was used for the measurement at 31 January 2021, with a time horizon running from 2022 to 2033, which takes account of the start of the operational phase of the company and is consistent with the useful life of the technology assets - the satellite constellation – underpinning the development of the business and estimated by the management of Aireon. The forecasts for performance and financial position take account of the effects of the health emergency, which has impacted the air transport industry on a global scale and which on the basis of the estimates of Aireon's management could have structural effects.

The Plan envisages a financial structure with a broadly unchanged level of debt over the entire time horizon to fund the distribution of dividends to shareholders and investments in the creation of the second constellation during the last few explicit forecasting years of the Plan.

Other information considered in the estimation are official stock market prices and historical and forecast economic-financial data for the sector and the market price of government securities. Following the update of the measurement, the fair value of the investment in Aireon LLC as at 31 March 2022 was equal to €49.4 million, corresponding to about \$54.8 million, an increase of \$1.5 million compared with 31 December 2021. 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 13.61%, calculated using the CAPM (Capital Asset Pricing Model) method, in slight increase compared to the value adopted as of December 31, 2021.

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 2.5% and assuming a Ke of 13.20%, the value of the investment would increase by about \$1.9 million.

10. Current and non-current financial assets

Current and non-current financial assets amounted to €107 thousand and €344 thousand, respectively, an overall decrease of €46 thousand. The decline was mainly attributable to financial derivatives, one of which expired in the early months of 2022, and represents the positive fair value registered at 31 March 2022, amounting to €107 thousand.

11. Deferred tax assets and deferred tax liabilities

Deferred tax assets amounted to €32,236 thousand at 31 March 2022, a net decrease of €1,010 thousand (€33,246 thousand at 31 December 2021) due to the recognition of deferred taxes for the period, which led to greater reversals to profit or loss, mainly associated with the period's accrued portion of the discounting of receivables.

Deferred tax liabilities amounted to €6,034 thousand at 31 March 2022, a decrease of €154 thousand (€6,188 thousand at 31 December 2021) as the net effect between the recognition of new liabilities and the reversal of liabilities accruing to the period to profit or loss.

The Group has determined that is reasonably certain that the deferred tax assets recognized 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 €716 thousand, unchanged on 31 December 2021.

Current tax receivables amounted to €4,897 thousand, a decrease of €668 thousand on 31 December 2021. The change mainly reflects a reduction in the receivable for current IRES (corporate income tax) and IRAP (regional business tax) following recognition of the income tax liability for the first quarter of 2022.

13. Current and non-current trade receivables

Current trade receivables amounted to €177,600 thousand and non-current trade receivables amounted to €699,460 thousand, with changes in the first quarter of 2022 compared with 31 December 2021 indicated in the following table.

	31.03.2022	31.12.2021	Change	%
Current trade receivables				
Receivables from Eurocontrol	125,538	134,557	(9,019)	-6.7%
Receivables from the Ministry for the Economy and Finance	13,872	10,993	2,879	26.2%
Receivables from the Ministry of Sustainable Infrastructure and Mobility	37,500	30,000	7,500	25.0%
Receivables from others	37,779	37,244	535	1.4%
Balance receivables	-	0	0	n.a.
	214,689	212,794	1,895	0.9%
Provision for doubtful accounts	(37,089)	(35,633)	(1,456)	4.1%
Total	177,600	177,161	439	0.2%
 Non-current trade receivables				
Balance receivables	699,460	687,253	12,207	1.8%
Total	699,460	687,253	12,207	1.8%
<i>(thousands of euros)</i>				

Receivables from Eurocontrol regard to the fees in respect of en-route and terminal revenues not yet received as of 31 March 2022, most of which had not yet fallen due, amounting to €85,153 thousand (€87,461 thousand at 31 December 2021) and €40,385 thousand (€47,096 thousand at 31 December 2021), respectively, gross of the provision for doubtful accounts. The net decrease of €9,019 thousand mainly reflected the collection of positions fallen due that had been present in 2021, with turnover in February and March 2022, which had not yet fallen due at the end of the first quarter of 2022, that was slightly higher than that at 31 December 2021. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €99,422 thousand (€109,304 thousand at 31 December 2021).

Receivables from the Ministry for the Economy and Finance (MEF) of €13,872 thousand increased by €2,879 thousand compared with 31 December 2021, reflecting the en-route and terminal exemptions recognised in the first quarter of 2022.

Receivables from the Ministry of Sustainable Infrastructure and Mobility include the operating grant intended to offset 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. That grant increased by €7.5 million, equal to the portion accruing for the first quarter of 2022.

The provision for doubtful accounts amounted to €37,089 thousand, with changes in the first quarter of 2022 breaking down as follows:

	31.12.2021	Increases	Decreases	31.03.2022
			reversals	cancellations
Provision for doubtful accounts	35,633	2,567	(1,111)	0 37,089

(thousands of euros)

The increase for the period in the provision for doubtful accounts reflected not only the valuation performed with the model used to assess the recoverability of receivables, but also the prudential writedown of receivables in respect of the Russian Federation in the total amount of €0.9 million.

The decrease in the provision for doubtful accounts regards receivables prudentially written down in previous years and collected during the first quarter of 2022.

Utilisation is recognised through profit or loss under the item “writedowns and impairment (reversals of impairment)”.

Balance receivables amounted to €699,460 thousand net of discounting effects (€687,253 thousand at 31 December 2021), all recognised under non-current receivables. The change represents a net increase of €12,207 thousand. The rise reflects the balance recognised in the first quarter of 2022 in conformity with the traffic-risk sharing mechanism envisaged under Regulation (EU) 2019/317 concerning the performance and charging scheme applicable to en-route traffic and the first and second terminal charging zones on the basis of the 2020-2024 Performance Plan, which incorporated targets established by the European Commission with Implementing Decision 2021/819. The balance for Charging Zone 3, determined on a cost recovery basis, amounted to €7.2 million.

14. Inventories

Inventories, which are mainly represented by spare parts, amounted to €61,469 thousand net of the provision for inventory losses (€61,519 thousand at 31 December 2021), a net decrease of €50 thousand on 31 December 2021, reflecting the fact that uses of spare parts exceeded purchases in the first three months of 2022.

15. Other current and non-current assets

Other non-current assets totalled €6,378 thousand, broadly unchanged on the end of 2021 (€6,363 thousand at 31 December 2021).

Other current assets amounted to €40,220 thousand (€50,324 thousand at 31 December 2021), a net decrease of €10,104 thousand, mainly attributable to the collection of part of the financing for investment projects funded under the NOP for a total of €8.8 million and the collection of financing for projects under the CEF (Connecting Europe Facility) for the 2016 and 2017 calls in the total amount of €7.4 million. These decreases were partially offset by the recognition of prepaid expenses for insurance premiums and INAIL contributions pertaining to subsequent months.

16. Cash and cash equivalents

Cash and cash equivalents totalled €218,912 thousand, a net decrease of €6,398 thousand on 31 December 2021. With developments in receipts and payments connected with ordinary operations producing a positive cash flow, the decline reflected: i) the payment of the liability to the Ministry for the Economy and Finance for 2020 in the amount of €16.2 million; and ii) the repayment of quarterly instalments on loans in the amount of €12.5 million. These factors were partly offset by receipts from projects funded under the NOP and CEF initiatives in the total amount of €16.2 million.

17. Shareholders' equity

Consolidated shareholders' equity at 31 March 2022 amounted to €1,150,724 thousand and breaks down as follows.

	31.03.2022	31.12.2021	Change
Share capital	541,744	541,744	0
Legal reserve	39,571	39,571	0
Other reserves	437,393	436,283	1,110
Translation reserve	7,941	6,639	1,302
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(11,765)	(12,410)	645
Cash flow hedge reserve	2,039	2,073	(34)
Reserve for treasury shares	(2,150)	(2,150)	0
Retained earnings/(loss carryforward)	150,210	71,838	78,372
Profit (loss) for the period	(15,209)	78,372	(93,581)
Total shareholders' equity attributable to shareholders of the Parent Company	1,149,047	1,161,233	(12,186)
Share capital and reserves attributable to non-controlling interests	1,848	2,189	(341)
Profit/(loss) attributable to non-controlling interests	(171)	(341)	170
Total shareholders' equity attributable to non-controlling interests	1,677	1,848	(171)
Total shareholders' equity	1,150,724	1,163,081	(12,357)

(thousands of euros)

The decrease of €12,357 thousand in consolidated shareholders' equity compared with 31 December 2021, is mainly due to the loss of €15,380 thousand registered at 31 March 2022, which € 171 thousand attributable to non-controlling interests, offset in part by the effects of the fair value measurement of investments in other entities (Aireon), net of deferred tax assets of €0.9 million, and the translation reserve for the conversion into euros of the financial statements of companies operating in areas other than the euro area and the reserve for actuarial gains/(losses) for employee benefits, which in the first quarter of 2022 registered an actuarial gain.

18. Provisions for risks and charges

Provisions for risks and charges amounted to €13,548 thousand, of which the portion classified in current liabilities totalled €10,073 thousand, and decreased by €366 thousand in the first quarter of 2022 as a result of the favourable settlement of a number of disputes with personnel and a review of the provision prompted

by new information, which led to the updating of estimates as a result of a decrease in the liabilities that could emerge from labour disputes of various types.

	31.12.2021	Increases	To profit or loss	Uses	31.03.2022
Provisions for disputes with personnel	641	0	(316)	(50)	325
Provisions for other pending litigation	50	0	0	0	50
Other risk provisions	883	0	0	0	883
Provisions for other charges	12,340	0	0	0	12,340
Total provisions for risks and charges	13,914	0	(316)	(50)	13,598

(thousands of euros)

19. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €46,615 thousand (€47,896 at 31 December 2021), 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. The decrease of €1,281 thousand at 31 March 2022 compared with the end of 2021 reflected benefits paid out to personnel leaving the Group during the first quarter and the actuarial gain of €0.8 million recognised at 31 March 2022.

20. 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 expense recognised on an accrual basis; ii) the bond issued by the Parent Company on 4 August 2015, with interest expense accrued for 2021, included under current liabilities. The bond will mature on 4 August 2022; and iii) lease liabilities emerging from the application of IFRS 16.

The values of these items at 31 March 2022 compared with those at 31 December 2021 and the associated changes are shown below:

	31.03.2022			31.12.2021			Change		
	non-current		Total	non-current		Total	non-current		Total
	current	current		current	current		current	current	
Bank loans	69,222	398,928	468,150	68,907	411,428	480,335	315	(12,500)	(12,185)
Bond	182,275	0	182,275	181,418	0	181,418	857	0	857
Lease liabilities under IFRS 16	1,793	3,334	5,127	1,907	3,771	5,678	(114)	(437)	(551)
Total	253,290	402,262	655,552	252,232	415,199	667,431	1,058	(12,937)	(11,879)

(thousands of euros)

Bank loans at 31 March 2022 registered a net decrease of €12,185 thousand, mainly reflecting the repayment of two quarterly instalments on a loan from Intesa San Paolo in the amount of €8,333 thousand a loan from Mediobanca in the amount of €4,167 thousand.

The instalments of the above loans falling due in the first quarter of 2023 in line with the repayment plans are recognised under current liabilities in the total amount of €69,222 thousand, which includes the effect of amortised cost measurement.

At 31 March 2022, the Group had unused committed and uncommitted short-term credit lines totalling €294 million, in line with the amounts reported in the 2021 Annual Financial Report, which readers are invited to consult for more information on the credit lines.

The average interest rate on bank loans in the reference period was 0.97%.

Lease liabilities under IFRS 16 include a total of €5,127 thousand in financial liabilities in respect of rights of use, broken down into long- and short-term in accordance with contractual due dates. During the period, that liability decreased as a consequence of payments made.

The following table reports the composition of net financial debt at 31 March 2022 determined in accordance with the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	31.03.2022	of which with related parties	31.12.2021	of which with related parties
(A) Cash	218,912	16,130	225,310	30,875
(B) Cash equivalents	0	0	0	0
(C) Securities held for trading	0	0	0	0
(D) Liquidity (A)+(B)+(C)	218,912	16,130	225,310	30,875
(E) Current financial receivables	0	0	0	0
(F) Current financial payables	(182,275)	0	(181,418)	0
(G) Current portion of non-current financial debt	(69,222)	0	(68,907)	0
(H) Other current financial debt	(1,793)	0	(1,907)	0
(I) Current financial debt (F)+(G)+(H)	(253,290)	0	(252,232)	0
(J) Net current financial debt/Liquidity (D)+(E)+(I)	(34,378)	16,130	(26,922)	30,875
(K) Non-current bank debt	(398,928)	0	(411,428)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current debt	(3,334)	0	(3,771)	0
(N) Non-current trade payables	(41,992)	0	(41,561)	0
(O) Non-current financial debt (K)+(L)+(M)+(N)	(444,254)	0	(456,760)	
(P) Total net financial debt as per ESMA guidelines (J)+(O)	(478,632)	16,130	(483,682)	30,875
(Q) Current and non-current derivatives	107	0	153	0
(R) Non-current financial receivables	0	0	0	0
(S) Net financial debt - ENAV Group (P)+(Q)+(R)	(478,525)	16,130	(483,529)	30,875

(thousands of euros)

21. Current and non-current trade payables

Current trade payables amounted to €105,957 thousand, a net decrease of €10,468 thousand on 31 December 2021, reflecting the changes reported in the following table:

	31.03.2022	31.12.2021	Change	%
Current trade payables				
Payables to suppliers	92,658	100,349	(7,691)	-8%
Payables for advances received for projects with EU financing	3,050	3,389	(339)	-10%
Balance payables	10,249	12,687	(2,438)	-19%
Total	105,957	116,425	(10,468)	-37%
Non-current trade payables				
Payables to suppliers	793	572	221	39%
Balance payables	41,199	40,989	210	1%
Total	41,992	41,561	431	1%
(thousands of euros)				

Payables to suppliers of goods and services necessary for the Group's operations show a net decrease of €7,691 thousand, mainly reflecting an increase in payments made during the period.

Eurocontrol balance payables amounted to €51,448 thousand, of which the part classified under current payables came to €10,249 thousand, which corresponds to the amount that will be reimbursed through unit rates in 2022. The decrease for the period represents the amount recognised through profit or loss pertaining to the quarter. During the period, a liability to be paid to carriers was also recognised for the portion of the balance incorporated in 2022 unit rates but not fully reimbursed as traffic was lower than the figure envisaged in determining unit rates, for a total of €102 thousand.

22. Other current and non-current liabilities

Other current liabilities amounted to €108,919 thousand at 31 March 2022 (€97,584 thousand at 31 December 2021), a net increase of €11,335 thousand that was attributable to the following developments: i) an increase of €14.2 million in the liability to the Italian Air Force and the National Civil Aviation Agency (ENAC) in respect of receipts pertaining to them received in the first quarter of 2022 for en-route and terminal services; ii) the recognition of liabilities in respect of personnel for provisions pertaining to the first quarter of 2022; iii) a reduction of €16.2 million for the payment of the liability to the Ministry for the Economy and Finance; and iv) a reduction in deferred income as a result of the recognition in profit or loss of investment grants in the amount of €2,047 thousand.

23. Tax and social security payables

Tax and social security payables amounted to €39,137 thousand (€32,890 thousand at 31 December 2021), an increase of €6,247 thousand comprising both current tax payable recognised in the period and social security payables in respect of provisions recognised for personnel.

Notes to the interim consolidated income statement

24. Revenues from contracts with customers

Revenues from contracts with customers, represented by revenues from operating activities and the balance adjustment component, totalled €159,769 thousand, down €20,708 thousand on the first quarter of 2021, entirely accounted for by balance revenues. Note that the two periods are not comparable, as the balance for the first quarter of 2021 was determined in accordance with the rules in force at that time, which provided for coverage of determined costs less an efficiency percentage, in compliance with Regulation (EU) 2020/1627 of 3 November 2020 of the European Commission, which was in force for the 2020-2021 combined period, while in the first quarter of 2022 the normal charging scheme based on the traffic-risk sharing mechanism referred to in Regulation (EU) 2019/317 was reinstated.

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 Quarter 2022	1st Quarter 2021	Change	%
En-route revenues	100,451	30,071	70,380	234.0%
Terminal revenues	37,966	11,736	26,230	223.5%
En-route and terminal exemptions	2,878	2,568	310	12.1%
Revenues from non-regulated market	6,035	4,946	1,089	22.0%
Total revenues from operations	147,330	49,321	98,009	198.7%
Balance	12,439	131,156	(118,717)	-90.5%
Total revenues from contracts with customers	159,769	180,477	(20,708)	-11.5%
(thousands of euros)				

En-route revenues amounted to €100.4 million, up €70.4 million on the same period of 2021, reflecting both an increase of 178.7% in service units generated during the period (-66.4% in first quarter of 2021 on the first quarter of 2020) and the increase of 20.33% in the unit rate applied in 2022 (€75.42 in 2022 compared with €62.68 in 2021), which amounted to 16.67% considering charges net of the balance. Comparing the first quarter of 2022 with the first quarter of 2020, service units showed a decrease of 6.5%, a significant improvement on performance in the first quarter of 2021 compared with the first quarter of 2020, while en-route revenues from the increase in the unit rate rose 6.6%.

Considering en-route revenues including the exempt flights component, which posted an increase of 22.4% as a result of the rise of 1.7% in service units during the period (+4.5% in the first quarter of 2021 on the first quarter of 2020), and the adjustment component for balances, en-route revenues totalled €105.2 million, a decrease of €23.4 million, as reported below:

	1st Quarter 2022	1st Quarter 2021	Change	%
En-route revenues	100,451	30,071	70,380	234.0%
En-route exemptions	2,280	1,863	417	22.4%
<i>Sub-total revenues</i>	<i>102,731</i>	<i>31,934</i>	<i>70,797</i>	<i>256.4%</i>
En-route balance for period	903	94,858	(93,955)	-99.0%
Discounting of balance for period	(9)	(3,160)	3,151	-99.7%
Use of en-route balance n-2	1,570	4,918	(3,348)	-68.1%
<i>Sub-total balance</i>	<i>2,464</i>	<i>96,616</i>	<i>(94,152)</i>	<i>-97.4%</i>
Total en-route revenues from operations with balance	105,195	128,550	(23,355)	-18.2%

(thousands of euros)

The en-route balance had a positive impact of €2.5 million, a decrease of €94.2 million compared with the first quarter of 2021. Note that the two periods are not comparable, as the balance for the first quarter of 2021 was determined in accordance with the rules in force at that time, which provided for coverage of determined costs less an efficiency percentage, in compliance with Regulation (EU) 2020/1627 of 3 November 2020 of the European Commission, which was in force for the 2020-2021 combined period, while in the first quarter of 2022 the normal charging scheme based on the traffic-risk sharing mechanism was reinstated. The en-route balance for the period reflects traffic risk, as fewer actual service units were generated compared with the level forecast in the performance plan, producing a decrease 2.95%, while the overall amount was also impacted by recognition through profit or loss of the balance recorded in previous years in the positive amount of €1.6 million for reimbursement to carriers through unit rates in 2022.

Commercial [terminal revenues](#) amounted to €38 million, an increase of €26.2 million on the first quarter of 2021, reflecting the rise of 199.4% in service units posted by the individual airports in the different charging zones (-67.8% in the first quarter of 2021 on the first quarter of 2020) and the increase in unit rates in the first two charging zones. Comparing the first quarter of 2022 with the first quarter of 2020, which was impacted by the pandemic for one month only, terminal service units rose by 15.8%, a significant improvement on the performance registered in the first quarter of 2021 compared with the first quarter of 2020, while terminal revenues rose by 17%, partly in reflection of the increase in unit rates.

Charging Zone 1, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 163.2% compared with the same period of 2021 (-74.2% in the first quarter of 2021 on the first quarter of 2020), and a decrease of 31.8% compared with the first quarter of 2020. The unit rate applied in 2022 rose by 10.98% to €182.61 from €164.55 in 2021.

Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio registered an increase in assisted air traffic, expressed in service units, of 155.7% on the first quarter of 2021 (-60.6% in the first quarter of 2021 on the first quarter of 2020) and an increase of 1.3% on the first quarter of 2020, underscoring the recovery in air traffic operations. The unit rate for 2022 is equal to €214.89, up 33.59% on the rate €160.86 applied in 2021.

Charging Zone 3, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 242.8% compared with the same period of 2021 (-70.7% in the first quarter of 2021 on the first quarter of 2020) and an increase of 7.7% on the first quarter of 2020. The unit rate for 2022 is equal to €334.24, a decrease of 15.46% on the rate of €395.35 applied in 2021.

Considering terminal revenues together with revenues for exempt flights, which decreased by 15.2% compared with the same period of the previous year as a result of the decline of 6.4% in service units, and

the adjustment component for balances, terminal revenues totalled €48.6 million, an increase of €1.6 million on the first quarter of 2021, as reported below:

	1st Quarter 2022	1st Quarter 2021	Change	%
Terminal revenues	37,966	11,736	26,230	223.5%
Terminal exemptions	598	705	(107)	-15.2%
<i>Sub-total</i>	<i>38,564</i>	<i>12,441</i>	<i>26,123</i>	<i>210.0%</i>
Terminal balance for period	9,195	33,400	(24,205)	-72.5%
Discounting of balance for period	(88)	(1,113)	1,025	-92.1%
Use of terminal balance n-2	868	2,253	(1,385)	-61.5%
<i>Sub-total</i>	<i>9,975</i>	<i>34,540</i>	<i>(24,565)</i>	<i>-71.1%</i>
Total terminal revenues from operations with balance	48,539	46,981	1,558	3.3%

(thousands of euros)

The terminal balance had a positive impact of €9.2 million, a decrease of €24.2 million compared with the first quarter of 2021. Once again, the terminal balance for the first two charging zones (totalling €2.1 million) cannot be compared with the first quarter of 2021 (a balance of €13.6 million), as the same traffic-risk sharing mechanism used for the en-route charge was adopted this year, while the balance for the third charging zone continues to be determined using a cost recovery method and amounted to €7.1 million (€19.8 million at the first quarter of 2021). The balance for the period also reflects the recognition through profit or loss of the balance recorded in previous years in the positive amount of €0.9 million for reimbursement to carriers through unit rates in 2022.

Revenues from the non-regulated market amounted to €6 million, an increase of €1.1 million compared with the corresponding period of the previous year, mainly due to the increase in revenues generated by both the Parent Company, mainly from flight inspection activities for radio aids installed at airports in Greece, and the subsidiary IDS AirNav, for maintenance and service activities associated with existing contracts with customers around the world.

The following table provides a breakdown of non-regulated market revenues by type of activity.

	1st Quarter 2022	1st Quarter 2021	Change	%
Revenues from non-regulated market				
Sale of licences and provision of services	3,855	2,932	923	31.5%
Flight inspection	320	107	213	n.a.
Aeronautical consulting	382	481	(99)	-20.6%
Technical and engineering services	860	973	(113)	-11.6%
Services for unmanned aerial vehicles	142	146	(4)	-2.7%
Other revenues	476	307	169	55.0%
Total revenues from non-regulated market	6,035	4,946	1,089	22.0%

(thousands of euros)

25. Other operating income

Other operating income amounted to €10,344 thousand, a decrease of €446 thousand on the first quarter of 2021, mainly reflecting a decrease in capital grants and revenues connected with European financing in the first quarter of 2022.

The following table provides a breakdown of revenues for the first quarter of 2022 compared with the same period of 2021 by geographical area.

Revenues	% of		% of	
	1st Quarter 2022	revenues	1st Quarter 2021	revenues
Italy	165,559	97.3%	187,203	97.9%
EU	2,216	1.3%	1,184	0.6%
Non-EU	2,338	1.4%	2,879	1.5%
Total	170,113		191,266	

(thousands of euros)

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

Costs for goods, services, leases and rentals and other operating expenses totalled €33,605 thousand, an increase of €3,679 thousand compared with the same period of 2021. They break down as follows.

	1st Quarter 2022	1st Quarter 2021	Change	%
Costs for the purchase of goods	1,366	1,617	(251)	-15.5%
Costs for services:				
Maintenance costs	4,592	4,438	154	3.5%
Costs for Eurocontrol fees	9,276	8,834	442	5.0%
Costs for utilities and telecommunications	8,363	6,072	2,291	37.7%
Costs for insurance	818	781	37	4.7%
Cleaning and security	1,337	1,311	26	2.0%
Other personnel-related costs	2,352	1,910	442	23.1%
Professional services	2,664	2,110	554	26.3%
Other costs for services	1,869	1,877	(8)	-0.4%
Total costs for services	31,271	27,333	3,938	14.4%
Costs for leases and rentals	347	384	(37)	-9.6%
Other operating expenses	621	592	29	4.9%
Total	33,605	29,926	3,679	12.3%

(thousands of euros)

An analysis of the individual items shows an increase of various cost items, including: 1) electricity costs across the country as electricity prices rose, with an increase of €2.3 million; ii) higher contract acquisition costs; and iii) a rise in other personnel costs connected with the increase in business travel by Group staff for the amount of €0.5 million.

27. Personnel costs

Personnel costs totalled €125,903 thousand, an increase of €5,539 thousand on the first quarter of 2021, largely accounted for by the increase in variable remuneration as a result of the revival of operations in the air traffic sector, which saw air traffic controllers (ATC) return to normal operating conditions.

	1st Quarter 2022	1st Quarter 2021	Change	%
<u>Wages and salaries, of which:</u>				
fixed remuneration	71,860	71,646	214	0.3%
variable remuneration	17,346	13,638	3,708	27.2%
Total wages and salaries	89,206	85,284	3,922	4.6%
Social security contributions	29,669	28,262	1,407	5.0%
Employee severance pay	5,175	5,044	131	2.6%
Other costs	1,853	1,774	79	4.5%
Total personnel costs	125,903	120,364	5,539	4.6%
(thousands of euros)				

More specifically, fixed remuneration remains virtually unchanged, influenced by the change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries and by ordinary developments in remuneration. The average workforce decreased by 22 compared with the first quarter of 2021, while the effective workforce expanded by just 1 employee, closing the first quarter of 2022 with an effective Group workforce of 4,253. Variable remuneration increased by 27.2%, mainly attributable to an increase in the number of days of holiday entitlement accrued and not used by Group personnel, which had an impact of €3.6 million, up €0.8 million on the first three months of 2021, and to the items variable remuneration directly associated with air traffic controllers and the increase in air traffic, which translated into greater overtime for ATC personnel, the provision for performance bonuses, ancillary remuneration and an increase in costs for indemnities for holidays not falling on business days. Social security contributions increased by 5% to €29.7 million, while other personnel costs were broadly stable at €1.8 million.

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

	1st Quarter 2022	1st Quarter 2021	Change
Executives	50	51	(1)
Middle managers	410	419	(9)
Office staff	3,793	3,782	11
Workforce at period end	4,253	4,252	1
Average workforce	4,183	4,205	(22)

28. Capitalised costs

Capitalised costs amounted to €6,610 thousand, an increase of €682 thousand on the same period of the previous year, reflecting the hours worked by employees involved in investment projects and the activities of subsidiaries on the internal implementation of investment projects.

29. Financial income and expense

Financial income and expense show net income of €670 thousand, reflecting financial income of €2,190 thousand, financial expense of €1,717 thousand and foreign exchange gains of €197 thousand.

	1st Quarter 2022	1st Quarter 2021	Change	%
Financial income from discounting of balance and receivables	2,008	1,267	741	58.5%
Other interest income	182	1,414	(1,232)	-87.1%
Total financial income	2,190	2,681	(491)	-18.3%
	1st Quarter 2022	1st Quarter 2021	Change	%
Interest expense on bank borrowings	710	688	22	3.2%
Interest expense on bonds	857	857	0	0.0%
Interest expense on employee benefits	96	28	68	n.a.
Interest expense on lease liabilities	29	27	2	7.4%
Other interest expense	25	1	24	n.a.
Total financial expense	1,717	1,601	116	7.2%
Exchange rate gains/(losses)	197	261	(64)	-24.5%
Total financial income/(expense)	670	1,341	(671)	-50.0%

(thousands of euros)

The €0.5 million decline in **financial income** compared with the first quarter of 2021 reflects the greater interest income recognised in the year-earlier quarter, which included the interest income on the portion of the IRES receivable for which reimbursement had been requested, which was collected in the early months of 2021.

Financial expense was broadly in line with the figure for the first quarter of 2021, with a slight increase in interest expense on bank loans and the interest cost on Group employee benefits.

30. Income taxes

Income taxes for the period amounted to €1,832 thousand, a decrease of €2,914 thousand compared with the first quarter of 2021, reflecting the decrease in current taxes associated with the reduction in taxable income and the negative impact of deferred taxes, which in the first quarter of 2021 had generated a positive effect.

	1st Quarter 2022	1st Quarter 2021	Change	%
IRES (corporate income tax)	1,050	4,212	(3,162)	-75.1%
IRAP (regional business tax)	214	926	(712)	-76.9%
Total current taxes	1,264	5,138	(3,874)	-75.4%
Deferred tax assets	(143)	(55)	(88)	n.a.
Deferred tax liabilities	711	(337)	1,048	n.a.
Total current and deferred tax assets and liabilities	1,832	4,746	(2,914)	-61.4%

(thousands of euros)

Other information

31. Segment reporting

The ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, for the purposes of monitoring by management, has the three operating segments 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 the management of aeronautical information and air traffic and the provision of associated commercial and maintenance services, for a range of customers in Italy, Europe and around the world.

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

No operating segment has been aggregated to create the operating segments subject to reporting indicated below for the first quarter of 2022 and the first quarter of 2021.

First quarter of 2022

	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/reclassification	ENAV Group
Revenues from third parties	165,121	802	3,903	287	0	170,113
Intersegment revenues	2,107	22,137	1,111	85	(25,440)	0
Total revenues	167,228	22,939	5,014	372	(25,440)	170,113
Personnel costs	(109,632)	(13,960)	(2,308)	(3)	0	(125,903)
Other net costs	(44,770)	(4,475)	(2,216)	(548)	25,014	(26,995)
Total operating costs	(154,402)	(18,435)	(4,524)	(551)	25,014	(152,898)
Depreciation and amortisation	(29,650)	(276)	(407)	(242)	275	(30,300)
Writedowns and provisions	(531)	(1)	(597)	(4)	0	(1,133)
EBIT	(17,355)	4,227	(514)	(425)	(151)	(14,218)
Financial income and expense	728	(20)	(15)	(24)	1	670
Income before taxes	(16,627)	4,207	(529)	(449)	(150)	(13,548)
Income taxes	(700)	(1,308)	140	(1)	37	(1,832)
Net profit (loss) for the period	(17,327)	2,899	(389)	(450)	(113)	(15,380)
Total assets	2,355,625	118,027	33,240	78,424	(249,730)	2,335,586
Total liabilities	1,236,307	62,875	24,117	6,492	(144,927)	1,184,864
Net financial debt	(498,202)	4,551	5,402	9,724	0	(478,525)

(thousands of euros)

First quarter of 2021

	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/reclassification	ENAV Group
Revenues from third parties	186,906	902	2,933	525	0	191,266
Intersegment revenues	1,978	22,243	792	0	(25,013)	0
Total revenues	188,884	23,145	3,725	525	(25,013)	191,266
Personnel costs	(104,698)	(13,574)	(2,088)	(4)	0	(120,364)
Other net costs	(41,231)	(4,414)	(2,095)	(602)	24,344	(23,998)
Total operating costs	(145,929)	(17,988)	(4,183)	(606)	24,344	(144,362)
Depreciation and amortisation	(32,095)	(353)	(347)	(95)	274	(32,616)
Writedowns and provisions	888	45	7	8	0	948
EBIT	11,748	4,849	(798)	(168)	(395)	15,236
Financial income and expense	1,471	132	16	(22)	(256)	1,341
Income before taxes	13,219	4,981	(782)	(190)	(651)	16,577
Income taxes	(3,388)	(1,480)	(21)	36	107	(4,746)
Net profit (loss) for the period	9,831	3,501	(803)	(154)	(544)	11,831
Total assets	2,227,331	104,228	27,343	74,165	(215,134)	2,217,933
Total liabilities	1,142,603	62,273	21,075	5,864	(114,637)	1,117,178
Net financial debt	(306,061)	2,931	6,395	10,795	0	(285,940)

(thousands of euros)

32. 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 1 July 2021, the Board of Directors of the Parent Company, having obtained a favourable opinion of the Control, Risks and Related Parties Committee, approved the new "Procedure governing related-party transactions", which incorporates the amendment of the Related Parties Regulation introduced by CONSOB with Resolution no. 21624 of 10 December 2020 in implementation of the enabling authority contained in the amended version

of Article 2391-bis of the Italian Civil Code. The procedure was prepared in conformity with that article 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.

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 for the first quarter of 2022, compared with December 31, 2021 for balance sheet and with the first quarter 2021 for income statement.

	At 31.03.2022					
	Trade receivables and other current and non-current 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	13,873	16,130	35,328	2,878	0	0
Ministry of Sustainability Infrastruttture and mobility	63,312	0	0	8,470	0	0
Enel Group	0	0	22	0	36	0
Leonardo Group	737	0	11,749	248	579	0
CDP Group	2,626	0	2,439	252	134	0
Other external related parties	0	0	88	24	56	7
<i>Balance in financial statements</i>	224,200	218,912	214,876	157,674	33,259	347
<i>Related parties as % of balance in financial statements</i>	35.9%	7.4%	23.1%	7.5%	2.4%	2.0%

(thousands of euros)

	Balance at 31.12.2021 - First quarter of 2021					
	Trade receivables and other current 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	10,993	30,875	42,518	2,568	0	0
Ministry of Sustainability Infrastruttture and mobility	64,654	0	0	8,674	0	0
Enel Group	0	0	102	0	1,507	0
Leonardo Group	813	0	14,209	108	413	0
CDP Group	2,478	0	2,637	0	112	0
Other external related parties	0	0	26	41	41	6
<i>Balance in financial statements</i>	233,848	225,310	255,571	60,111	29,541	384
<i>Related parties as % of balance in financial statements</i>	33.8%	13.7%	23.3%	18.9%	7.0%	1.6%

(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 (MSIM) and the entities subject to the control of the MEF, is consistent with the disclosures provided in the 2021 Annual Financial Report, which readers are invited to consult for more information.

33. 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, which were subsequently amended on 18 February 2021, marking the start of the first vesting cycle for 2020-2022. The Board of Directors approved the start of the second vesting cycle for 2021-2023 on 11 November 2021.

The characteristics of the above plan are discussed in note 34 of the 2021 Annual Financial Report, which readers are invited to consult as there were no grants of shares or the start of a new cycle during the first quarter of 2022. In the first quarter of 2022, the amounts in respect of existing plans for the period amounting to a total of €152 thousand were recognised.

34. Derivatives

During April 2019, the Parent Company entered into five derivative contracts, four 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 \$1.4 million.

The fair value of the derivative was a positive €107 thousand at 31 March 2022. 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 31 March 2022, as indicated in bank communications, are reported below:

Counterparty	Type of transaction	Start date	Expiry date	Notional (thousands of USD)	Forward rate	value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	02/04/2019	13/01/2023	1,392	1.2340	1,128	109.2
Total				1,392		1,128	109.2

The fair value at 31 March 2022 is reported in the following table, adjusted to take account of the Debit Valuation Adjustment:

Counterparty	Type of transaction	Notional (thousands of USD)	value (thousands of euros)	MtM	Debit Value Adjustment (DVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	107.7	(0.2)	107.5
Total		1,392	1,128	107.7	(0.2)	107.5

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.

35. Assets and liabilities by maturity

	Within the next financial year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	344	0	344
Deferred tax assets	0	32,236	0	32,236
Non-current tax receivables	0	716	0	716
Non-current trade receivables	0	699,460	0	699,460
Other non-current receivables	0	6,378	0	6,378
Total	0	739,134	0	739,134
Financial liabilities	253,290	296,606	105,656	655,552
Deferred tax liabilities	0	6,034	0	6,034
Other non-current liabilities	0	30,385	136,723	167,108
Non-current trade payables	0	41,992	0	41,992
Total	253,290	375,017	242,379	870,686

(thousands of euros)

36. Basic and diluted earnings per share

Basic and diluted earnings per share, which both amounted to a negative €0.03 per share, are reported at the end of the income statement and are calculated by dividing the profit attributable to shareholders of the Parent for the period by the weighted average number of ordinary shares outstanding during the period.

37. Events after the reporting date

It should be noted that the conflict between Russia and Ukraine is still ongoing, which determines the persistence of elements of uncertainty, which could cause the reference context in the coming months of 2022. The Group continues to monitor any impact on its business and to adopt appropriate initiatives in order to ensure full compliance with the sanctioning regime adopted by the States of the European Union towards Russian natural and legal persons.

Declaration of the manager responsible for financial reporting pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998

The manager responsible for the preparation of ENAV's financial reports, Luca Colman, hereby declares, pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998 (Consolidated Law on Financial Intermediation), that the accounting information contained in the Interim Financial Report at 31 March 2022 corresponds with that contained in the accounting documentation, books and records.

Rome, 12 May 2022

[signed] Luca Colman

Legal information and contact info

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Legal information

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Investor Relations

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