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ENAV S.p.A. Separate Financial Statements and Consolidated Financial Statements 2022

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ANNUAL FINANCIAL

REPORT

2022

The Annual Financial Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Contents

ENAV Group in figures

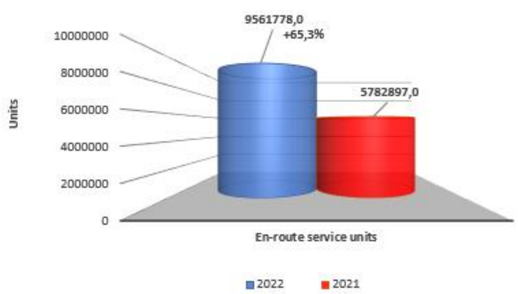
Performance	2022	2021	Changes	%
Total revenues	944,310	836,579	107,731	12.9%
EBITDA	272,188	222,376	49,812	22.4%
EBITDA margin	28.8%	26.6%	2.2%	
EBIT	148,333	98,286	50,047	50.9%
EBIT margin	15.7%	11.7%	4.0%	
Profit for the year attributable to the Parent	105,004	78,372	26,632	34.0%

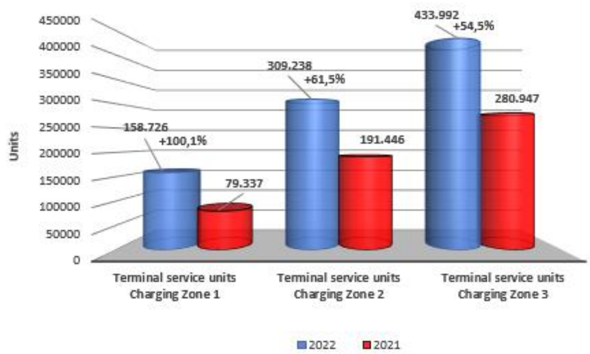
(thousands of euros)

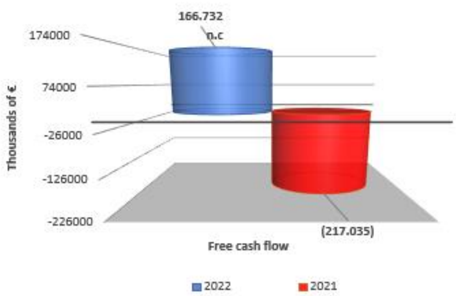
Financial position	31.12.2022	31.12.2021	Changes	%
Net capital employed	1,614,742	1,646,610	(31,868)	-1.9%
Consolidated equity	1,206,894	1,163,081	43,813	3.8%
Net financial debt	407,848	483,529	(75,681)	-15.7%

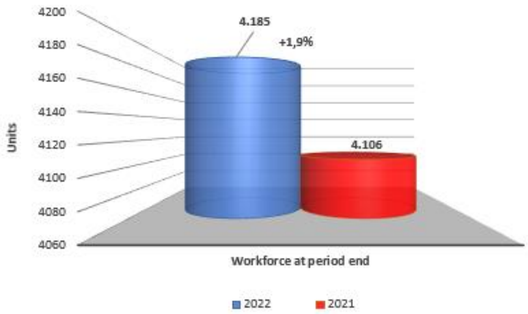
(thousands of euros)

Other indicators









REPORT ON OPERATIONS

Corporate Bodies

BOARD OF DIRECTORS (2020-2022 term)	
CHAIR	Francesca Isgrò
CHIEF EXECUTIVE OFFICER	Paolo Simioni
DIRECTORS	Angela Stefania Bergantino
	Laura Cavallo
	Giuseppe Lorubio
	Fabiola Mascardi
	Fabio Pammolli
	Carlo Paris
	Antonio Santi

CONTROL, RISKS AND RELATED PARTIES COMMITTEE	
CHAIRMAN	Antonio Santi
MEMBERS	Laura Cavallo
	Fabio Pammolli

BOARD OF STATUTORY AUDITORS (*) (2022-2024 term)	
CHAIRMAN	Dario Righetti
STATUTORY AUDITORS	Giuseppe Mongiello
	Valeria Maria Scuteri
ALTERNATE AUDITORS	Roberto Cassader
	Flavia Daunia Minutillo

REMUNERATION AND APPOINTMENTS COMMITTEE	
CHAIRMAN	Giuseppe Lorubio
MEMBERS	Laura Cavallo
	Antonio Santi

SUPERVISORY BODY (**) (2022-2024 term)	
CHAIRMAN	Maurizio Bortolotto
MEMBERS	Domenico Gullo
	Marina Scandurra

SUSTAINABILITY COMMITTEE	
CHAIRMAN	Carlo Paris
MEMBERS	Angela Stefania Bergantino
	Fabiola Mascardi

MAGISTRATE OF THE COURT OF AUDITORS DESIGNATED TO CONTROL ENAV S.p.A.
Tammaro Maiello

AUDIT FIRM (2016-2024)
EY S.p.A.

(*) The Board of Statutory Auditors was appointed for the three-year period 2022-2024 by the Shareholders' Meeting held on 3 June 2022.

(**) The Supervisory Body was appointed for the three-year period 2022-2024 by the Board of Directors on 12 May 2022.

Corporate Governance

ENAV's Corporate Governance system consists of a series of bodies, principles, rules and procedures that comply with the principles set out in the Corporate Governance Code, the relevant recommendations made by CONSOB and, more generally, with international best practice. In view of the social importance of the Company's operations, the main objective of ENAV's Corporate Governance is to perpetuate the company's sustainable success by creating value for its shareholders in the medium-long term and to appropriately balance and foster all the interests involved.

The ENAV Corporate Governance structure is based on the traditional Italian model, which, save for the powers reserved to the Shareholders' Meeting by law and the Articles of Association, gives the Board of Directors responsibility for the strategic and operational management of the Company, while the Board of Auditors is charged with performing oversight functions.

In accordance with the Articles of Association and the Corporate Governance Code, the Board of Directors has established three internal committees to provide advice and recommendations to the Board: the Control, Risks and Related Parties Committee, the Remuneration and Appointments Committee and the Sustainability Committee, which report to the Board through their respective Chairmen at every Board meeting.

The statutory audit is performed by an audit firm.

For a comprehensive examination of corporate governance arrangements, please see the *Report on Corporate Governance and the Ownership Structure*, prepared pursuant to Article 123-bis of the Consolidated Law as an autonomous document approved by the Board of Directors on 15 March 2023 and published on the Company's website at www.enav.it, in the *Governance* section, in conjunction with the publication of this Annual Financial Report, as well as in the specific section containing the documents and reports to be submitted for approval by the Shareholders' Meeting.

The criteria for determining Directors' remuneration are discussed in the *Report on Remuneration Policy and Remuneration Paid*, prepared in compliance with Article 123-ter of the Consolidated Law and published in the *Governance* section of the Company's website.

Consolidated statement of non-financial information

As a public interest entity, ENAV prepares and publishes a Consolidated Non-Financial Statement (NFS) in the form of a separate report, in accordance with the provisions of Article 5 of Legislative Decree 254/2016, which, pursuant to articles 3 and 4 of the aforementioned Decree, contains information relating to environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption.

The document is subject to independent approval by the Board of Directors of ENAV.

As in 2021, the Group has prepared a Sustainability Report, which also incorporates the NFS pursuant to Legislative Decree 254/2016 as amended, drawn up on an annual basis in accordance with the GRI Sustainability Reporting Standard published by the Global Reporting Initiative (GRI) and compliant with the requirements of EU Regulation 852/2020 and the Implementing Regulation for article 8 of the above Regulation. The NFS undergoes a limited audit by EY S.p.A.

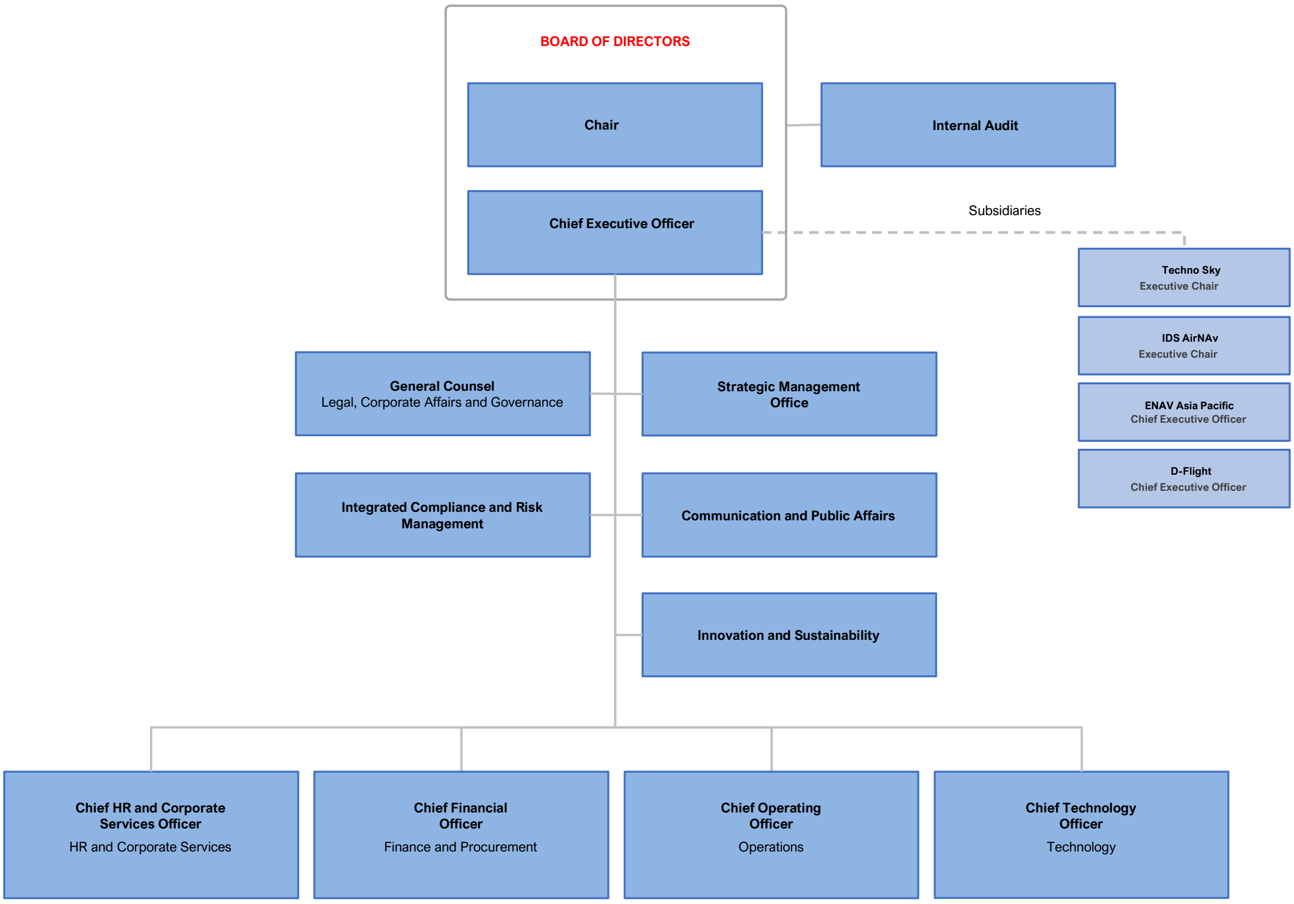
The document is published on the Company's website at www.enav.it.

Organisational model and activities of the ENAV Group

Organisational model

The organisational model of the ENAV Group has remained largely unchanged. In recent years, HR activities have been concentrated in the parent company, allowing the subsidiaries to focus on their core business. The ENAV macrostructure, which did not undergo any changes in 2022, consists of four strategic departments (HR and Corporate Services, Finance and Procurement, Operations, Technology) and five units reporting to the Chief Executive Officer (General Counsel, Integrated Compliance and Risk Management, Strategic Management Office, Communication and Public Affairs, Innovation and Sustainability), plus the Internal Audit unit reporting to the Board.

The following table shows the top tier of ENAV's organisational structure.



Organisational changes were made in various areas during 2022, some of which are reported below:

- establishment of the Integrated Compliance and Risk Management unit, including an internal Business Integrity unit, set up to respond to the need to structure Group compliance with an overall view of the control and risk management system. The establishment of this unit completed the work of integrating the second level controls within the Integrated Compliance and Risk Management structure, the scope of which has been extended to cover anti-corruption, anti-fraud, commercial compliance and privacy, as well as the responsibilities initially allocated to the Corruption Prevention Compliance Function, which was abolished at the same time;

- The Legal, Corporate Affairs and Governance unit, within which two new units have been created: International Legal Support and Contract Assurance and Legal Affairs Business Partner Subsidiaries. The first unit was assigned responsibility for overseeing the review of contract agreements for the commercial market, ensuring compliance and first-level controls in this area (appropriateness of terms, customers not on the black list, compliance with national regulations, EU and international). The second unit is responsible for managing activities related to the legal affairs of the Italian subsidiaries and for acting as a focal point for the collection of legal requests addressed to the Legal, Corporate Affairs and Governance unit;
- the HR and Corporate Services structure underwent several changes, including: abolition of the People Business Partner structure, making the HR Business Partners report directly to the Chief HR and Corporate Services Officer; establishment of the Talent Experience, Diversity and Inclusion Initiatives structure to promote initiatives, including training, intended to enhance diversity and promote inclusion; review of the Group Shared Services structure intended to strengthen the supervision of ordinary maintenance through the creation of Local Service Areas reporting directly to the structure manager;
- within the Innovation and Sustainability unit, the Sustainability and Corporate Social Responsibility unit was split into three organisational units: ESG Performance Management, tasked with monitoring the objectives of the Sustainability Plan, Stakeholder Management and ESG Projects, tasked with managing relations with stakeholders involved in sustainability issues and managing ESG initiatives; Sustainability Promotion, tasked with internally developing the culture of sustainability and publicising the results achieved by the Group in sustainable development.

Compliance model pursuant to Legislative Decree 231/2001

The ENAV Group has adopted a compliance models that meet the requirements of Legislative Decree 231/2001, establishing a structured and comprehensive system of procedures and monitoring activities designed to prevent conduct that may lead to the commission of the offences envisaged under Legislative Decree 231/2001. Alongside the compliance model, the Group has also adopted a Code of Ethics: both of these are constantly updated.

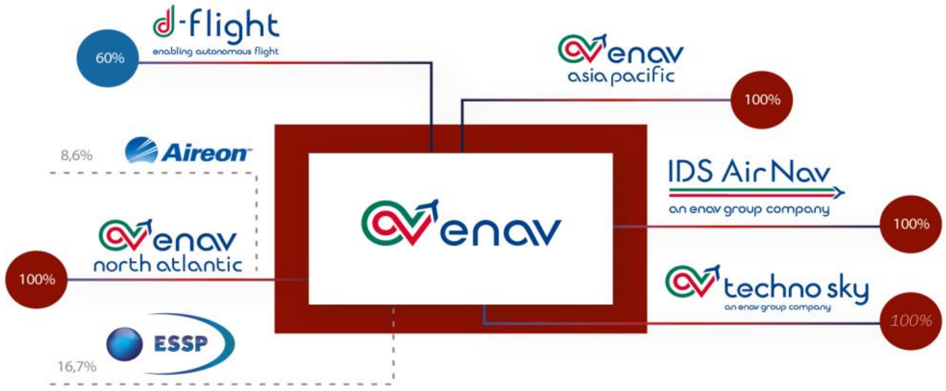
In particular, during 2022, in the light of geopolitical events and the consequent restrictive measures adopted by national and international institutions in response to geopolitical dynamics, including the Russian-Ukrainian conflict, the ENAV Group made some additions to the Group Code of Ethics in order to reaffirm the need to promote a corporate culture based on full respect for human rights as well as on the commitment to conduct business activities in compliance with the rules, including the applicable national and international restrictive measures. The Whistleblowing Regulations and the related technological platform were also supplemented at the same time.

The new Supervisory Body within ENAV and the Group companies, appointed following the natural expiry of their term of office, taking into account the regulatory changes made to Legislative Decree 231/2001, deemed it appropriate to carry out a specific Risk Assessment and contextual Gap Analysis to update the Models 231 as necessary based on the related outcomes.

Further to the checks on the effective implementation of the Model 231 Protocols, the Supervisory Bodies found the compliance system to be efficient and made suggestions for improvement which were promptly implemented by the management.

The Group’s Business

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 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, through Aireon Holdings LLC (hereinafter also “Aireon”), currently holds an 8.60% (pre redemption) stake in Aireon LLC, which will rise to 10.35% post redemption. The post redemption shareholding was diluted from 11.11% (in 2021) to 10.35% due to the capital increase approved by the shareholders in May 2022 and completed in June 2022 but not subscribed by ENAV North Atlantic. Aireon builts and operates 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., 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 Traffic Management (UTM) category.

ENAV stock performance and shareholders

ENAV, which has been listed on the Mercato Telematico Azionario (now EXM – Euronext Milan) operated by Borsa Italiana S.p.A. since 26 July 2016 is currently the only Air Navigation Service Provider (ANSP) listed on an equity market.

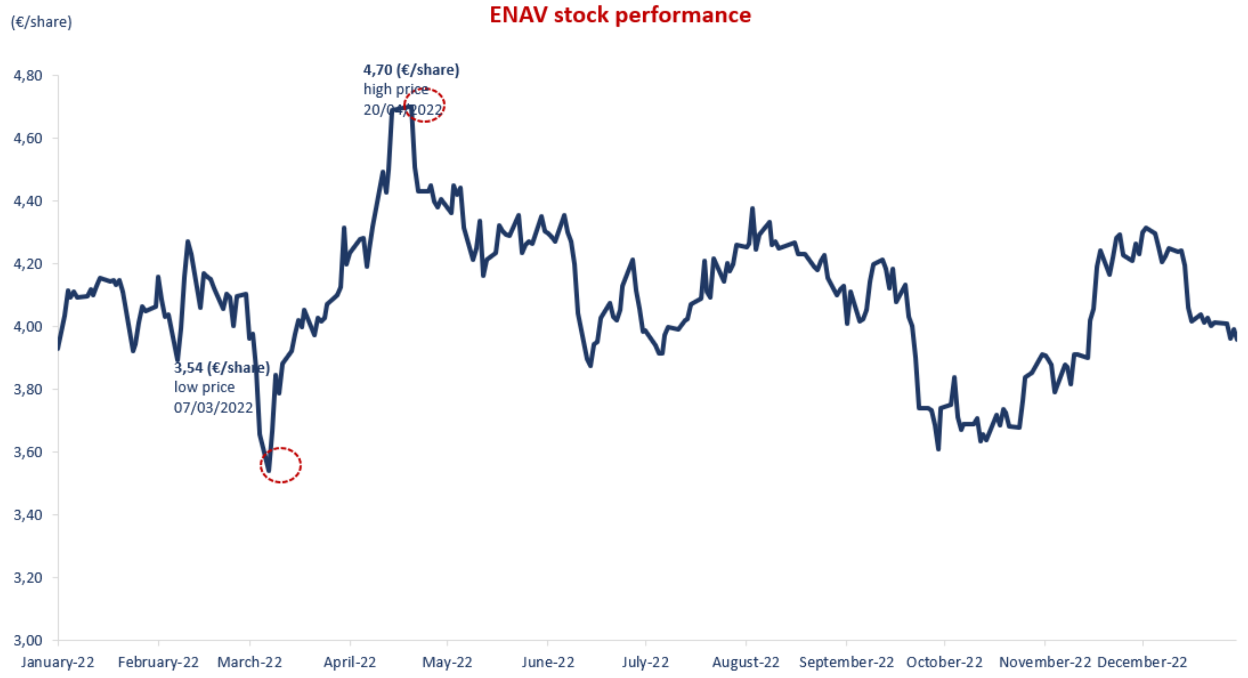
Since the date of its listing, the ENAV stock price has risen by 20.0%, with a market capitalisation as at 31 December 2022 of around €2.14 billion.

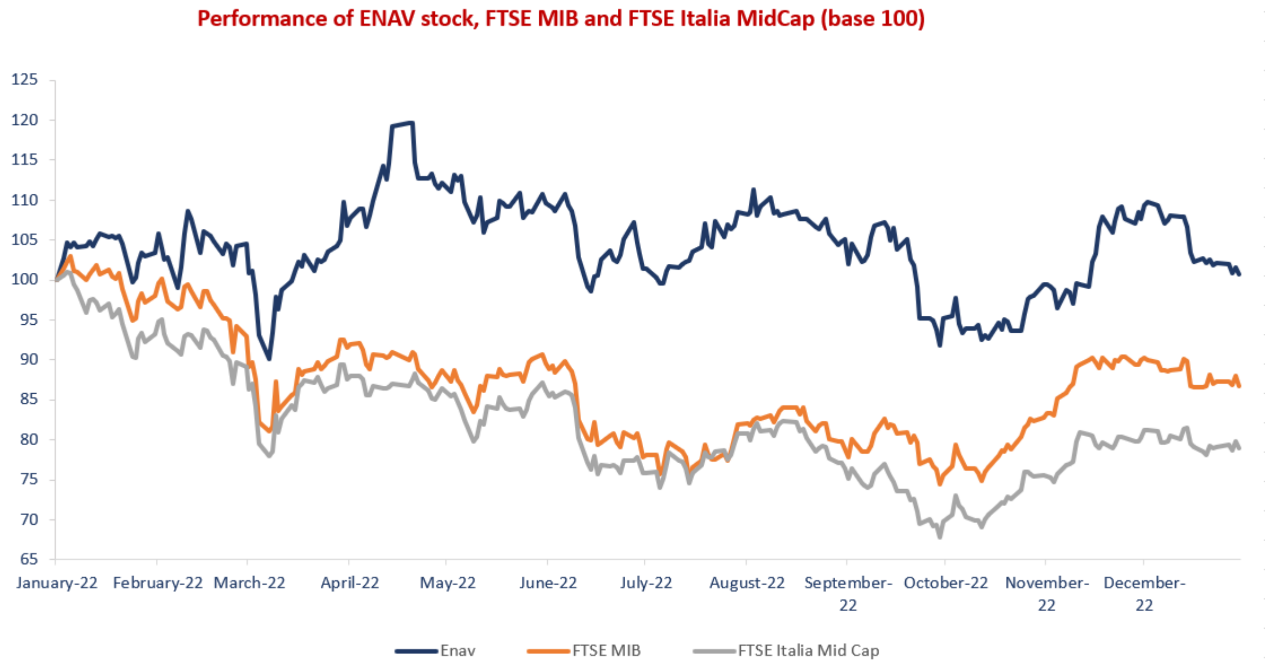
During 2022, the stock performed positively, increasing from €3.93 at the beginning of the year to €3.96 (an increase of 1%) at the end. As for the volume of shares traded during the year, the daily average stood at around 385 thousand shares traded, essentially in line with the figure for 2019, the pre-COVID period, and around 50% of the figure for the previous year. In 2022, the FTSE MIB index, which includes the top 40 Italian stocks, posted a loss of 13.3%, while the FTSE Mid Cap index, to which ENAV belongs, recorded a decrease of 21.0%.

The performance of ENAV shares during the year was mainly influenced by exogenous factors, such as the Russian-Ukrainian conflict, and by the significant increase in interest rates and inflation.

The highest share price for 2022 was recorded on 20th April, when the price per share was €4.70, while the lowest price was on 7th March, with a price per share of €3.54.

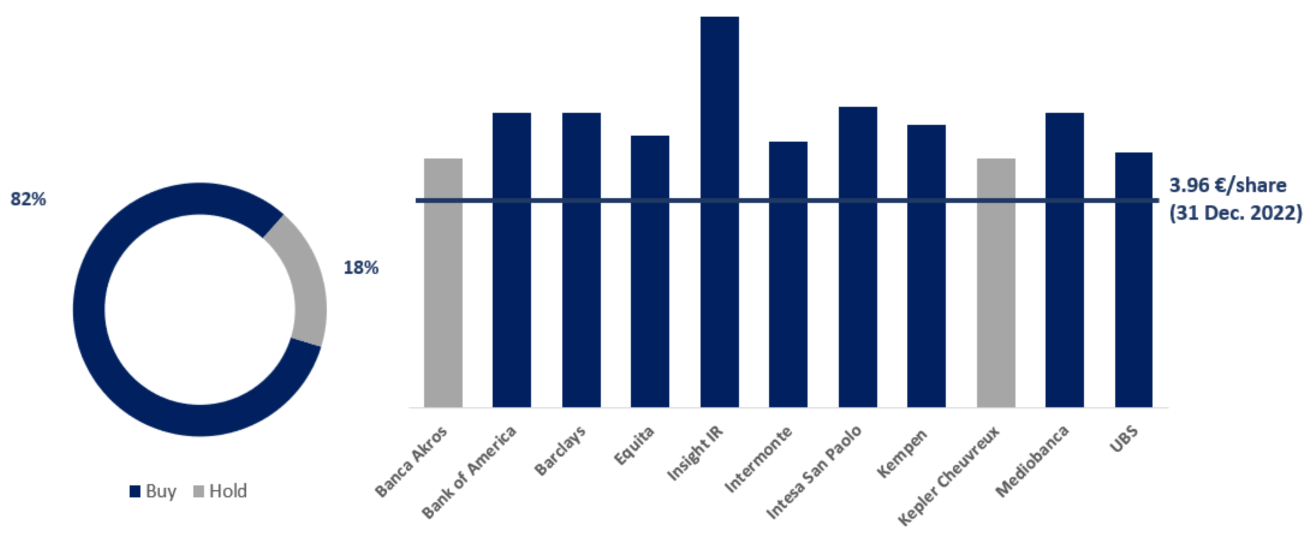
In the first two months of 2023, the ENAV share price increased (+5.5%) reaching €4.178 per share on 28 February 2023.





As of 31 December 2022, the ENAV stock is covered by eleven analysts, belonging to the major Italian and foreign brokerage institutions, some of which are specialized in infrastructure companies. Of these eleven analysts, at the end of 2022, nine had a "BUY" rating on the ENAV stock, while two had a "HOLD" rating.

Analysts Coverage

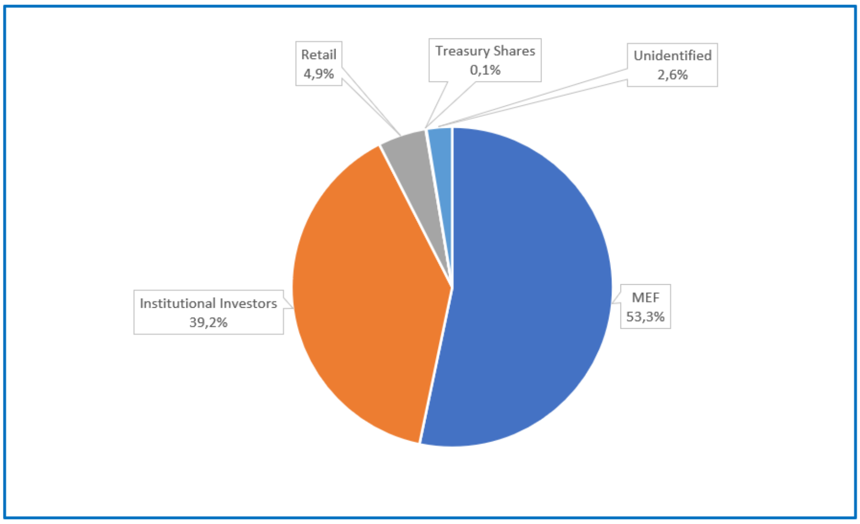


Shareholders

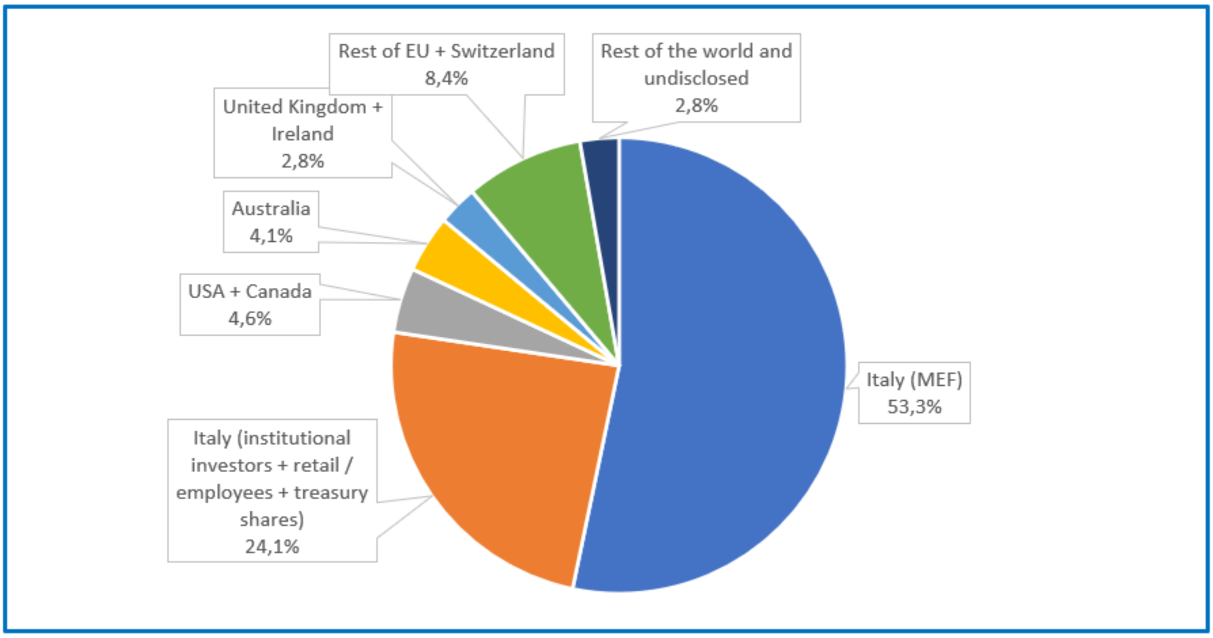
At the end of 2022, ENAV's share capital amounted to €541,744,385, unchanged on 2021. The Parent Company holds treasury shares which were purchased in 2018, while no purchase transactions were carried out during 2022. At December 31, 2022, ENAV held 370,519 treasury shares, corresponding to 0.068% of share capital, acquired at an average net per-share price of €4.14.

Based on the analyses carried out in November 2022, 53.28% of ENAV shares are held by the Ministry for the Economy and Finance, 0.07% by ENAV itself, as treasury shares and 46.65% by general market, mainly made up of institutional investors (mostly Italian, European, British, North American and Australian) alongside a retail component.

Shareholders



Shareholders by geographical area



Operations

Operating environment and performance

The year 2022 was a period of intense and constant recovery in air traffic volumes, with air traffic levels recorded in August and October that were higher than the corresponding periods of 2019, the pre-pandemic year. Contributing factors included the gradual easing of restrictions associated with the health emergency and the renewed propensity to travel, as well as the change in European routes, due to the Russian-Ukrainian conflict, which led to large, long-haul aircraft, mainly flying from the eastern quadrants, to fly over Italian airspace, with a consequent greater development of flights and service units.

The combined effect of these events led to a very significant recovery of traffic and service units for Italy, higher than the volumes forecast by Eurocontrol's Statfor, and higher than the growth recorded in the European average figure. This is confirmed by the data for en-route service units, which, compared with 2019, the last pre-pandemic reference year, show an overall result for Italy at the end of 2022 of -4.8% (equating to a 95.2% recovery of the 2019 volume), with values that, in the months of August and October, were even higher than the corresponding months of 2019 by +0.8% and +2.6% respectively. The growth in traffic therefore had a positive effect on revenue from charges in 2022, which increased by 409.8 million (+86.9%) compared with 2021. As a result of the "back to normal" in flights and service units, and the full application in 2022 of the performance and charging scheme envisaged by EU Regulation 2019/317, balance revenues at the end of 2022 were negative by €14.8 million, down by €309.2 million compared with 2021. As a result of the above, total revenues from charges together with the balance recorded an overall increase of €100.6 million (+13.1%) on the final result in 2021.

The year 2022 marked the return to full adoption of EU Regulation 2019/317 (Performance and charging scheme), thanks also to the approval of the Italian Performance Plan by the EU regulator in April. In particular, through the balance, the so-called "traffic risk", total recovery of the inflationary effect, and the capacity bonus for achieving the flight punctuality target, were again applied in 2022. As far as Italy and ENAV are concerned, the costs and traffic envisaged in the 2022 unit rates, as consideration for air navigation services, therefore complied with the European regulation following the Conformity Decision on the Italian Performance Plan issued by the European Commission, as mentioned above, in April 2022.

The revenues from non-regulated market increased by 21% compared to 2021, amounted to €39.9 million. The higher value recorded at the end of 2022 is essentially attributable to the Parent Company for its operations in Qatar and to the company Techno Sky due to increased business with the Libyan Authority at Tripoli and Misrata airports. As regards costs, the total value at the end of 2022 was €672.1 million, an increase of €57.9 million compared with the previous year. This growth is largely attributable to the increase in activities performed by operating personnel involved in air traffic control, considering the growth in traffic volumes both compared to the previous year and to the forecast for the period, the renewal of the employment contract agreed with the unions at the end of 2022, which provided for inflation during the 2020-2022 contract hiatus period and the high inflation recorded in 2022 to be recouped, which resulted in an increase in the prices of materials and services, with particularly significant effects on the costs of electricity and utilities in general. As a result of the dynamics described above, the result in terms of EBITDA for 2022 is €272.2 million, an increase on the value for the previous year of €49.8 million (+22.4%). The considerable performance in terms of revenue, accompanied by a policy of targeted management of external costs, led to an increase in EBITDA, also in comparison to the budget target.

As regards the Group's financial situation, the net financial debt at 31 December 2022 shows a result of 407.8 million, an improvement of €75.7 million compared to 31 December 2021. This positive change is due to the development of collections and payments connected with ordinary operations, which produced a positive cash flow thanks to the recovery of air transport activities, which produced higher collections from the Parent Company's core business.

Finally, the Group has unused committed and uncommitted short-term credit lines at 31 December 2022 of €294 million.

Market and air traffic developments

The year 2022 was characterised by an intense and constant recovery of air traffic control activities, which saw an increase in the volumes of air traffic managed, especially in the summer period, resulting from the renewed propensity to travel. This increase in traffic occurred in every quarter of the year, with an 82.2% recovery recorded in the first quarter of 2022, in terms of service units, compared to the data recorded in 2019, the last "pre-pandemic" reference year. The first half of 2022 recorded an 89.8% recovery and the first nine months a 93.7% recovery. The overall recovery, in terms of en-route service units (*), to the end of 2022, was 95.2%, slightly lower than the value recorded in 2019.

This trend was common to all the main European countries and in particular to the countries included in the so-called comparator group in continental Europe, where the figure for Spain, slightly higher than that of Italy, shows a recovery in terms of service units of 96.4%, followed by France with 86.8%, Great Britain with 85.6% and Germany with 83.3%.

En-route service units in 2022 for Italy, compared with the data for 2021, show an increase of 65.3%, mainly attributable to the reduced volume of air traffic recorded during 2021, which was still affected by the restrictions on international travel. The result for Eurocontrol countries, in line with the Italian figure, was +65.4% and, for the other countries in the comparator group, the figures were +94.9% for Great Britain, +73.6% for Spain, +69.0% for France and +62.6% for Germany.

Terminal service units recorded in Italy were also positive at +63.6%, compared to the previous year, which is consistent with the figure recorded for en-route traffic and represent a recovery of +88.6 % compared to the values recorded in 2019. All the main Italian airports benefited from the recovery in air transport activities, with some achieving traffic volumes even higher than in 2019.

Total en-route traffic service units (**)	**2022**	**2021**	**Changes no.**	**Changes %**
France	18,897,985	11,180,520	7,717,465	69.0%
Germany	12,647,284	7,776,983	4,870,301	62.6%
Great Britain	10,782,061	5,531,451	5,250,610	94.9%
Spain	11,078,709	6,382,913	4,695,796	73.6%
Italy (***)	9,561,778	5,782,897	3,778,881	65.3%
EUROCONTROL	**136,455,114**	**82,500,404**	**53,954,710**	**65.4%**

(*) traffic involving overflights of Italian airspace with or without stopovers.
(**) "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 2022 registered a +65.3% increase in terms of service units (SUs) reported by Eurocontrol (the same value if the residual category *Exempt not reported to Eurocontrol* is included) and a +59.7% increase in the number of flights handled (+58.9% if the residual *Exempt not reported to Eurocontrol* is included).

The substantial increase in traffic flows is linked to the gradual process of "back to normal" as a result of the improvement on the health emergency front, and consequently in travel conditions, compared to 2021, which was partially affected by restrictions. In the third quarter of 2022 alone, there was a 98.9% recovery, in terms of service units, compared to the corresponding quarter of 2019, and in the fourth quarter of 2022 alone there was a recovery of 100.7%.

The critical issues associated with the Russian-Ukrainian crisis which, from February 2022, led to flights to and from the countries in question and flights operated by Russian companies being blocked, had a very marginal impact as they represent a negligible share of the total flights managed by the Parent Company. Closure of the Russian-Ukrainian airspace led to changes in the planning of traffic flows at European level, from which Italian airspace also benefited, mainly in relation to overflights.

En-route traffic (number of flights)	2022	2021	Changes no.	%
Domestic	288,543	215,179	73,364	34.1%
International	851,227	468,447	382,780	81.7%
Overflight	655,767	421,660	234,107	55.5%
Paying total	**1,795,537**	**1,105,286**	**690,251**	**62.4%**
Military	37,253	36,302	951	2.6%
Other exempt	20,657	19,328	1,329	6.9%
Total exempt	**57,910**	**55,630**	**2,280**	4.1%
Total reported by Eurocontrol	**1,853,447**	**1,160,916**	**692,531**	**59.7%**
Exempt not reported to Eurocontrol	22,238	19,610	2,628	13.4%
Overall total	**1,875,685**	**1,180,526**	**695,159**	**58.9%**

En-route traffic (service units)	2022	2021	Changes no.	%
Domestic	1,874,555	1,373,896	500,659	36.4%
International	3,453,665	1,826,296	1,627,369	89.1%
Overflight	4,096,084	2,447,068	1,649,016	67.4%
Paying total	**9,424,304**	**5,647,260**	**3,777,044**	**66.9%**
Military	121,797	122,561	(764)	-0.6%
Other exempt	15,677	13,076	2,601	19.9%
Total exempt	**137,474**	**135,637**	**1,837**	**1.4%**
Total reported by Eurocontrol	**9,561,778**	**5,782,897**	**3,778,881**	**65.3%**
Exempt not reported to Eurocontrol	3,229	2,672	557	20.8%
Overall total	**9,565,007**	**5,785,569**	**3,779,438**	**65.3%**

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

- International commercial traffic, the category of flights departing or arriving at an airport in Italy, recorded a positive result for 2022, in terms of service units (SUs) (+89.1%) and the number of flights handled (+81.7%). The higher growth achieved by this type of traffic compared to the others is mainly due to the lower growth in international traffic achieved in 2021 compared to 2020 (+36.7%). Comparing the results for 2022 with the data of 2019 shows a recovery of assisted air traffic, expressed in service units, of 84.7%, a lower value than that achieved by other types of traffic. In terms of SUs, international traffic represents approximately 36% of the total reported by EUROCONTROL.
  With regard to the kilometres covered by international traffic routes (low, medium and high distances in national airspace) in 2022, all flight categories achieved substantial recoveries in terms of service units compared to 2021. Using 2019 as a basis, the long-haul zone (>700 km) almost entirely recovered the SU levels, settling at 98%.
  With regard to flight routes by continent, compared to 2021, in terms of service units, 2022 saw a significant increase in connections between Italy and the rest of Europe (+91%), Italy and Africa (+108%), Italy and the American continent (+170%), representing 84%, 6% and 5% of the total international SUs respectively. Connections between Italy and Asia grew more slowly (+20%) and represent around 5% of the total international SUs. Compared with 2019, traffic routes between Italy and the rest of Europe showed the greatest recovery (91% in SUs);

- commercial overflight traffic, consisting of flights that only fly over Italian airspace, recorded an increase in service units (+67.4%) and the number of flights handled (+55.5%) in 2022. For this type of traffic, there was a complete recovery of traffic of 100.9% compared to the figure for 2019, a result significantly affected by the figure for the second half of the year, which increased by +6.1% in terms of SUs compared to corresponding period of 2019. In terms of SUs, overflight traffic represents approximately 43% of the total reported by Eurocontrol.

  As regards distances in kilometres travelled in the year under review, all the air routes recorded significant increases in traffic volumes managed in terms of SUs and the low and high mileage zones even exceeded the levels achieved in 2019. With regard to the main traffic routes, the 2022 saw significant increases in connections involving Europe for intra-European flights (+77% in SUs), which represent 55% of the total overflight SUs, for Europe-Africa (+80% in SUs) and Europe-Asia (+31% in SUs) connections, which respectively represent around 23% and 12% of the total overflight service units. Compared with 2019, the intra-European and Europe-Africa traffic routes show a total recovery, achieving 101% and 103% respectively. Routes to the American continent also grew strongly compared with both 2021 and 2019;
- domestic commercial traffic, which recorded an increase in both service units (+36.4%) and in the number of flights handled (+34.1%) in 2022, along with an increase in the average weight of aircraft used (+3%). The good performance of traffic flows is also confirmed by the comparison with 2019, which shows a recovery in terms of SUs of 106%, with both half-years of 2022 recording higher values than 2019. In terms of SUs, national traffic represents approximately 20% of the total reported by Eurocontrol. With regard to flights by distance, in 2022, the longer-distance flights (>700 km), which includes flights connecting destinations in the North with the South of the country, representing around 52% of the total domestic SUs, recorded an increase of +32.6% in terms of SUs. Conversely, the medium-haul range, which includes the routes that mainly connect Rome and Naples airports with the rest of the country, shows an increase of +39.8% in terms of SUs. Volumes on longer-distance routes show better results even compared to 2019, with a total recovery both in terms of SUs (118%) and the number of flights handled (115%);
- exempt traffic subdivided into: i) exempt traffic reported by Eurocontrol, which recorded an increase of +1.4% in terms of service units and +4.1% in the number of flights handled. This category consists of military flights (-0.6% in SUs) which represents about 90% of exempt traffic; ii) exempt traffic not reported to Eurocontrol, which has a residual effect on revenues, increased in terms of service units (+20.8%) and the number of flights handled (+13.4%). Exempt traffic accounted for just 1.5% of total service units in 2022.

With regard to carriers, flight activity in the low-cost segment was the most responsive to the revival in demand in air traffic activities in 2022, contributing to its general recovery, with three companies: **Ryanair**, **Easyjet** and **Wizz Air**, ranking among the top four in terms of the number of SUs in 2022. Among these companies, **Ryanair** confirmed its position as the leading carrier in Italy, with a market share of 20% of the total SUs and a +69% increase on 2021. **Easyjet** and **Wizz Air** achieved significant increases in terms of SUs, compared to 2021, equal to +100% and +81% respectively, and both hold a market share of approximately 6%. Other companies as well, including **Volotea** (+30% in SUs), **Vueling** (+121% in SUs), **Aegean** (+60% in SUs) and **Eurowings** (+111% in SUs) confirm their presence on the Italian market with significant improvements compared to 2021. Among the traditional carriers, there were increases both among Middle Eastern companies, including **Turkish Airlines** (+53% in SUs), **Emirates** (+74% in SUs) and **Qatar Airways** (+13% in SUs) and European companies such as **Lufthansa** (+66% in SUs), **Air France** (+57% in SUs) and **British Airways** (+90% in SUs). The new Italian airline **ITA Airways** came third in 2022 in terms of the number of SUs, with a market share of around 6% of the total SUs.

Terminal traffic

Terminal traffic reported by EUROCONTROL, which includes departing and arriving traffic within 20 km of the runway, registered gains in 2022 both in terms of service units (+63.6%) and number of flights assisted (+57.4%). Compared with 2019, there was a recovery in the volume of assisted air traffic of 88.6% in terms of service units.

Terminal traffic (number of flights)	**2022**	**2021**	**Changes no.**	**%**
Domestic				
Chg. Zone 1	32,612	22,681	9,931	43.8%
Chg. Zone 2	66,749	48,243	18,506	38.4%
Chg. Zone 3	179,029	134,911	44,118	32.7%
Total domestic flights	**278,390**	**205,835**	**72,555**	**35.2%**
International				
Chg. Zone 1	73,473	34,165	39,308	115.1%
Chg. Zone 2	160,611	89,130	71,481	80.2%
Chg. Zone 3	188,497	108,332	80,165	74.0%
Total international flights	**422,581**	**231,627**	**190,954**	**82.4%**
Paying total	**700,971**	**437,462**	**263,509**	**60.2%**
Exempt				
Chg. Zone 1	186	129	57	44.2%
Chg. Zone 2	942	1,129	(187)	-16.6%
Chg. Zone 3	20,664	20,453	211	1.0%
Total exempt flights	**21,792**	**21,711**	**81**	**0.4%**
Total reported by Eurocontrol	**722,763**	**459,173**	**263,590**	**57.4%**
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	313	331	(18)	-5.4%
Chg. Zone 3	12,163	11,095	1,068	9.6%
Total exempt flights not reported to Eurocontrol	**12,476**	**11,426**	**1,050**	**9.2%**
Total by Charging Zone				
Chg. Zone 1	106,271	56,975	49,296	86.5%
Chg. Zone 2	228,615	138,833	89,782	64.7%
Chg. Zone 3	400,353	274,791	125,562	45.7%
Overall total	**735,239**	**470,599**	**264,640**	**56.2%**

Terminal traffic (service units)		2022	2021	Changes no.	%
Domestic					
	Chg. Zone 1	43,104	29,013	14,091	48.6%
	Chg. Zone 2	84,062	59,883	24,179	40.4%
	Chg. Zone 3	212,171	156,628	55,543	35.5%
	Total domestic SUs	**339,337**	**245,524**	**93,813**	**38.2%**
International					
	Chg. Zone 1	115,214	50,023	65,191	130.3%
	Chg. Zone 2	224,727	130,965	93,762	71.6%
	Chg. Zone 3	213,207	116,031	97,176	83.8%
	Total international SUs	**553,148**	**297,019**	**256,129**	**86.2%**
Paying total		**892,485**	**542,543**	**349,942**	**64.5%**
Exempt					
	Chg. Zone 1	408	301	107	35.5%
	Chg. Zone 2	423	571	(148)	-25.9%
	Chg. Zone 3	7,746	7,507	239	3.2%
	Total exempt SUs	**8,577**	**8,379**	**198**	**2.4%**
Total reported by Eurocontrol		**901,062**	**550,922**	**350,140**	**63.6%**
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	n.a.
	Chg. Zone 2	26	27	(1)	-3.7%
	Chg. Zone 3	868	781	87	11.1%
Total exempt SUs not reported to Eurocontrol		**894**	**808**	**86**	**10.6%**
Total by Charging Zone					
	Chg. Zone 1	158,726	79,337	79,389	100.1%
	Chg. Zone 2	309,238	191,446	117,792	61.5%
	Chg. Zone 3	433,992	280,947	153,045	54.5%
Overall total		**901,956**	**551,730**	**350,226**	**63.5%**

Overall, the 2022 results compared with the previous year show a significant recovery of activity in terms of service units for all charging zones, with a different dynamic to 2019. More specifically:

- Charging Zone 1, represented by Rome Fiumicino airport, recorded an increase in 2022 of 100.1% in terms of service units and 86.5% in terms of flights handled, considering the low traffic volume recorded in 2021. Compared with 2019, there was a 67.9% recovery in terms of SUs, lower than in the other charging zones, due to a slow recovery of both national and international traffic, in its non-EU component. The performance of this airport was affected by the airline Alitalia going out of business. When fully operational, it had accounted for approximately 40% of the total SUs of Rome Fiumicino airport, an effect only partially offset by the activities of the new company ITA Airways;
- Charging Zone 2, represented by Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio airports, recorded an increase in both SUs (+61.5%) and flights handled (+64.7%) in 2022, primarily generated by international traffic (+71.6% in SUs) and the EU countries components in particular (+91.6%). The comparison with 2019 shows a recovery in terms of service units of 89.7% of the total, with the national traffic component standing at 109%. Compared with 2021, all the airports in this charging zone performed well, including Milan Linate (+62.8% in SUs), Bergamo Orio al Serio (+65.9% in SUs), Milan Malpensa (+47.5% in SUs) and Venice Tessera (+115% in SUs);
- Charging Zone 3, which includes all the country's other airports, recorded positive values in terms of SUs (+54.5%) and the number of flights handled (+45.7%), driven in particular by the performance of international traffic (+83.8% in SUs). Compared with 2019, this charging zone recovered by 98.6% in terms of SUs, with national traffic recording higher levels than in 2019, with a 109% recovery. All the main airports in this charging zone recorded increases in terms of service units, compared to 2021, and

some airports also grew compared to 2019, including Naples (+3.5% in SUs), Palermo (+6.1% in SUs), Bari (+19.1% in SUs), Turin (+1.1% in SUs) and Olbia (+12.7% in SUs).

Safety and Capacity Indicators

Safety

The European Commission has included safety among the key performance areas, defining specific objectives to be achieved in the various reference periods of the Performance Plan. These key performance indicators for safety are monitored on an annual basis both internally by the Safety unit and externally by ENAC, acting as the National Supervisory Authority, and by the European Commission which, through the Performance Review Body (PRB), conducts an overall assessment of the Performance Plan and, therefore, safety performance.

For the third Performance Plan for the 2020-2024 period, Regulation (EU) 2019/317 specified only one Safety Key Performance Indicator (S-KPI) concerning the level of effectiveness of the safety management system (Effectiveness of Safety Management - EoSM). Five Safety Performance Indicators (SPI) have also been defined for which no targets have been established but will be monitored in order to track progress over the years covered by the plan. Runway Incursions (RI) and the Separation Minima Infringements (SMI) attributable to air traffic management (ATM) and the use of systems for the automatic detection of safety events (SMI and RI) are also monitored.

At present, the safety monitoring and assessment process has been completed for performance in 2021, with the publication, in October 2022, of the PRB Monitoring Report 2021. This showed, for all Air Navigation Service Providers (ANSPs), a good result for the Safety indicator being monitored, which remains at its pre-pandemic levels, and a rate of SMIs and RIs contributing to ATM consistent with the trend for the last ten years and on a downward trajectory. As regards the 2022 Safety Performance, however, data collection is under way at individual Member State level and the publication of the report by the PRB is expected in autumn 2023.

In view of the above, the only Safety Key Performance Indicator (S-KPI) subject to a target is Effectiveness of Safety Management (EoSM), based on defined Management Objectives which, according to a scale of increasing values, from A to D, defines the level of implementation, maturity and effectiveness of the Safety Management System (SMS). This target envisages reaching level D for the Safety Risk Management Objective and level C for all the other Management Objectives.

The performance achieved by the Parent Company in 2021 for this specific objective, as summarised in the following table, exceeded the targets set for the end of the third reference period.

Management Objectives	2021 Results	Target 2024	2020 Results
Safety Culture	C	C	C
Safety Policy and Objectives	C	C	C
Safety Risk Management	D	D	D
Safety Assurance	D	C	D
Safety Promotion	C	C	C

Finally, as regards the indicator (not subject to target) for service provider use of systems for the automatic detection of safety events (SMI and RI), the Parent Company has implemented Eurocontrol’s Automatic Safety Monitoring Tool (ASMT), which will be used for the purpose of analysing operational performance.

Capacity

In providing its maximum contribution to the safety of operating activities, the Parent Company considers the quality of the services it provides, of which on-time flight performance is an important part, to be a primary objective.

After the COVID-19 pandemic and its negative effects on air traffic, starting from the beginning of 2022, ENAV saw a marked recovery in the number of flights handled, which increased from 1.02 million IFR (Instrument Flight Rules) flights handled in 2021 to approximately 1.66 million flights handled in 2022, a 63% increase in the number of flights handled compared to 2021 and approximately a 9% reduction compared to 2019.

As regards on-time performance, in 2022 en-route flight generated 363,818 minutes of delay attributable to Air Traffic Flow Management (ATFM), compared with 54,064 minutes in 2021 and 5,147 minutes in 2020. Compared to the target set by the European Commission for 2022 (0.11 minutes/flight), the average en-route delay per assisted flight KPI, calculated for ATM (Air Traffic Management) reasons attributable to ENAV only, was recorded as 0.07 minutes for assisted flight, i.e. 0.04 minutes lower than the assigned target. However, considering the overall national figure, i.e. including various reasons for delay not considered for the purpose of determining the target set by the European Commission, as they do not depend on the provision of ATM services, such as weather conditions, this figure was actually 0.22 minutes for assisted flight.

The qualitative performance offered by the Parent Company in 2022 was affected not only by the expected increase in the number of flights handled, during periods of the year that are normally considered calmer, but also by the increase in the incidence of adverse meteorological phenomena (57% of the total ATFM en-route delay), the impact on ATC capacity in the various operating sectors of the Parent Company's Area Control Centers (29% of the total ATFM en-route delay) and a few strike days (14% of the total ATFM en-route delay). A comparison of the result achieved with that of the French, German and Spanish ANSPs that are equivalent in terms of operation shows that none of them achieved the assigned objective. ENAV's performance, in a different operating environment compared to the pre-pandemic period, nevertheless ensured an adequate degree of flexibility in 2022 for airlines that fly in Italian airspace.

The following table shows a comparison between the targets shown in the performance plan and the results achieved in 2022 in the en-route sector.

En-route Capacity - Targets vs Actual Performance 2022		
	IFR/GAT Flights	**En-Route Service Unit**
	1,666,153	9,561,778
	Performance Plan target	*Actual performance*
En-route ATFM Delay per Flight	0.11	0.07

With regard to the delay assigned to arriving flights (so-called airport capacity), measured at the five airports covered by the performance plan (Rome Fiumicino, Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio), Italy diverged from the previous performance plan in not defining and monitoring the additional "due to ATM" (i.e. attributable to ENAV) indicator in the new plan, seeking to comply solely with the mandatory key performance indicator "Terminal arrival ATFM delay", which includes all reasons for airport ATFM delay, including those not dependent on ATM services. For this latter key indicator, the target proposed in the performance plan for 2022 was 0.33 minutes per assisted flight, while the value achieved was 0.067 minutes per assisted flight, i.e. less than one sixth of the declared level.

Although not relevant for the purposes of the performance plan, a breakdown of the same indicator for ATM reasons attributable to ENAV only produced a value of 0.002 minutes per assisted flight.
The following table shows a comparison between the target shown in the performance plan and one achieved in 2022 for the terminal sector.

Terminal Capacity - targets vs Actual Performance 2022		
	Performance plan target	Actual performance
Terminal Arrival ATFM	no more than 0.33 (minutes per assisted flight)	0.067

Performance and financial position of the ENAV Group

Definition of alternative performance measures

In order to illustrate the economic, equity and financial results of the ENAV Group and the Parent Company, separate reclassified schedules have been prepared that differ from the schedules envisaged under international accounting standards and adopted by the Group and the Parent Company and contained in the Consolidated Financial Statements and separate Financial Statements respectively. These reclassified schedules contain alternative performance indicators differing from those drawn directly from the financial statements, which are used by management for monitoring the performance of the Group and the Parent Company and representing the performance and financial results produced by the business.
The use of alternative performance indicators in the context of regulated information disclosed to the public was made mandatory by CONSOB Communication no. 0092543 of 3 December 2015, which transposed the guidelines (no. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The indicators are intended to ensure the comparability, reliability and understanding of financial information.
These indicators were constructed on the basis of the following criteria:

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)**: 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, as reported in the financial statements and adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin**: EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Taxes)**: 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;

- **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, non-current trade payables and cash and cash equivalents. The Group's net financial debt is determined in compliance with Guideline 39 issued by ESMA and in accordance with CONSOB warning notice no. 5/21 issued 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.

Changes in the consolidation scope

There were no changes in the consolidation scope in 2022 compared to the information given for 2021.

Reclassified consolidated income statement

The earnings of the ENAV Group, which closed the 2022 financial year with a consolidated profit of €104.5 million, confirms the trend towards a full recovery of activities in the air transport sector that emerged during the year. While the sector has not fully returned to its pre-health emergency levels, the figures are extremely positive, with a 95.2% recovery of the en-route air traffic service units recorded in 2019.
In fact, 2022 saw a marked increase in assisted air traffic of +65.3% for en-route and +63.5% for terminal service units, compared to the previous year, when there had already been a slight recovery of +44.9% for en-route and +36.2% for terminal service units compared to 2020. This positive change is fully reflected in core business revenues, which amounted to €881.1 million, an increase of 86.9% compared to 2021 and only 5.5% lower than 2019, results which fully offset the value of the balance recorded during the year, which was negative by €14.8 million, determined in compliance with the normal charging regulations based on the traffic risk mechanism.
It is important to note that in 2021, the balance had been determined by applying EU Regulation 2020/1627 issued by the European Commission for the combined period 2020-2021 and on the basis of the efficiency targets determined by Decision 2021/891 of 2 June 2021 allowing part of the loss of traffic recorded in the two-year period of the health emergency to be recovered. Owing to the different regulation applied for determining the balance revenues item and the return of traffic levels to pre-COVID values, exclusively for this item, 2022 is not fully comparable 2021.
Operating costs increased overall by 9.4% compared with the previous year, both due to the higher costs associated with the resumption of air traffic activities, which affect both personnel costs and other operating expenses, and the agreement reached with the trade unions for the recouping of inflation during the contract hiatus period, resulting in an EBIDTA of €272.2 million, an increase of 22.4%, and an EBIT of €148.3 million, an increase of 50.9%, compared to 2021, following a reduction in the value of amortisation and depreciation which compensates for the greater write-down of receivables compared to the previous year.
These positive effects are reflected in the consolidated result for the year which stands at €104.5 million, an increase of 33.9%, compared to 2021, in which the profit amounted to €78 million.

	2022	2021	Changes Amount	%
Revenues from operations	921,032	504,307	416,725	82.6%
Balances	(14,817)	294,398	(309,215)	n.a.
Other operating income	38,095	37,874	221	0.6%
Total revenues	**944,310**	**836,579**	**107,731**	**12.9%**
Personnel costs	(543,979)	(499,241)	(44,738)	9.0%
Capitalised costs	27,569	27,442	127	0.5%
Other operating expenses	(155,712)	(142,404)	(13,308)	9.3%
Total operating costs	**(672,122)**	**(614,203)**	**(57,919)**	**9.4%**
EBITDA	**272,188**	**222,376**	**49,812**	**22.4%**
EBITDA margin	**28.8%**	**26.6%**	**2.2%**	
Net amortisation of investment grants	(117,888)	(120,724)	2,836	-2.3%
Writedowns, impairment (reversal of impairment) and provisions	(5,967)	(3,366)	(2,601)	77.3%
EBIT	**148,333**	**98,286**	**50,047**	**50.9%**
EBIT margin	**15.7%**	**11.7%**	**4.0%**	
Financial income/(expense)	(551)	4,500	(5,051)	n.a.
Income before taxes	**147,782**	**102,786**	**44,996**	**43.8%**
Income taxes	(43,285)	(24,755)	(18,530)	74.9%
Consolidated profit/(loss) for the year	**104,497**	**78,031**	**26,466**	**33.9%**
Net profit/(loss) for the year attributable to shareholders of the Parent	**105,004**	**78,372**	**26,632**	**34.0%**
Net profit/(loss) for the year attributable to non-controlling interests	**(507)**	**(341)**	**(166)**	**48.7%**

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €921.1 million, an increase of 82.6% compared with the previous year, including €881.1 million in revenues from the Parent Company's core business (+86.9% compared to 2021) and €39.9 million in revenues from the Group's operations on the non-regulated market, an increase of 21% compared to 2021. The increase in revenues is closely connected to the resumption of activities in the air transport sector which, thanks to vaccination coverage and the absence of travel restrictions between countries, promoted a return to normality.

Revenues from core business include commercial en-route revenues of €648.2 million, double the previous financial year, reflecting the +65.3% increase in service units generated in 2022 (+46.2% in 2021 on 2020). Another contributing factor to the increase in revenues was the 20.33% higher unit rate applied in 2022 (€75.42 in 2022 compared with €62.68 in 2021), equivalent to a 16.67% increase considering charges net of the balance.

Commercial terminal revenues amounted to €220.5 million, an increase of 61.7% compared with 2021, reflecting the positive performance of service units generated by the individual airports in the different charging zones, which recorded a 64.5% increase (+37.2% in 2021 on 2020) as a result of the unit rate increase applied in the first two charging zones. The increase in activities in the air transport sector was reflected in the excellent results achieved which, compared to the pre-pandemic year of 2019, recorded an overall recovery in terms of service units of 88.4%, with positive values for domestic air travel in the second and third charging zones which amounted to +9.2% compared to 2019.

In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of +100.1% compared to 2021 (+8.1% in 2021 on 2020) and an increased unit rate of €182.61 compared to €164.55 in 2021 (+10.98%).

Charging Zone 2, represented by Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio airports, posted an increase in assisted air traffic, expressed in service units, of 61.5% (+33.7% in 2021 on 2020) and a unit rate increase of +33.59% compared to the unit rate applied in 2021 (€214.89 vs €160.86).
Charging Zone 3, represented by 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of +54.5% compared to 2021 (+49% in 2021 on 2020) and -1.4% compared to 2019, the pre-pandemic period, demonstrating the considerable recovery in air traffic. The unit rate applied in 2022 was €334.24, a reduction of 15.46% compared to the unit rate of €395.35 in 2021.
Revenues from the non-regulated market amounted to 39.9 million, an increase of 21% on the previous year, mainly due to the revenues derived from the contract with the Qatar Civil Aviation Authority for the management of air traffic related to the FIFA World Cup 2022, the progress of orders in Libya for the modernisation and installation of systems at Tripoli and Misrata airports, the renewal of the contract for maintenance of AIS (Aeronautical Information Service) software with the Polish ANSP, the sale of software for the creation of the AIS system for the Romanian ANSP and the supply of licences to the Australian service provider.
The balance adjustment component, an integral part of revenues from operating activities, had a negative impact of €14.8 million and relates mainly to the traffic risk balance of €54.5 million returned to carriers, generating a final balance of service units higher than planned in the performance plan, for both en-route SUs and the second charging zone, and a negative balance also for the third charging zone of €4.9 million determined according to the cost recovery mechanism. These effects were partly mitigated by the recognition of the positive balance on inflation for a total of €34.7 million based on the different inflation rate published by Eurostat at the end of 2022 of +8.7%, compared to the 1.8% stated in the performance plan. The bonus capacity balance was also recognised thanks to the achievement of the plan objective, which set a target of 0.11 minutes per assisted flight for en-route SUs but closed at 0.07 minutes delay per assisted flight.
In the 2022 financial year, the balances were determined according to the normal mechanism established by EU Regulation 2019/317 and therefore considering the performance plan and the efficiency targets stated in European Commission Decision 2021/891 and made definitive by Implementing Decision 2022/773 of 13 April 2022. The significant difference compared to the 2021 data is attributable to the different method used to calculate the balance, which for the previous year was based on the regulation envisaged by the European Commission for the combined period 2020-2021, regulated under EU Regulation 2020/1627, issued following the health emergency.

Analysis of costs

Operating costs were up by +9.4% on 2021, amounting to €672.1 million, with an increase in both personnel costs (+9%) and other operating expenses (+9.3%) and capitalised costs virtually unchanged (+0.5%).
Personnel costs amounted to €543.9 million, up by €44.7 million on the previous year. This increase is linked to (i) the recovery of air transport activities, which affected the variable part of the remuneration, with more overtime work by operating personnel and a higher result bonus as it is linked to the greater number of service units handled in 2022, (ii) the summer season due to the greater concentration of activities in the summer period, (iii) the agreement signed with the trade unions which recouped the increase in inflation during the 2020-2022 contract hiatus period, which had an impact on fixed remuneration. In terms of Group workforce, 2022 closed with an actual workforce of 4,185, up by 79 compared with 2021, and an average workforce of 4,221 (up by 34 on 2021).

Other operating expenses increased by 9.3% compared with 2021, with the rise affecting a range of cost items in response to the resumption of activities which, among other things, involved an increase in the cost of travel for all Group personnel and professional services related to sales orders and specialist support on Group activities. Among all of these expenses we would however highlight the large increase in utility costs due to the higher cost of electricity which affected the whole country.

Margins

These developments produced **EBITDA** of €272.2 million, an increase of +22.4% on 2021.

Depreciation and amortisation, net of investment grants, decreased by 2.3%, reflecting a decline in depreciation and amortisation during the year, while writedowns and the provision for risks determined an overall negative value of €5.9 million, an increase of €2.6 million compared to 2021, mainly due to the Group's prudential write-down of receivables from Russia, for airlines in financial difficulty and other receivables which are shown as difficult to recover in the valuation model used. These developments impacted **EBIT**, which came to €148.3 million, an increase of 50.9% on the previous financial year.

Financial income and expense were negative by €0.6 million, a worsened situation compared to 2021, when the figure was positive by €4.5 million. This change is linked both to an increase in financial charges, due to the rise in interest rates and the greater financial debt, and to the lower financial income; the previous year in fact included the interest income collected on the IRES credit for excess corporate income tax paid in 2007/2011, which was assigned during 2021.

Income taxes for the year amounted to €43.3 million, an increase of €18.5 million compared with the previous year, reflecting greater taxable income and a decrease in deferred tax assets compared with 2021. The IRES tax rate was 25.3%, slightly higher than the theoretical rate for the reversal of deferred tax assets.

Net profit for the year attributable to the Group amounted to 105 million, an increase of 34% compared with 2021. The portion of the profit (loss) for the year attributable to non-controlling interests shows a loss of 0.5 million euro, an increase of 48.7% on the previous year.

Reclassified consolidated financial position

	31.12.2022	31.12.2021	Changes	
Property, plant and equipment	847,440	879,281	(31,841)	-3.6%
Right-of-use assets	4,252	5,434	(1,182)	-21.8%
Intangible assets	180,418	176,193	4,225	2.4%
Investments in other entities	36,310	47,253	(10,943)	-23.2%
Non-current trade receivables	606,775	687,253	(80,478)	-11.7%
Other non-current assets and liabilities	(151,156)	(161,721)	10,565	-6.5%
Net non-current assets	**1,524,039**	**1,633,693**	**(109,654)**	**-6.7%**
Inventories	61,082	61,519	(437)	-0.7%
Trade receivables	333,568	177,161	156,407	88.3%
Trade payables	(140,096)	(116,425)	(23,671)	20.3%
Other current assets and liabilities	(142,070)	(74,585)	(67,485)	90.5%
Net working capital	**112,484**	**47,670**	**64,814**	**n.a.**
Gross capital employed	**1,636,523**	**1,681,363**	**(44,840)**	**-2.7%**
Employee benefit provisions	(40,869)	(47,896)	7,027	-14.7%
Provisions for risks and charges	(11,443)	(13,914)	2,471	-17.8%
Deferred tax assets net of liabilities	30,531	27,057	3,474	12.8%
Net capital employed	**1,614,742**	**1,646,610**	**(31,868)**	**-1.9%**
Equity attributable to shareholders of the Parent	1,205,554	1,161,234	44,320	3.8%
Non-controlling interests	1,340	1,847	(507)	-27.4%
Shareholders' equity	**1,206,894**	**1,163,081**	**43,813**	**3.8%**
Net financial debt	407,848	483,529	(75,681)	-15.7%
Total funding	**1,614,742**	**1,646,610**	**(31,868)**	**-1.9%**

(thousands of euros)

Net capital employed amounted to €1,614.7 million at 31 December 2022, a decrease of €31.9 million compared with 31 December 2021, with 74.7% of the total funded by Shareholders' Equity and 25.3% by net financial debt.

The net non-current assets of the ENAV Group amounted to €1,524 million, a net decrease of €109.7 million compared with 31 December 2021, mainly reflecting: i) a decrease of €31.8 million in property, plant and equipment as a result of the depreciation of assets exceeding investments under construction during the year; ii) the €10.9 million decrease in the value of investments in other entities, due to the adjustment of the value of the interest in Aireon to its fair value, down by €13.9 million ($14.8 million) and to developments in the dollar/euro exchange rate; iii) the net reduction in non-current trade receivables of €80.5 million following the recognition of receivables net of interest for the balance that emerged in 2022, more than offset by the recognition in current trade receivables of the 2023 unit rate balances.

Net working capital was positive by €112.5 million, an increase of €64.8 million on 31 December 2021. The main changes included: i) an increase of €156.4 million in trade receivables, including €21.5 million from the higher receivable from Eurocontrol due to higher billing for the flight months of November and December compared to the corresponding months of the previous year, and €131.8 million of balance receivables relating to the first portion of the balances recorded in the combined period 2020/2021, relating to the loss of traffic generated by the health emergency, the recovery of which has been envisaged in five years, with the exception of the third charging zone, which will be recovered in seven years, starting from the 2023 unit rate; ii) the increase in trade payables of €23.7 million, mainly connected to the recognition of balance payables recognised in 2022 and referring in particular to the traffic risk resulting in reimbursement to carriers, having generated greater air traffic than planned; iii) the change in other current assets and liabilities, which had the net effect of a higher debt of €67.5 million, due to higher tax payables associated with the higher tax burden, IRPEF contributions and withholdings from employees for the payment of inflation recouped for the contract hiatus years and disbursed in the month of December and the higher liabilities in respect of the Italian Air Force and ENAC for the relevant share of en-route and terminal collections. These effects were partially offset by the payment of the debt to the Ministry of Economy and Finance for 2020, amounting to €16.2 million in total, and by the collection relating to projects financed under the Transport NOP and Connecting European Facility.

The net capital employed calculation is also affected by the Employee Benefits Provision, which amount to negative €40.9 million, a decrease of €7 million due to the severances paid to employees and the actuarial gain recognised as at 31 December 2022, the provisions for risks and charges of €11.4 million, down by €2.5 million, primarily as a result of the reclassification of the €1.8 million portion recognised as at 31 December 2021 in the provision for personnel expenses due to the *Isopensione* early retirement programme following the termination of employment three executives, deferred tax assets and liabilities, positive by €30.5 million, an increase on 31 December 2021 due to the deferred tax assets recognised on the tax loss of Enav North Atlantic and the underlying impacts of the fair value adjustment of the investment in Aireon, as well as the transfer to the income statement of the relevant portion of the deferred tax that emerged in the process of allocating the purchase price of IDS AirNav.

Total shareholders' equity amounted to €1,206.9 million, a net increase of €43.8 million on 31 December 2021. This change refers to the 2022 consolidated profit of €104.5 million, the positive effect resulting from the euro translation reserve of the financial statements of foreign subsidiaries of €3.5 million, and the actuarial gain recorded in the reserve for employee benefits which, net of the tax effect, amounted to €4.2 million. These positive effects were partially offset by the negative reserve recognised for the fair value adjustment of the investment in Aireon of €10.9 million, net of the tax effect, and by the payment of the 2021 dividend of €58.5 million to shareholders in October 2022, in accordance with the resolution of the shareholders' meeting passed on 3 June 2022.

Net financial debt at 31 December 2022 shows a balance of €407.8 million, an improvement of €75.7 million compared to 31 December 2021. That figure reflects the provisions of 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.

	31.12.2022	31.12.2021	Changes	
Cash and cash equivalents	267,732	225,310	42,422	18.8%
Current financial receivables	169	70	99	n.a.
Current financial debt	(431,651)	(250,325)	(181,326)	72.4%
Current lease liabilities ex IFRS 16	(2,009)	(1,907)	(102)	5.3%
Net current financial debt	**(165,759)**	**(26,852)**	**(138,907)**	**n.a.**
Non-current financial receivables	0	83	(83)	-100.0%
Non-current financial debt	(165,094)	(411,428)	246,334	-59.9%
Non-current lease liabilities ex IFRS 16	(2,570)	(3,771)	1,201	-31.8%
Non-current trade payables	(74,425)	(41,561)	(32,864)	79.1%
Non-current financial debt	**(242,089)**	**(456,677)**	**214,588**	**-47.0%**
Net financial debt	**(407,848)**	**(483,529)**	**75,681**	**-15.7%**

(thousands of euros)

The lower net financial debt as at 31 December 2022 is primarily due to the dynamic of collections and payments connected to ordinary operations, which produced a positive cash flow thanks to the recovery of air transport activities which produced higher collections from the Parent Company's core business. Furthermore, during 2022 there were net collections from European and Transport NOP financed projects of €19.7 million in total, partly offset by payment of the debt to the Ministry of Economy and Finance for the financial years 2020 and 2021, amounting to €31.5 million in total, payment of the debt to the Italian Air Force and ENAC for the portion of en-route and terminal collections, amounting to €19.1 million in total, and payment of the dividend amounting to €58.4 million in total.

The Group has unused committed and uncommitted short-term credit lines at 31 December 2022 of €294 million.

Consolidated cash flows

	2022	2021	Changes
Cash flow generated/(absorbed) by operating activities	236,897	(157,148)	394,045
Cash flow generated/(absorbed) by investing activities	(70,165)	(59,887)	(10,278)
Cash flow generated/(absorbed) by financing activities	(124,510)	124,677	(249,187)
Cash flow for the year	**42,222**	**(92,358)**	**134,580**
Cash and cash equivalents at the beginning of the year	**225,310**	**317,419**	**(92,109)**
Exchange rate difference on cash	200	249	(49)
Cash and cash equivalents at the end of the year	**267,732**	**225,310**	**42,422**
Free cash flow	**166,732**	**(217,035)**	**383,767**

(thousands of euros)

The Cash flows generated by operating activities as at 31 December 2022 amounted to €236.9 million, a sharp increase on the amount recorded the previous year, which absorbed cash in the amount of €157.1 million. This positive flow is determined by the combined effect of the following factors: i) the net increase in current and non-current trade receivables of €76.7 million, a lower increase than the figure for 2021, associated mainly with the greater receivables from Eurocontrol, due to the recovery of activity in the air transport sector, relating to amounts not yet due, and for Balance receivables to the amount pertaining to the 2022 financial year. These receivables, determined on the basis of the normal traffic risk mechanism, are smaller than in the previous year in which the Balance was determined in compliance with EU Regulation 2020/1627 in force for the combined period 2020-2021, in order to account for the loss of air traffic caused by the COVID-19 pandemic; ii) the increase in tax payables due to the higher current taxes associated with the higher taxable base generated in the year compared to 2021, where instead there was a decrease in tax receivables due to the collection of the credit for the higher IRES tax paid in the years previous and partially collected and subsequently sold during 2021 for a principal amount of €23.1 million; iii) the net increase in other current assets and liabilities of €43.9 million, attributable both to the net decrease in other current assets for the collection of projects financed under the Transport NOP and CEF for €19.7 million and the higher current liabilities due to the higher payables to the Italian Air Force and ENAC for the portion of en-route and terminal collections pertaining to them that arose during the year and the increase in payables to personnel for provisions for the year, an effect that was partially offset by the payment of the debt to the Ministry of Economy and Finance recorded in the 2021 balance for 16.2 million. In the comparative year, the change in other current assets and liabilities had a negative impact of €38.8 million, mainly due to payment of the debt to the Ministry for the Economy and Finance accrued in 2019 of €65.4 million; iv) the change in current and non-current trade payables recorded an increase of €28.6 million, mainly due to recognition of balance payables pertaining to 2022, whereas in the comparative year, in addition to a lower incidence of balance payables, there were also higher payments made to suppliers for operating projects to recover the extension implemented during the health emergency period; v) the higher result for the year of €26.5 million compared to 2021.

Cash flow absorbed by investing activities at 31 December 2022 amounted to €70.2 million, a decrease of €10.3 million on 2021. This change is due both to a €12.1 million increase in capital expenditure to €97.8 million in total and to higher payments made to suppliers for investment projects benefiting from the recovery of activities in the air transport sector which generated higher cash inflows.

Cash flow absorbed by financing activities amounted to €124.5 million, generating a negative change of €249.2 million compared to the figure for 31 December 2021, which showed a positive cash flow of €124.7 million, benefiting from the liquidity resulting from Term Loans amounting to €180 million in total. In 2022, a Term Loan of 180 million euro was taken out with a syndicate of banks, for a 12-month period, for the purpose of refinancing to cover the private placement that expired and was repaid on 4 August 2022. The quarterly and half-yearly instalments of the outstanding loans were repaid and the 2021 dividend was paid in October, in accordance with the resolution of the shareholders' meeting of 3 June 2022, an effect which did not feature in the 2021 cash flows.

Free cash flow was positive by €166.7 million, a marked improvement of €383.8 million compared to 2021, when it was negative by €217.1 million, due to the liquidity generated by the cash flow from operating activity, which ensured full coverage of the cash flow absorbed by investment activities.

Performance and financial position of ENAV S.p.A.

The reclassified schedules for the income statement, statement of financial position and statement of cash flows, the statement of financial debt and key economic and financial indicators used by management to monitor performance are reported below.

Reclassified income statement

ENAV S.p.A. closed 2022 with a profit of €92.4 million, an increase of 50% compared with the previous year, when the net profit amounted to €61.6 million.

	2022	2021	Amount	Changes %
Revenues from operations	894,973	477,787	417,186	87.3%
Balances	(14,817)	294,398	(309,215)	-105.0%
Other operating income	45,710	45,014	696	1.5%
Total revenues	**925,866**	**817,199**	**108,667**	**13.3%**
Personnel costs	(474,688)	(437,114)	(37,574)	8.6%
Capitalised costs	9,321	8,854	467	5.3%
Other operating expenses	(205,375)	(188,773)	(16,602)	8.8%
Total operating costs	**(670,742)**	**(617,033)**	**(53,709)**	**8.7%**
EBITDA	**255,124**	**200,166**	**54,958**	**27.5%**
EBITDA margin	**27.6%**	**24.5%**	**3.1%**	
Net amortisation of investment grants	(115,140)	(118,330)	3,190	-2.7%
Writedowns, impairment (reversal of impairment) and provisions	(6,669)	(3,176)	(3,493)	n.a.
EBIT	**133,315**	**78,660**	**54,655**	**69.5%**
EBIT margin	**14.4%**	**9.6%**	**4.8%**	
Financial income/(expense)	(165)	4,843	(5,008)	n.a.
Income before taxes	**133,150**	**83,503**	**49,647**	**59.5%**
Income taxes	(40,749)	(21,915)	(18,834)	85.9%
Profit/(loss) for the year	**92,401**	**61,588**	**30,813**	**50.0%**

(thousands of euros)

Revenues from operations amounted to €894.9 million, an increase of 87.3% compared with the previous year, reflecting an increase in revenues from the core business in 2022, which reflected the sharp recovery in air traffic from its 2021 levels. More specifically, commercial en-route revenues came to €648.2 million, double the amount for the previous year, reflecting the +66.9% increase in service units generated in 2022 compared with 2021 and the higher unit rate charged, which was 20.33% higher (€75.42) and 16.67% higher if the unit rate alone is considered net of the balance. Commercial terminal revenues amounted to €220.5 million, an increase of 61.7% compared with 2021, reflecting the positive performance of service units generated by the individual airports in the different charging zones, which recorded a 64.5% increase as a result of the unit rate increase applied in the first two charging zones. In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of +100.3%, with a unit rate increase of +10.98% compared with 2021, amounting to €182.61. *Charging Zone 2*, represented by Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio airports, posted an increase in assisted air traffic, expressed in service units, of +61.8% compared with 2021 and a unit rate increase of +33.59% to €214.89. *Charging Zone 3*, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of +56% compared with 2021 and a reduction in the unit rate charged of -15.46% to €334.24.

Revenues for flights exempt from en-route and terminal rates, the fees for which were born, as required by law, by the Ministry for the Economy and Finance, amounted to €12.5 million, an increase of +13.7% compared with 2021, due to the increase in en-route and terminal service units during the year.
Revenues from the non-regulated market amounted to €13.8 million, upby €7.4 million on the previous year, mainly reflecting the revenue generated by the contract with the Qatar Civil Aviation Authority to manage the air traffic associated with the FIFA World Cup 2022.
The balance adjustment component, an integral part of revenues from operating activities, had a negative impact of €14.8 million and relates mainly to the traffic risk balance of €54.5 million returned to carriers, generating a final balance of service units higher than planned in the performance plan, for both en-route SUs and the second charging zone, and a negative balance also for the third charging zone of €4.9 million determined according to the cost recovery mechanism. These effects were partly mitigated by the recognition of the positive balance on inflation for a total of €34.7 million based on the different inflation rate published by Eurostat at the end of 2022 of +8.7%, compared to the 1.8% stated in the performance plan. The bonus capacity balance was also recognised thanks to the achievement of the plan objective, which set a target of 0.11 minutes per assisted flight for en-route SUs but closed at 0.07 minutes delay per assisted flight.
In the 2022 financial year, the balance was determined according to the normal mechanism established by EU Regulation 2019/317 and therefore considering the performance plan and the efficiency targets stated in European Commission Decision 2021/891 and made definitive by Implementing Decision 2022/773 of 13 April 2022. The significant difference compared to the 2021 data is attributable to the different method used to calculate the balance, which for the previous year was based on the regulation envisaged by the European Commission for the combined period 2020-2021, regulated under EU Regulation 2020/1627, issued following the health emergency, partly derogating from EU Regulation 2019/317.
Operating costs amounted to €670.7 million in total, an increase of 8.7% on the previous year, with an increase in both personnel costs (+8.6%) and other operating expenses (+8.8%).
Personnel costs, which amounted to €474.7 million, reflect the increase in fixed remuneration resulting from the agreement signed with trade unions, which paid employees the inflation relating to the 2020-2022 contract hiatus period, and from the greater variable component of the remuneration due to the recovery in the air transport sector, which led to increased overtime being worked by Air Traffic Controllers, and the bonus associated with the greater number of service units handled in 2022 and the summer season, due to the greater concentration of activities in the summer period. In terms of workforce, ENAV closed 2022 with an actual workforce of 3,306, up by 11 on 2021, and an average workforce of 3,372 (down by 3 on 2021).
Other operating expenses amounted to €205.4 million, having increased across several expense items, including utilities, due to the higher cost of energy and staff travel resulting from the resumption of travel, also linked to the development of overseas orders.
These values affected the calculation of **EBITDA**, which increased by 27.5% compared with 2021 to €255.1 million.
EBIT was 133.3 million, an increase of 69.5%, compared to the previous year, although it was impacted by the greater write-downs of receivables which, together with the provision for risks, determined a negative value of €4.8 million, as a reflection of the recoverability of the book value of the investment held in Aireon.
The figure for financial income and expense was negative by €165,000, down by €5 million on the previous financial year, when the result was positive by €4.8 million due to the interest received on repayment of the tax credit relating to previous years.

Income taxes for the year amounted to €40.7 million, an increase of €18.8 million compared with the previous financial year, due to the greater taxable base and an IRES tax rate of 25.1%, slightly higher than the theoretical rate due to the impact of the reversal of deferred tax assets.
As a result of the foregoing, net profit for the year came to €92.4 million.

Reclassified financial position

	31.12.2022	31.12.2021	Changes	
Property, plant and equipment	861,975	895,666	(33,691)	-3.8%
Right-of-use assets	1,356	1,679	(323)	-19.2%
Intangible assets	71,673	64,098	7,575	11.8%
Investments	186,411	188,248	(1,837)	-1.0%
Non-current trade receivables	606,775	687,253	(80,478)	-11.7%
Other non-current assets and liabilities	(151,530)	(162,732)	11,202	-6.9%
Net non-current assets	**1,576,660**	**1,674,212**	**(97,552)**	**-5.8%**
Inventories	61,075	61,509	(434)	-0.7%
Trade receivables	311,846	157,525	154,321	98.0%
Trade payables	(127,226)	(97,523)	(29,703)	30.5%
Other current assets and liabilities	(204,157)	(127,506)	(76,651)	60.1%
Net working capital	**41,538**	**(5,995)**	**47,533**	**n.a.**
Gross capital employed	**1,618,198**	**1,668,217**	**(50,019)**	**-3.0%**
Employee benefit provisions	(29,651)	(34,744)	5,093	-14.7%
Provisions for risks and charges	(11,341)	(13,914)	2,573	-18.5%
Deferred tax assets net of liabilities	12,095	14,184	(2,089)	-14.7%
Net capital employed	**1,589,301**	**1,633,743**	**(44,442)**	**-2.7%**
Shareholders' equity	1,174,581	1,136,190	38,391	3.4%
Net financial debt	414,720	497,553	(82,833)	-17%
Total funding	**1,589,301**	**1,633,743**	**(44,442)**	**-2.7%**

(thousands of euros)

Net capital employed amounted to €1,589.3 million, down by -2.7% on 31 December 2021 with 73.9% of the total funded by equity and 26.1% by net financial debt.
The net non-current assets of the ENAV Group amounted to €1,576.7 million, a net decrease of €97.5 million compared to 31 December 2021, due to: i) the decrease in property, plant and equipment of €33.7 million due to the higher amortisation and depreciation compared to investments in progress recognised during the year; ii) the decrease in the value of investments in other companies of €1.8 million as a consequence of the realignment of the book value of the investment in Enav North Atlantic; iii) the net reduction in non-current trade receivables of €80.5 million as an effect of the new recognition of balance receivables pertaining to 2022, net of the financial component, more than offset by the recognition in current trade receivables of the balance included in the 2023 unit rate.
Net working capital was negative by €41.5 million, a significant improvement of €47.5 million on the figure for 31 December 2021, which was negative by €6 million. The main changes concerned: i) the increase in trade receivables of €154.3 million, including €21.5 million from the higher receivable from Eurocontrol due to higher billing for the flight months of November and December compared to the corresponding months of the previous year, and €131.8 million of reclassified balance receivables relating to the first portion of the balance recorded in the combined period 2020/2021, relating to the loss of traffic generated by the health

emergency, the recovery of which has been envisaged in five years, with the exception of the third charging zone, which will be recovered in seven years, starting from the 2023 unit rate; ii) the increase in trade payables of €29.7 million, mainly connected to the recognition of balance payables recognised in 2022 and referring in particular to the traffic risk resulting in reimbursement to carriers, having generated greater air traffic than planned; iii) the change in other current assets and liabilities, which had the net effect of a higher debt of €76.7 million, due to higher tax payables associated with the higher tax burden, IRPEF contributions and withholdings from employees for the recouping of inflation rises during the contract hiatus years, disbursed in the month of December, and the higher liabilities to the Italian Air Force and ENAC for the relevant share of en-route and terminal collections and the greater debt owned to subsidiaries.

Net capital employed also reflected the employee benefits provision in the amount of a negative €29.6 million, a decrease attributable to payments to employees and the actuarial gain for the year; provisions for risks and charges of €11.3 million, down primarily as a result of the reclassification among social security payables of the Isopensione early retirement contribution for three executives, whose employment was terminated at the end of 2022; deferred tax assets and liabilities in the amount of €12.1 million.

Shareholders' Equity amounted to €1,174.6 million, a net increase of €38.4 million compared with 31 December 2021, mainly reflecting the recognition of net profit for 2022 in the amount of €92.4 million and the reduction following payment of the 2021 dividend of €58.5 million.

Net financial debt amounted to €414.7 million, an improvement of €82.8 million on 31 December 2021.

	31.12.2022	31.12.2021	Changes	
Cash and cash equivalents	246,692	195,089	51,603	26.5%
Current financial receivables	1,929	1,998	(69)	-3.5%
Current financial debt	(431,651)	(250,325)	(181,326)	n.a.
Current lease liabilities ex IFRS 16	(757)	(744)	(13)	1.7%
Net current financial position	**(183,787)**	**(53,982)**	**(129,805)**	**n.a.**
Non-current financial receivables	8,554	9,931	(1,377)	-13.9%
Non-current financial debt	(165,094)	(411,428)	246,334	-59.9%
Non-current lease liabilities ex IFRS 16	(698)	(1,085)	387	-35.7%
Non-current trade payables	(73,695)	(40,989)	(32,706)	79.8%
Non-current financial debt	**(230,933)**	**(443,571)**	**212,638**	**-47.9%**
Net financial debt	**(414,720)**	**(497,553)**	**82,833**	**-16.6%**

(thousands of euros)

The decrease in net financial debt as at 31 December 2022 primarily reflected developments in collections and payments connected to ordinary operations, which generated a positive cash flow thanks to the recovery of air transport activities which produced higher collections from the Parent Company's core business. Furthermore, during 2022 there were collections from European and Transport NOP financed projects, partly offset by payment of the debt to the Ministry of Economy and Finance for the financial years 2020 and 2021, amounting to €31.5 million in total, payment of the debt to the Italian Air Force and ENAC for the portion of en-route and terminal collections, amounting to €19.1 million in total, and payment of the dividend amounting to €58.4 million in total.

The company has committed and uncommitted short-term credit lines at 31 December 2022 amounting to €285 million.

Cash Flows

	2022	2021	Changes
Cash flow generated/(absorbed) by operating activities	244,091	(154,226)	398,317
Cash flow generated/(absorbed) by investing activities	(70,165)	(59,158)	(11,007)
Cash flow generated/(absorbed) by financing activities	(122,323)	115,603	(237,926)
Cash flow for the year	**51,603**	**(97,781)**	**149,384**
Cash and cash equivalents at the beginning of the year	**195,089**	**292,870**	**(97,781)**
Cash and cash equivalents at the end of the year	**246,692**	**195,089**	**51,603**
Free cash flow	**173,926**	**(213,384)**	**387,310**

(thousands of euros)

Cash flows generated by operating activities as at 31 December 2022 amounted to €244.1 million, a distinct improvement on the figure for the previous financial year, which was negative by €154.2 million. This flow reflected the following factors: i) the increase in current and non-current trade receivables of €74.6 million, relating primarily to the increased turnover in respect of Eurocontrol, and the recognition of positive balance receivables for the year. Compared with the previous year, there was a smaller increase in balance receivables, which were affected in 2021 by the loss of traffic resulting from the health emergency; ii) the increase in tax payables due to the higher taxes associated with the increased taxable base for 2022 compared with 2021, when there was a decrease in tax receivables due to collection of the receivable for the higher IRES tax paid in previous years; iii) the net increase in the other current assets and liabilities is attributable both to the net decrease in other current assets due to collections associated with projects funded under the Transport NOP and CEF programmes, and to the higher current liabilities represented by debts owed to the Italian Air Force and ENAC for the en-route and terminal collections attributable to them for the year, net of the payment of the debt to the Ministry for the Economy and Finance included in the 2021 final result; iv) the change in current and non-current trade payables reflects an increase of €34.9 million relating primarily to the recognition of balance payments related to 2022 compared to 2021, when the balance component had a lesser effect and greater payments were made to suppliers in order to recover the extension implemented during the health emergency period; v) the €30.8 million higher result for the year compared with 2021.

Cash flow absorbed by investing activities at 31 December 2022 amounted to €70.2 million, an increase of €11 million on 2021. This change is associated with the greater payments made to suppliers for investment projects, a change also confirmed by the greater capital expenditure of €97.4 million, up by €12.2 million on 2021.

Cash flow absorbed by financing activities in 2022 amounted to of €122.3 million, while in 2021 liquidities of €115.6 million were generated by Term Loans amounting to €180 million in total. In 2022, a Term Loan of 180 million euro was taken out with a syndicate of banks, for a 12-month period, for the purpose of refinancing to cover the private placement that expired and was repaid on 4 August 2022. The quarterly and half-yearly instalments of the outstanding loans were repaid and the 2021 dividend was paid in October, following the collections resulting from the summer season, in accordance with the resolution of the shareholders' meeting of 3 June 2022, an effect which did not feature in the 2021 cash flows.

Free cash flow was positive by €173.9 million, a marked improvement compared to 2021, when it was negative by €213.4 million, due to the liquidity generated by the cash flow from operating activity, which ensured full coverage of the cash flow absorbed by investment activities, in contrast to the trend for the previous year.

Human Resources

At 31 December 2022, the ENAV Group workforce numbered 4,185 (4,106 in 2021), an effective increase of 79 on 2021.

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

Industrial relations

During 2022, discussions with the Social Partners focused particularly on various operational issues relating to implementation of the Business Plan, such as the transfer of the APPs (approaches) of radar towers to Area Control Centers (ACC), the reorganisation of professional operations, staffing policy and the implementation of digital towers. In this latter context, the Group's first digital tower was inaugurated at the Brindisi plant on 1st June.

A further issue discussed with the Social Partners was the 2021 Performance Bonus, disbursed in 2022, which was distributed to entitled personnel following the signing of an agreement.

Furthermore, in order to further improve the organisation of work for staff working a 35-hour week in the summer period, when there is a significant increase in flights to be assisted, the Parent Company arranged an attendance bonus for the months of June, July, August and September, with varying amounts according to the type of establishment and professional category, in order to ensure full performance during all ordinary shifts, with provision for holidays, recovery of abolished holidays and exhaustiveness, where applicable.

In October and November 2022, multiple meetings were held with trade union representatives which led to several agreements relating to operational issues being signed (mainly regarding the timing for the transfer of the Florence, Turin and Venice approaches, to be carried out at the end of summer 2023, maintenance of salary levels for the personnel concerned, organisation of the operations rooms, geographic mobility and professional development) which led to the Trade Unions ending the pending disputes on the aforementioned matters.

The following agreements were also signed in November:

- *Agreement for the establishment of new contractual minimums starting from 1 January 2023*with the unions FILT-CGIL, FIT-CISL, Uiltrasporti, UGL-TA and UNICA, which established the terms for the recovery of inflation for the period 2018-2022, agreeing to an increase for the medium category, excluded from future revaluations, of around 5.2% of the contractual minimums in force;
- *Salary increases for the three-year period 2023-2025* based on ISTAT forecasts for the same period (2% on average per year);
- *Company agreement for the determination of one-off inflation recouping payments for 2020-2022* to fully and definitively cover the contract hiatus period.

Finally, in 2022, there were 117 meetings with the ENAV National Organisations and 80 meetings with the Company Union Representatives, two national strikes and five local strikes.

Training

Operational training activities in 2022 confirmed the post-pandemic recovery trend that began in 2021. *Ab-initio* training and the significant resumption of training for external clients led to a considerable increase in training hours, which totalled 104,958 in 2022, compared with 99,976 in 2021, a 5% increase on the previous year.

Training hours were delivered through the following courses:

- 51,228 hours of *ab-initio* training for 198 participants (32,712 hours for 71 participants in 2021);
- 19,879 hours of advanced training for 46 participants (27,839 hours for 72 participants in 2021);
- 18,292 hours of ongoing training for 804 participants (32,761 hours for 1,871 participants in 2021);
- 15,559 hours of training for external customers with 263 participants (6,664 hours for 145 participants in 2021).

Ongoing training, which in 2021 had been the driving force behind training under the back-to-normal programme implemented by the Parent Company to prepare operational personnel for the resumption of air traffic after the freeze caused by COVID-19, nonetheless held up significantly both in the number of hours provided and in the number of participants. This confirms how professional attention is consistently paid to the skills required necessary to guarantee an effective and efficient service.

There was a significant increase in *ab-initio* training compared with 2021 as a result of the training programme launched to add the new operational resources made available by the numerous internal and external selections carried out, both for ATCO/FISO/TM operational personnel and for ATSEP staff. In 2022, 47 new resources from the external selection process underwent training.

Advanced training specifically included the activities carried for five Ukrainian Air Traffic Controllers for whom, for humanitarian reasons, the Parent Company has undertaken to maintain the technical skills necessary for a prompt return to operational service.

Finally, as a result of the activities that necessarily require face-to-face training returning to normal, the hours of training for external customers more than doubled. In this context, we should highlight the training activities provided for the QATAR Provider, which allowed the latter to carry out normal air traffic management activities during the 2022 World Cup in November and December.

2022 ended with 46 training activities for internal operating personnel and 19 initiatives for external customers.

With regard to management and specialist training, in 2022, training sessions at Group level involved more than 59,500 hours (35,000 hours in 2021) and around 16,450 participants in language, management and specialist training initiatives in synchronous learning arrangements (actual classroom and virtual classroom training) and asynchronous sessions (e-learning) thereby supporting the professional development and enhancement of the skills of Group personnel through training activities.

Synchronous training activities, involving 9,007 hours for 1,060 participants, included the continuation of programmes for unit managers to develop their leadership skills, induction programmes for new recruits, as well as access to the training opportunities offered by Human Resources. Project management courses and training packages for specialist topics of interest to staff units and indirect operating units continued.

Asynchronous training, involving 50,505 hours and 14,850 participants, was primarily focused on satisfying mandatory and statutory training requirements, with special attention being devoted to anti-bribery training as part of the effort to obtain ISO 37001 certification and to training on the 231/01 compliance model. The significant number of hours of e-learning training, which almost doubled compared with 2021, is mainly

attributable to the five-year refresher course for workers pursuant to Legislative Decree 81/2008 and the training of Techno Sky personnel involved in launching the Technical Operational Centre.
Language training was conducted using both synchronous and asynchronous approaches, involving 72 people for a total of 633 hours, with activities organised into self-study, individual courses, multimedia courses and thematic workshops.
During 2022, responsibility for assessment, development and training processes was concentrated in a single organisational unit, thus completing the process of integrating activities to identify and leverage the potential of our people.

Occupational health and safety

The ENAV Group attaches great important to the physical and moral integrity of its employees, the maintenance of working conditions that respect individual dignity and safe and healthy work environments. The Group therefore pursues the dissemination and consolidation of a solid occupational health and safety culture, developing awareness of risks and promoting responsible behaviour on the part of all personnel.
In 2022, the ENAV Group continued to promptly implement all legal requirements issued from time to time with regard to managing the COVID-19 emergency.
In particular, provisions regarding the updating of isolation, quarantine and self-surveillance measures issued over time by the Ministry of Health were implemented and consequently the SARS-CoV-2/COVID-19 safety and prevention measures were updated. The instructions contained in Decree Law no. 24 of 24 March 2022 (otherwise known as the Reopening Decree) were also implemented. This introduced urgent provisions for overcoming the state of emergency starting from 1 April 2022 and specifically:

- the extension, until 30 April 2022, of the requirement to have and present the basic Green Pass in the workplace, even for the over-50s, who will no longer have to present their enhanced Green Pass from 25 March;
- the abolition, starting from 1 May, of the requirement for a Green Pass to access workplaces;
- the application of the self-surveillance regime for close contacts of positive COVID-19 cases to replace the quarantine regime.

Despite the emergency rules having ended, the ENAV Group continued to guarantee the safety of its personnel by applying the “Shared protocol for updating the measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace”, signed on 30 June 2022 between the Government and the Social Partners. The document updates and renews the previously signed agreements. Again with reference to the health emergency, steps were taken to constantly update the documentation produced on risk mitigation, the *COVID-19 Risk Assessment Document and information manual for personnel*, for all Group companies.
During 2022, the DNV-GL certification body successfully carried out the checks required for ENAV, Techno Sky, IDS AirNAV and D-Flight to maintain their UNI ISO 45001:2018 certification.
With regard to the analysis of injuries, out of 18 accidents occurring at ENAV, 15 were classified as having occurred during travel to and from work and 3 as having occurred at work but not being directly attributable to the tasks performed by the worker involved. At Techno Sky, out of 8 injuries, 4 occurred during travel to and from work, while those that occurred at work (4) were only partly attributable to the job performed by the worker. There were no injuries at IDS AirNav.
Finally, for all Group offices work continued on the preparation and updating of emergency plans, risk assessment documents, unified interference risk assessment documents, cooperation and coordination

reports and the management of personal protective equipment, with the provision of training in occupational health and safety and the scheduled performance of worker health surveillance, in accordance with the approved health protocols, evacuation drills and physical surveillance of radiogenic sources by radiation protection experts.

Investments and NRRP

Group investments are intended to ensure that the assets supporting domestic air traffic management services: i) are consistent with the required technical, financial and performance objectives; ii) meet the quality and performance standards established domestically and internationally by industry regulatory authorities; iii) are in line with the development of the technological platform and with the new operational concepts defined and developed for the ATM (air traffic management) network at the European level; and iv) serve the development needs of the non-regulated market.

Most investments are represented by initiatives involving operational technology infrastructure, because it directly affects core business activities in terms of the efficiency, cost-effectiveness and safety of air traffic management services. Investments are planned on the basis of the long-term investment plan which is updated when necessary to reprogramme projects to take account of operational requirements that have emerged during the year. In 2022, a new investment plan was approved in line with the performance plan for the third regulatory period.

In 2022, consolidated capex amounted to €97.8 million (€85.6 million at 31 December 2021), while that reported in the separate financial statements of ENAV S.p.A. came to €97.4 million (€85.2 million at 31 December 2021).

The new investment plan was revised to take into account both the difficulties and delays in the various activities by suppliers, especially foreign ones, the lack of materials and the reduction in the parent company's requirements.

The main investments under way in 2022 included:

- ✓ the continuation of the 4-Flight programme, which is designed to develop the new automation technology platform for Italian Area Control Centres (ACC) and adopt the Coflight system as a basic component;
- ✓ progress in the development of a new version of the airport weather observation systems;
- ✓ the construction of the new ENET-2 communication network, which will replace the current ENET network connecting all national operational sites, carrying operational voice, radar data, flight plans, and weather, AIS and plant control data.

SESAR and research and development activities

Investment project activities necessarily require research to be carried out in the years preceding deployment, as every innovative feature in the ATM world must be validated and shared internationally through a common research activity known as SESAR.

The SESAR European research and development project is an initiative launched by the European Commission to provide the Single Sky regulatory framework with the innovative technological elements that enable the creation of a modern, interoperable, sustainable, resilient and efficient air traffic management system that is capable of guaranteeing the development of air traffic on a secure foundation that is environmentally friendly and reduces the fragmentation of airspace management.

The programme involved the following three consecutive stages:

- SESAR 1 (2009-2016) was successfully completed in December 2016 and saw the Parent Company involved in 98 of the 315 projects planned, acting as coordinator in 20 of these.
- SESAR 2020 (2016-2023) is current being carried out and is expected to last 7 years, split into three periods of activity: Wave 1 (2016-2020), Wave 2 (2019-2023) and Wave 3 (2021-2023). Wave 1 was completed successfully and saw the Parent Company involved in 16 projects, acting as coordinator in two of them. Wave 2 and Wave 3, both currently under way, see the Parent Company involved in 12 and 4 projects respectively. In addition to the projects contained in the aforementioned Waves, provision has been made for further targeted Calls on specific topics of European interest. The Group actively participated in these additional tenders, including the DIODE (D-flight Internet of Drones Environment) and CORUS (Concept of Operations for European Unmanned Traffic Management Systems) projects, both on the U-Space concept and both successfully completed, as well as two current projects: ECHO, on the management of operations at very high altitudes (Higher Airspace Operations, above FL 660), and CORUS-XUAM on U-Space and Urban Air Mobility (UAM).
- SESAR 3, with a time horizon of 2023-2031, which was recently launched and sees the ENAV Group engaged in numerous research and development activities, selected according to its operational and industrial interests. In terms of content, SESAR 3 will ensure continuity with the previous two phases but will also include important new innovations in digitalisation, automation and sustainability (Aviation Green Deal) and aimed at developing a European ATM system that it is increasingly efficient, safe, sustainable and resilient. The ENAV Group has two demonstration projects in its portfolio (HERON and U-ELCOME) and was awarded 15 projects out of the 21 presented, which cover a wide range of technologies needed for the creation, by 2040, of the Digital European Sky, thanks to the development of solutions to be applied in sensitive areas for the Air Traffic Management (ATM) sector. New calls are planned in the coming years of the programme.

Participation in the SESAR Programme is an opportunity for the ENAV Group to contribute to defining the new European ATM System and to guide developments in accordance with corporate and national priorities. The experience and image gained in recent years around SESAR developments testify to the key role of the Parent Company in the European ATM scenario and, in line with a broader strategic plan, guarantee the Group a leading role in the industry’s international structures.

Sesar Deployment Manager

The SESAR Deployment Manager (SDM) is a body within the European Commission established to coordinate and synchronise the modernisation of the air traffic management system in Europe. Starting from 1 June 2022, when the mandate of the SDA (Sesar Deployment Alliance) expired, the SESAR Deployment and Infrastructure Partnership (SDIP) was officially selected and delegated by the European Commission to act as Deployment Manager. This is a new partnership that brings together 4 airlines, 14 Air Navigation Service Providers, including ENAV, which control around 80% of flights in the European Union, in addition to all the main traffic flows operated on our continent, Airports, which can provide the complete operational perspective of the airport; EUROCONTROL Network Manager with a technological and operational view of the network needed to guarantee the perfect operation of the European ATM. The term of the current Deployment Manager will end in December 2027.

In accordance with the provisions of Article 9 of European Regulation 2013/409, the Deployment Manager must ensure the synchronisation and coordination of the local implementation projects necessary to implement the Common Projects, i.e. the Commission's implementing regulations which require Member

States of the European Union and their stakeholders to implement the most essential operational changes to the European ATM Master Plan. The first Common Project is known as the Pilot Common Project (PCP) and is defined in Regulation (EU) 2014/716, which is the reference document for identifying the priorities of European funding calls for the air transport sector.

The SESAR deployment activities, coordinated by the SESAR Deployment Manager and co-financed by the European Commission through CINEA (European Climate, Infrastructure and Environment Executive Agency), include the annual updating of the Deployment Programme, in the revision of which the Parent Company plays a leading role, in coordination with the other European stakeholders. At the same time, the Parent Company maintains alignment between the Investment Plan and the requirements of the Deployment Program, to ensure compliance of the implementation methods and timings with the relevant European regulation. In this respect, with reference to the co-financing tenders under the Connecting European Facilities (CEF) programme, 2022 saw a continuation of the projects awarded to date and required for the implementation of Regulation (EU) 2014/716, replaced in February 2021 by Regulation (EU) 2021/116 Common Project One. There are a total of 343 projects coordinated by the SDM, including 155 already completed. Once they are all completed, they will bring benefits both in terms of reducing operational delays and saving jet fuel and reducing CO_2 emissions with full respect for the environment.

The NRRP (National Recovery and Resilience Plan) for the ENAV Group

At the end of 2021, the ENAV Group signed agreements with the Ministry of Infrastructure and Transport (formerly MIMS) covering 9 projects expressing the excellence that exists within the Group and are part of the Digital Innovation and Green Infrastructures strand.

ENAV, IDS AirNav, Techno Sky and D-Flight have all contributed to defining a group of initiatives that aim to achieve tangible results from the end of 2023, with implementation continuing until 2026. The costs for all nine initiatives will reach €110 million. The initiatives include a series of modernisation projects that envisage the consolidation of nine approach control centres within the Italian ACCs, the implementation of a new generation Tower ATM system at two airports and the implementation of an advanced system for the efficient sequencing of arriving aircraft at the Rome and Milan ACCs. Other projects will help improve the cyber-security of communication infrastructure, invest in the public cloud to support the Group's management needs and virtualise certain operational infrastructures, improve digitalisation of aeronautical information, implement a maintenance model that adopts the most advanced IT technologies and implement initiatives for the control and management of "unmanned" traffic in the Italian skies.

Since the end of 2022, the REGIS information system has been made available by the relevant national bodies as the only official interaction tool with central government bodies, for the purposes of expense reporting, communication on the implementation status of projects, as well as the transmission of reimbursement requests. The reporting methods were finally announced at the beginning of 2023.

Environment

As part of the initiatives to develop a sustainable business, the ENAV Group has set itself the objective of reducing and enhancing the efficiency of consumption associated with the production of its services and of contributing to the reduction of the environmental impact of air operations. For these reasons, the Group aims both to reduce emissions related to its production activities and to modernise and optimise the infrastructure and network of air traffic services (ATS) so as to contribute to the reduction of carbon dioxide (CO_2) associated with the activities of Airspace Users (AU).

In this context, the Group has adopted its own Environmental Management System (EMS) which implements the ISO 14001:2015 international standard. The most significant points taken into consideration in the adoption of the EMS include: identification of the *environmental aspects*, i.e. the elements of the ENAV Group's activities and services that interact with the environment and the assessment of their significance; definition of the procedures for implementing and satisfying the *compliance obligations*, these being the legal requirements that the Group must fulfil; definition of the *risks* and *opportunities* associated with environmental aspects and compliance obligations, as well as any other emerging issues in the analysis of the context.

Operational measures

In order to foster the sustainable development of air transport, the Parent Company is involved in the ongoing review and constant modernisation of the ATS network and infrastructure, optimising service performance and deploying increasingly efficient instrument procedures and flight routes, thereby helping to reduce fuel consumption and, consequently, lower environmental impacts.
Always guaranteeing the highest standards of safety, working cooperatively to develop collaborative initiatives with stakeholders, ENAV plans and implements measures to modernise its assets in order to ensure the continuous improvement of the ATS network, offering carriers increasingly environmentally friendly flight paths, enjoying shorter travel times and reduced constraints on planning and flight operations.
All the measures planned and implemented in this area are catalogued and monitored periodically in the Flight Efficiency Plan (FEP).
The annual update of the FEP reports and assesses all operational efficiency initiatives implemented by the Parent Company, in the reference period, in the various business segments, including: i) the *ground* phase, dedicated to speeding up operations and optimising the ground movement of aircraft at the airport (start-up and taxi in/out phases); ii) the *flight phase*, which includes take-off and trajectories for *initial climb*; iii) the *cruise phase* (en-route phase); and iv) the *terminal phase* (arrival), dedicated to the optimisation of approach segment flight profiles for landing.
The progress and effectiveness of the actions implemented to achieve the environmental targets and performance required of air navigation service providers (Environmental Key Performance Areas/Indicators), which are audited and overseen by ENAC, are reported and measured in the Flight Efficiency Plan.
Since 2012, the results of the actions reported in the FEP are considered and incorporated in Italy's Action Plan on CO_2 Emissions Reduction, to which the country has committed as part of its contribution to the broader programme for fighting climate change being led in aeronautical sector by ECAC/ICAO.
The extraordinary conditions brought about by the COVID-19 health emergency produced a severe global contraction in air connections in 2020 and also characterised 2021, albeit to a lesser extent in the second half of the year.
Since the beginning of 2022, particularly since April, continuing the trend recorded in 2021 and in parallel with the other countries in the ECAC area, there has been a significant recovery in air traffic, both in overflights and in air connections departing from/arriving at domestic airports, with figures that have settled at over 90% of their 2019 values.
In the central months of the summer season, especially at national airports serving tourist destinations, traffic values were recorded that were higher than the pre-COVID ones, likewise the resumption of planning linked to the Christmas period achieved values similar to those recorded in the same period of the 2019.

In order to effectively meet the increased demand for ATC capacity and optimise the management of air traffic flows, in the face of Airspace User schedules, both in the ATC EnRoute sectors and for flights to/from domestic airports, during 2022 restrictions on the use of the network which had been suspended in 2020 and 2021 were gradually reactivated.
Following up on actions taken in previous years and supplementing the achievements of the Free Route Airspace Italy Project (FRAIT), which allows freer planning of the flight paths in airspace above 30,500 ft, around 9,000 m), in 2022 the Parent Company, in coordination with the Italian Air Force, worked to maximise air space availability, continuing to update and synchronise the ATS network in the airspace below the FRAIT area and in terminal areas and implemented initiatives to achieve performance improvements for operations in airport movement areas.
With regard to the FRAIT airspace in particular, almost 43% of assisted air traffic was able to benefit from a reduction in the total route distance, from the departure airport to the destination airport (gate-to-gate), of about 16.3 million kilometres (equal to 32 km per aircraft), with a consequent overall reduction in CO_2 emissions of about 210 million kg and fuel savings needed for en-route flight of approximately 65.3 million kg.
At the same time the total distance of the trajectory flown in the FRAIT airspace has been reduced, and especially taking into account the increase in the cost of fuel, but also changes in the scenario of connections, which have seen the creation of commercial flights between new City Pairs, and consequent updates to the planning of connection trajectories for the new destinations, there has been a significant increase, compared to 2019, in the occupancy of Italian airspace, which is now more used by Airspace Users.
In fact, these values have increased, on average, by about 2 minutes per assisted flight. This highlights the greater attractiveness of using Italian airspace, determined by the combination of the excellent performance, in terms of capacity and predictability, but also by the numerous flight efficiency measures implemented to improve flight trajectories and, consequently, to contain and optimise fuel consumption and related CO_2 emissions into the atmosphere.
Evidence of the added value produced by all the various interventions carried out can be seen in the reduction of the total route length planned by Airspace Users on City Pairs and in their preference for planning flights in Italian airspace, rather than in adjoining airspaces.
While the constraints of the previous Network had already been removed in the FRAIT Airspace, allowing Airspace Users to plan/fly direct trajectories, from a defined entry point in the national airspace to an exit point from the airspace, continuing with this approach, additional interventions were carried out in 2022 to allow further harmonisation of the flight profiles affecting Military Areas.
In close collaboration with the Italian Air Force and applying the Flexible Use of Airspace (FUA) concept, these interventions have allowed a further reduction to be achieved in planned/flown distances, resulting in a reduction of approximately 2.17 million kg of fuel and a consequent reduction of CO_2 emissions into the atmosphere estimated at approximately 6.83 million kg.
Also in 2022, the Parent Company continued the implementation of two long-term programmes involving terminal areas: i) the transition to Performance Based Navigation (PBN), with the publication of satellite and associated instrumental flight procedures and gradual decommissioning of now obsolete ground-based radio aids, which are more polluting in terms of radioelectric emissions, including Non Directional Beacons (NDB) and/or Locators; ii) the transfer of responsibility for the provision of approach control services to the area control centres, which during 2022 involved the transfer to the Rome ACC of the approach control service of Naples control.

These two programmes will enable the optimisation of the ATS network in terminal areas, further balancing flight efficiency with capacity performance and predictability, with expected overall reductions in fuel consumption and CO_2 emissions estimated, in 2022, at about 12 million kg of fuel and 37.8 million kg of CO_2 emissions.

In 2022, the decommissioning of certain radio aid systems made it possible to reduce their energy consumption and electromagnetic impact, as well as the energy consumption for the ordinary and extraordinary maintenance of this plant, including the costs and fuel consumption of the vehicles used to reach the remote sites where the radio beacons were located.

Finally, the follow-up and improvement of Airport Collaborative Decision Making (A-CDM) processes continued, creating a coordinated management system for aircraft ground movements at Rome Fiumicino, Milan Malpensa, Milan Linate, Venice Tessera, Naples Capodichino and Bergamo Orio al Serio airports.

Projects connected with the development of Advanced Air Mobility

The future of sustainable mobility will also be reached through the development of Advanced Air Mobility and its Urban component. In accordance with the national plan for advanced air mobility drafted by ENAC, the Group - and ENAV in particular - collaborates with other public and private stakeholders on defining a regulatory framework to enable the development of Advanced Air Mobility in Italy.

Following the establishment of a Memorandum of Understanding and Cooperation Agreements with ENAC and the other sector Stakeholders, as well as its experience gained in the creation of the ATS network, ENAV is proactively contributing to the definition of the development of an air connection network between the nodes of a future general mobility system (airports, stations, ports, interchange centres and hubs, logistics hubs, etc.) that can support the effective use of innovative electric aircraft (drones, but also vertical take-off aircraft, or eVTOL), so as to help create the conditions to replace or at least reduce the use of less environmental friendly modes of transport.

More specifically, the Group is providing its technical-operational expertise to define:

- the national and supranational regulatory framework, a necessary part of the development of the aerial operations of Unmanned Air Systems (UAS), with remote pilot and/or automated/autonomous operations, to be conducted in VLOS (Visual Line of Sight), EVLOS (Enhanced Visual Line of Sight) and BVLOS (Beyond Visual Line of Sight) within the national U-Space;
- the criteria for the design, evaluation of interference and implementation of the network of connecting, arrival and departure routes between advanced mobility nodes (airports/heliports and vertiports and so-called “sandboxes”);
- the methods for managing interference between Air Traffic Management (ATM) and Unmanned Traffic Management (UTM), in order to develop services for airspace users, from the logic of segregation to the logic of integration and dynamic reconfiguration of U-Space;
- basic and additional services dedicated to new aircraft and the conditions for certification of U-Space Service Providers (USSP).

The activity described above also contributes to the alignment of the national strategic objectives of Advanced Air Mobility with the development of the new regulatory framework for Innovative Air Mobility, the name used in Europe in the context of the EU Drone Strategy 2.0 and EASA NPA No. 4 /2022.

Facilities projects

In line with the environmental policies introduced in recent years, the Parent Company is committed to the reduction of energy consumption and to reducing greenhouse gas emissions through the use of plants for the self-production of energy from renewable sources or from less-polluting sources (methane). In line with EU legislation that, following the COP26 (Conference of the Parties held in Glasgow in 2021), calls for cutting polluting atmospheric emissions by over 45% by 2030, the Group is committed to embarking on a path that can lead to compliance with this target in advance of this deadline.

To this end, in October, ENAV entered into a contract for the purchase of electricity for all its sites generated from renewable sources. In compliance with Legislative Decree 102/2014, the Parent Company conducted an energy diagnosis at 24 sites and on the basis of the findings identified opportunities for improvements in energy efficiency. These improvements will be implemented with measures designed to put electricity consumption on a downward trend.

The planned initiatives include new photovoltaic installations in addition to those at the Parent Company headquarters, the airports of Bari and Ancona Falconara, the Brindisi Area Control Centre and the Bitonto radio beacon. In particular, the photovoltaic systems of Naples, Genoa, Catania, Masseria Orimini and Lampedusa airports were completed.

After modernising the internal and external LED lighting system, the transformation of the LED lighting system at the Parent Company's headquarters was completed in 2022. Finally, work was completed on building a trigeneration plant at the Area Control Center (ACC) in Rome. This will allow a 36% saving to be achieved in the primary energy absorbed by the network compared to that currently used by the ACC.

Overall, the measures envisaged in the ten-year Energy Plan will lower the total electricity consumption of the Parent Company by 37%.

Much of this work will also be eligible for the incentives provided by the Energy Services Operator (ESO).

International activities

The year 2022 saw the persistence, albeit to a much lesser extent than the previous two years, of the effects linked to the COVID-19 pandemic and at the same time the onset of the Russian-Ukrainian conflict, events which conditioned international activities and had an impact on the methods and number of international face-to-face meetings. Nevertheless, the Parent Company used tele- and videoconference meetings to continue initiatives to consolidate relations with other Air Navigation Service Providers on both the bilateral level and through alliances and aggregations (such as, for example, the A6 Alliance), as well as with the major international institutions and organisations in the air transport field and, specifically, in air traffic management (ICAO, the European Commission, SESAR 3 Joint Undertaking, SESAR Deployment Manager, EASA, CANSO, EUROCONTROL and EUROCAE).

In addition, numerous activities were pursued within European institutions, with particular regard to certain key regulatory issues involving the aviation sector and the Parent Company, of which the most relevant are reported below:

- the revision by the European Council and the European Parliament of two new Regulations proposed by the European Commission that modify the regulatory framework of the Single European Sky (known as Single European Sky 2+). The initiative has a direct impact on the activities of the ENAV Group, both as regards the core business and the non-regulated market, as well as for the broader strategy of the Company and its positioning at the national and international levels. For this reason, various coordination activities were carried out during the year, with initiatives undertaken at the national and international levels. This activity will continue in 2023 and in subsequent years, given that an agreed position on the proposal has not yet been reached among the three European institutions and furthermore those Regulations provide for the subsequent preparation and/or revision of numerous implementing regulations;

- the definition of technical specifications to support the implementation of the Regulation relating to the provision of drone air traffic management services (U-Space), a sector in which the ENAV Group, together with the national supervisory authorities and Italian industry, has also played a driving role at European and international level, particularly considering the active role of the investee company D-Flight, which deals with the supply of U-Space services. The development process of these technical specifications will also continue in 2023 with activities and coordination at national and European level;
- the establishment of a regulatory framework on the conformity assessment of ATM/ANS systems (public consultation EASA NPA 2022-09 "Establishment of a regulatory framework on the conformity assessment of ATM/ANS systems and ATM/ANS constituents (ATM/ANS equipment)"), which defines the procedures for the certification, declaration and attestation of conformity of the ATM/CNS technological systems used by the Parent Company for the provision of services. ENAV actively took part in this activity, both directly and through coordination with international institutions and organisations (e.g. EASA and CANSO). The activities will continue in 2023.

Among European technology initiatives, the Parent Company was directly involved in the research, development and deployment activities being conducted under the aegis of the SESAR (Single European Sky ATM Research) programme, in particular:

- activities continued within the SESAR 3 Joint Undertaking, set up in December 2021, which brings together all the players in the aviation sector with the involvement of the ENAV Group in the recent call with several project proposals. A decision on the selected projects is expected by mid-2023;
- coordination efforts continued with airlines, airports, the main suppliers of air navigation services and Eurocontrol Network Manager, which led to the creation in June 2022 of the SDIP (SESAR Deployment and Infrastructure Partnership) Consortium, which was assigned the new role of SESAR Deployment Manager by the European Commission. This body is in charge of the coordination and synchronisation activities of the Deployment Programme (DP), the implementation programme for the SESAR projects envisaged by Regulation (EU) 2021/116 Common Project 1.

Commercial operations

In 2022, the ENAV Group generated revenues from the sale of systems and services on the non-regulated market of €39.9 million (€33 million in 2021), an increase of 21% on the previous year. During the year, various contracts were entered into by the Group, including several orders for the Parent Company relating to Flight Inspection and Validation activities to be carried out both in Italy and in some foreign countries, including Greece, Albania, Morocco, Denmark, Lithuania, Qatar, Cyprus, Romania and Croatia, valued at €1.8 million in total, and implementation orders for aeronautical consultancy activities in Italy and abroad for a total of €10.4 million. Of particular note is the contract signed with the Civil Aviation Authority of the Emirate of Qatar for the restructuring of the Doha airspace. During the year, the Parent Company also received orders for €5.1 million from EUSPA and ESSP for the renewal of the maintenance services of the RIMS and MCC platform in Rome.

Several contracts were signed with regard to IDS AirNav, including: i) the four-year contract for the renewal of software maintenance and technical assistance services for the Austrian ANSP Austrocontro for €3.1

million; ii) the two-year contract for the renewal of the systems used by the Royal Australian Air Force for €1.2 million; iii) a contract with the Argentine ANSP (EANA) to support the design of procedures using proprietary software; iv) the project to update the AIM (Aeronautical Information Management) system for the Dutch ANSP; v) the supply of the Cronos system to the Bahamas ASNP.
Techno Sky won a contract for the installation of radio assistance systems for the Italian Air Force.

Other information

2020-2024 Performance Plan

The 2020–2024 performance plan, following the COVID-19 pandemic, which had significant impacts on the air transport industry, was subject regulation by the European Commission with Regulation (EU) 2020/1627, which set new time scales for the review of Performance Plans for 2020-2024 (RP3), introduced the so-called combined period (2020-2021) for the purpose of measuring performance and determining balance revenues, while new European cost efficiency targets were established by Decision no. 891 of 2 June 2021, as follows:

- for 2020-2021, a DUC (Determined Unit Cost) target rate for 2020-2021 equal to +120.1% from the DUC rate for 2019;
- for 2022, a DUC target rate of -38.5% from the DUC rate for 2020-2021;
- for 2023, a DUC target rate of -13.2% from the DUC rate for 2022;
- for 2024, a DUC target rate of -11.5% from the DUC rate for 2023.

In compliance with Regulation (EU) 2020/1627, the providers and member states therefore presented the new Performance Plan in the second half of November 2021, in which the Company planned its cost and traffic levels for the purpose of determining unit rates for the 2022-2024 period.
This document, together with the Performance Plans of the other Member States, was submitted for assessment by the Performance Review Body (PRB), a technical support body of the European Commission responsible for assessing financial and operational performance, which expressed a positive opinion.
With the Implementing Decision 2022/773 of 13 April 2022, published in the Official Journal of the European Union on 18 May 2022, the European Commission established that the performance targets of all the performance areas included in the Performance Plan presented by Italy comply with the Union-wide performance targets for the third reference period set out in Implementing Decision (EU) 2021/891.
This compliance Decision therefore brought a long and complex process to a close, recognising the performance of ENAV, in terms of quality and cost-effectiveness of the service provided to airlines, as a reference provider on the European scene. The approval of the Performance Plan also allowed the Parent Company to consolidate the reference regulatory and charging scenario up to 2024 and to implement its economic and operational plan based on the strategies set out in the Business Plan.

Programme Contract

During 2022, the Parent Company worked with the relevant national institutions to finalise the draft contract, updating the associated annexes at the same time. In particular, the draft had to incorporate the results of the Compliance Decision issued by the European Commission on the National Performance Plan, issued in April 2022. Following this compliance decision, the paragraphs of the Contract containing information on unit rates, as well as the paragraphs relating to operating performance, were therefore updated.
As far as the air navigation services provided by ENAV are concerned, the 2020-2024 Contract confirms the provisions already envisaged in the previous negotiation scheme, which allow the Parent Company to provide air navigation services under the private law regime. For this purpose, a new annex was added to the 2020-

2024 draft contract, to which ENAV must refer for the purposes of determining the fee for air traffic control activities carried out under a private law regime, particularly with regard to extending the time for airport service is provided.
With regard to the economic and operational aspects envisaged in the Contract, it should be further noted that the changes introduced to Article 9 of Law 665/1996 standardised the period of validity of the Planning Agreement between the State and ENAV to the timescales envisaged by the relevant European regulation for the sector.
Therefore, considering the reference regulatory framework, and confirming the provisions already set out in the previous contract, the 2020-2024 Programme Agreement aligns its performance framework with the EU regulatory framework, both as regards the levels of expected performance in the regulatory period and as regards the timing for preparation and presentation of the performance targets. Further changes made to the text relate to the necessary ENAV/ENAC coordination on the contents of the ENAV Investment Plan. The draft also incorporates the ministerial instructions to establish of a Monitoring Committee on the implementation of the Programme Agreement. No less important is the introduction of a further annex stating the methods for defining the ENAV WACC for charging purposes, with particular reference to determining the cost of capital pertaining to Terminal zone 3. Lastly, the work of updating the airport data sheets in the annex to align them with current needs is still progress. These are limited changes that would reflect the operational needs of the airports and for which the company is preparing a report highlighting any impact on their costs.
During the first half of 2023, meetings will be arranged to finalise the text of the Contract and start the procedures for signing it.

Sustainability Plan

The Parent Company has for years been committed to a developing its responsiveness to sustainability issues, in line with the provisions of the new Corporate Governance Code, which places sustainability at the heart of a modern business vision. In this context, the Board of Directors' meeting held on 20 December 2022 updated the Sustainability Plan by adding new objectives for 2023 and 2024, in order to ensure their alignment with the 2022 Business Plan 2022-2024. The new objectives related to climate change and the decarbonisation process, with a major focus on the circular economy, technological innovation and digitalisation, diversity and inclusion and sustainability governance.
The updated Sustainability Plan is still based on six pillars: "Strategy and Governance", "Policies", "Technological Innovation", "Reporting and Communication" "Culture and Dedicated Projects" and "Climate Change" and envisages 32 objectives representing the main projects in which the Parent Company will be engaged over the two-year period 2023-2024. The new projects envisaged by the plan and associated with five pillars, include the following:

- in the "Policies" pillar, maintaining the ISO 37001 and ISO 45001 certifications, obtaining the Integrated Corporate Sustainability Ecosystem (ICSE) certification, assessing the feasibility of adopting the ISO 56002 standard for the management of innovation processes in the company;
- in the "Technological Innovation" pillar, developing research and innovation activities associated with the SDGs, research and development of AI algorithms and machine learning;
- in the "Reporting and Communication" pillar, developing materiality analysis according to the double materiality concept, drawing up a Greenhouse Gas Report;
- in the "Culture and Dedicated Projects" pillar, hiring new talents sensitive to ESG issues;

- in the “Climate Change” pillar, further reducing the electromagnetic energy generated by improving navigation instruments, developing new energy efficiency projects, implementing a strategy to achieve SBTi Scope 1 and 2 objectives by 2030.

The new projects aim to consolidate the leadership position achieved by the Parent Company in the sustainable development of air transport. ENAV, the first Italian company in the sector to achieve the Science Based Target validation for its decarbonisation strategy, has recently been assigned some of the most important ESG ratings in the world (CDP and S&P) and has launched important projects to combine innovation and sustainability in an increasingly harmonious and effective way, including innovative solutions for self-generating energy from renewable sources, the digitalisation of processes and the development of new applications.

Business plan

With the gradual recovery of pre-pandemic traffic volumes, the ENAV Group defined the new 2022-2024 Business Plan and launched the Future Sky 2031 Plan, approved by the Board of Directors at its meeting on 12 May 2022.

The Plan strengthens the factors associated with the sustainable development of the ENAV Group, leveraging its key values: safety, excellence in the quality of services rendered, human resources, technological innovation and digitalisation, and describes the strategic objectives to be achieved in the period in question, broken down into six strategic pillars, evaluating the economic, equity and financial projections of the results of the individual Group entities. The first three vertical pillars, directly linked to the Parent Company's operations, focus on technological and operational excellence, digital transformation and commercial repositioning. The other three pillars comprise a series of cross-cutting actions that intersect the three vertical pillars and focus on the centrality of people, which will allow long-term value to be generated for all stakeholders, with positive impacts for the sector and all related industries for the benefit of local areas and the country's economy. The main projects and their progress for 2022 are outlined below.

Technical and operational excellence

The lynchpin of the Business Plan is the new technical and operational model, which is intended to increase the productivity and flexibility of the national airspace and the air traffic control structure, for the benefit of carriers and passengers, as well as the Italian economy in general. The new model is based on three fundamental structural rationalisation projects for a more efficient service delivery method:

- consolidation of the Area Control Centers (ACC), reducing them from 4 to 2 ACCs located in Rome and Milan;
- enhancement of the Brindisi and Padua ACCs, converted into Remote Tower Control Centres (RTCC) - among the biggest in Europe - for the remote control of 13+13 low-traffic airports, with an option for 24/7 operation, for the benefit of the local economy, both in terms of tourism and freight transport. The first Local Digital Tower was inaugurated in Brindisi on 13 June 2022, while preparatory work has begun for the purpose of implementing Local Digital Towers in Perugia and Parma in 2023 and 2024 respectively;
- integration of eleven approach services (APP), currently provided by airport towers, with the respective Area Control Centres (ACC). Integration in the pre-summer 2022 period of the approach to Naples airport with the Rome ACC completed 5 of the 11 interventions planned. A further three will be carried out in 2023.

Technological innovation has been achieved with the new Flight Data Processing tool "Co-flight" and the new Air Traffic Management (ATM) 4-Flight platform, two technological platforms which, by renewing the existing ones, which have been in operation for over 20 years, will ensure the greater capacity, flexibility and scalability of the Italian airspace and the related air traffic control system, needed to handle the expected increase in traffic forecast for 2031 (+15/20% on 2019). For both platforms, the software releases scheduled for the year 2022 have been completed.
In December 2022, the Technical Operation Center (TOC) at the Rome Ciampino ACC came into operation, implementing a new maintenance management model. The new structure allows the remote supervision and management of ground system maintenance activities (e.g. radars, towers, landing guidance, etc.) located throughout the country, currently managing more than 47,800 devices.

Digital Innovation

The ENAV Digital process launched in 2021 aims to promote the digital transformation of the Parent Company's management systems through process innovation, information systems and enabling technologies, including the availability of big-data, AI, machine learning, IOT. The Group has also undertaken the unification and migration of the Group's management systems to the cloud, the new corporate ERP came into operation at IDS AirNAV in January 2023, and preparatory activities have been started for the transition of the other Group companies in 2023 and 2024.
Furthermore, the first Open-Innovation initiative took place at ENAVThinkingCup2022, held in Forlì on 22-24 September, with a focus on Unmanned Traffic Management and Advanced Air Mobility.

Commercial development

The ENAV Group operates with its systems and services in around 100 countries. The objectives achieved in 2022 financial are reported in the specific paragraph for the commercial activity.

The ENAV Group's People

Personnel are a key factor for the ENAV Group. Bringing the industry back to the centre of the business means focusing on young people, on talent, on new digital skills.
In 2022, around 250 people were recruited by the Group, including operational/controller and technical-administrative personnel, and induction processes were also launched on key SW development issues.
In the important process launched, particular attention is paid to the inclusion of innovation-driven resources with a digital mindset.

Unmanned Aerial Vehicles Traffic Management

The ENAV Group operates in the field of Unmanned Aerial Vehicles Traffic Management (UTM) through the company D-Flight, 60% owned by ENAV and 40% by UTM System & Services Srl, which is in turn held by Leonardo SpA and Telespazio SpA. D-Flight has developed technological and operational solutions to ensure the safe operation of drone traffic at low altitudes and supplies innovative services to meet the needs of the market.
The Parent Company and D-Flight collaborate with leading national and international stakeholders to further develop innovative drone traffic management capabilities, through conceptualisation, testing and demonstration activities and in research projects that have made it possible to develop solutions that have reached the operational stage.

On the regulatory level, on 31 December 2020 the new EU drone regulations 2019/945 and 2019/947 came into force, transferring supervision much of the regulatory framework to the European Union Aviation Safety Agency (EASA), harmonising regulations for the entire European Union, voiding national regulations and abolishing the distinction between recreational and professional use of drones. Following the entry into force of the European regulations, ENAC updated national regulations by issuing a new regulation denominated UAS-IT (Unmanned Aircraft Systems), which is based on European legislation. In essence, many articles require the intervention of the Member States and their competent authorities to establish the operating procedures, such as for example those for the registration of UAS operators, for the use of aeronautical geography that indicates where it is possible to fly drones and where it not is allowed and under what conditions. In the national regulations, D-Flight is indicated as the portal available to UAS operators for registration, declarations, geo-awareness, remote identification and publication of information relating to geographical areas.

To date, some 151,000 users are accredited on the D-Flight platform, a tool for recording, cartography and issuing authorisations, of which 88,000 registered as UAS Operators and 82,000 inserted in the database, of which 55,000 with a QR code.

With the publication of Regulation (EU) 2021/664 of 22 April 2021, which came into force on 26 January 2023, and the publication of the AMCs/GMs by EASA on 21 December 2022 relating to the regulation itself, which define and regulate the U-Space and the conditions for the creation of a free European market for the provision of U-Space services, which is essential for the inclusion and integration of UAS traffic in airspace, enabling operations beyond the line of sight and/or in autonomous mode, D-Flight has begun the process of developing the main U-Space services (Network Remote Identification, Traffic Information, Flight Authorisation, Geoawareness) and certifying them. It will be working on this for the next two years, with the aim of becoming the key Italian U-Space service provider.

ENAV Group Certifications

With reference to the Service Provider certification issued by ENAC, further to the entry into force of Implementing Regulation (EU) 2020/469 of the European Commission of 14 February 2020, which amends Regulations (EU) 2012/923, (EU) 2014/139 and (EU) 2017/373 on the requirements for providers of air traffic management/air navigation services, the design of airspace structures and data quality, as well as runway safety, on 27 January 2022, ENAC issued the third edition of the IT-ATM/ANS-001 certificate, extending its scope to the flight procedure design service, a service previously provided by ENAV in accordance with a national regulation. The Parent Company was also subject to continuous supervision activities by ENAC to verify its fulfilment of the requirements for the provision of air navigation and air traffic management services envisaged by Regulation (EU) 2017/373 (16 audits) and the requirements to operate as a training organisation for air traffic controllers, flight information operators and personnel involved in the provision of weather services for air navigation (10 audits), in line with Regulation (EU) 2015/340 and the relevant ENAC regulations.

With reference to the certifications of the ENAV Group's business management systems, in 2022, the International Certification Body DNV Business Assurance successfully completed the certification maintenance activities:

- for the Quality Management Systems (QMS) of ENAV and Techno Sky and IDS AirNav, in accordance with the ISO 9001 standard;

- for the Occupational Health and Safety Management System (SGSSL) of ENAV, Techno Sky, IDS AirNav and D-Flight in accordance with the ISO 45001 standard;
- of the IDS AirNav Environmental Management System (EMS), in accordance with the ISO 14001 standard;
- for the ENAV Corruption Prevention Management System (SGPC), in accordance with the ISO 37001 standard.

The audit activities required for the purpose of issuing the Group's Security Management System (SecMS) certificate, relating to the company Techno Sky, in accordance with the ISO/IEC 27001 standard, were also completed.

As far as the flight inspection and validation air fleet is concerned, the Parent Company underwent specific audits by ENAC to check the Approval Certificate for the continuing airworthiness management company and the Approval Certificate for the maintenance company.

With regard to additional Techno Sky certifications/accreditations, note that:

- the fourth verification of maintenance of the F-GAS certification (Certification of operators and companies that carry out installation, maintenance or repair of fixed refrigeration, air conditioning and heat pump equipment containing certain fluorinated greenhouse gases) pursuant to Implementing Regulation (EU) 2015/2067 was carried out successfully in December 2022;
- the company holds a valid accreditation certificate from the Calibration laboratory, in accordance with the UNI CEI EN ISO/IEC 17025:2018 standard, and a maturity level 2 certification for implementation of the Capability Maturity Model for Development (CMMI-DEV) for software development activities.

As regards the certifications of the subsidiary IDS AirNAV, the company holds a valid maturity level 3 certification for implementation of the Capability Maturity Model for Development (CMMI - DEV) for software development activities.

Security

2022 was characterized by the development of the Russian-Ukrainian crisis, which worsened global threat levels, both in terms of physical security and, above all, in terms of information security, which added to an already complex picture, due to the persistent effects of the pandemic emergency.

In line with the protection and resilience objectives indicated by ICAO at global level, European and national legislators have continued to produce regulatory instruments that require organisations in the civil aviation sector and the critical supply chain to make further and significant efforts to significantly reduce vulnerabilities and combat the threat more effectively.

The ENAV Group, which has long anticipated the trends that have emerged in the most recent regulatory developments, has continued to strengthen the safeguards, with actions at various levels, making a significant effort to implement the full convergence of personnel safety, security physical and the digital world, focusing constantly on risk identification and management processes. With this in mind, a significant modernisation of monitoring and response technologies, both physical security and information security, was launched in 2022. This activity will develop further in 2023, with a view to continuously refining prevention, deterrence, containment and response processes. In this respect, implementation of the principles and measures established in the “National Cybersecurity Strategy” launched by the Government in 2022 is fully consistent with the lines of action established by the Security Governance of the ENAV Group.

The primary constant objective has been to consolidate a profound culture of security by raising the levels of awareness and attention of all members of the working community, mainly to guarantee the safety of air navigation services and therefore ensure full involvement in the protection of the Group's infrastructure and information assets.

No less relevant, in the context of increasingly significant digital innovation, is the action taken to define and implement, starting from the preliminary design phase and throughout the life cycle of the systems, the reduction of the attack surface, through the identification and removal of vulnerabilities and the measurement of expected security levels. From this point of view, a renewed attention to the management of the supply chain, from the point of view of security, highlights the need for the full involvement of technological and implementation partners to ensure the most effective contrast to cyber threats and the effective mitigation of security risks.

Personnel safety, particularly during missions abroad, was further enhanced through training actions and cutting-edge technologies to support members of the Group community in all stages of travel, training attentive and knowledgeable travellers, anticipating the prediction of potential risks and arranging, where necessary, direct support activities for workers in difficulty.

The attention paid to the operating continuity dimension translated into the updating of general and air traffic control body continuity plans, evaluated with specific exercises, extended to European level. No significant security events were recorded during 2022.

General Data Protection Regulation

Activities to ensure compliance with the European General Data Protection Regulation (GDPR) also continued in 2022 through the support provided by the Data Protection Officer (DPO) to all the ENAV Group units on issues connected with the protection of personal data and aspects related to Information Technology and Cybersecurity.

Intense information activities took place throughout 2022, at the instigation of the DPO, on issues related to information security; specific courses were provided on the software used commonly and daily by all employees to exchange information to reduce the risk of unauthorised disclosure of information and of compromising the security of personal data. Furthermore, a classroom training programme was launched for all employees belonging to the corporate structures most affected by the processing of personal data. The success of the programme has allowed it to be extended to 2023, with further classroom sessions in response to appeals by the newly established National Cybersecurity Agency to raise the level of attention and awareness of potential cyber-attacks on the country’s critical infrastructure. This aim is also pursued by actions to raise awareness among staff on the responsible use of software and the need to increase their attention to security.

During 2022, an activity was completed aimed at guaranteeing full compliance with the management of cookies on the ENAV Group's websites in compliance with the new cookie guidelines and other tracking tools of the Italian Data Protection Authority. For this purpose, the cookie management system was redesigned, adapting it to the legislation in question and redesigning the cookie policy. Further checks involved the use of Google Analytics, the data retention of certain types of processing by a method based on analysing the risk underlying the treatments themselves, the use of the company protocol software and Vulnerability Assessment and Penetration Tests.

Support for compliance with the Regulation was also carried out by guaranteeing data subjects the rights envisaged by the Regulation, recording a 14% increase in requests received by the DPO, all fully handled, which were answered within the terms set by the Regulation.

Each report of a possible incident associated with personal data was promptly examined by the competent units as defined in internal procedures, in compliance with the GDPR and in line with best practices and recommendations in this field.

Purchase of treasury shares

The Shareholders' Meeting of 3 June 2022 authorised the Board of Directors to purchase and dispose of treasury shares of ENAV, in compliance with applicable regulations and for a period of eighteen months from the date of the resolution, for the following purposes: i) to implement the remuneration policies adopted by ENAV and specifically to satisfy the obligations deriving from share option programmes or other grants of shares to employees or members of the Company's administrative bodies and/or of companies directly or indirectly controlled by ENAV; and ii) to support market liquidity in accordance with the market practices permitted pursuant to Article 180, paragraph 1, letter c) of the Consolidated Law on Financial Intermediation. A maximum of 1,300,000 shares were authorised for purchase. No purchases were made in 2022.
At 31 December 2022, ENAV held 370,519 treasury shares equal to 0.07% of share capital, a decrease on the previous year due to 148,304 treasury shares being awarded in July 2022 to the beneficiaries of the performance share plan for the third vesting cycle of the Performance Plan for 2019-2021.

Significant transactions

No transactions that had a significant impact on the performance and financial position of the Group were carried out in 2022.

Atypical and/or unusual transactions

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, we report that during 2022 the Group did not carry out any atypical and/or unusual transactions and that there were no significant non-recurring events or transactions.
In this regard, such transactions are defined as transactions whose materiality, size, type of counterparty, subject matter, methods for determining the transfer price or timing may give rise to doubts about the accuracy and/or completeness of the disclosures in the financial statements, about conflicts of interest, about the preservation of company assets or about the protection of minority shareholders.

Transactions with related parties

Related parties refer to entities directly or indirectly controlled by ENAV, the Ministry for Economy and Finance (MEF, the parent entity), subsidiary and associated entities controlled directly or indirectly by the MEF and the Ministry with oversight responsibility, namely the Ministry of Infrastructure and Transport. Other related parties are the directors and their immediate family, standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family of the Parent Company and companies directly and/or indirectly controlled by it and the post-employment benefit plan funds for Group employees.
Related-party transactions conducted by the ENAV Group in 2022 essentially involved services that were provided as part of ordinary operations and settled on market terms and conditions, as described in more detail in Note 32 of the Consolidated Financial Statements and Note 30 of the separate financial statements as at 31 December 2022.

In conformity with the provisions of Article 2391 bis of the Civil Code and in compliance with the principles set out in the *Regulation containing provisions governing related-party transactions* adopted with CONSOB resolution no. 17221 of 12 March 2010, as amended, the Parent Company established, with effect from the date of the admission of the company's shares to trading on the Mercato Telematico Azionario (now EXM – Euronext Milan) organised and operated by Borsa Italiana, a procedure governing related-party transactions approved by the Board of Directors on 21 June 2016 and subsequently updated several times, most recently in the version approved by the Board of Directors, subject to the favourable opinion of the Control, Risks and Related Parties Committee, dated 1 July 2021. The new *Procedure governing related-party transactions* incorporates the amendment of the Related Parties Regulation introduced by CONSOB with Resolution no. 21624 of 10 December 2020, implementing the enabling authority contained in the amended version of Article 2391-bis of the Italian Civil Code. The procedure is available on the ENAV website www.enav.it in the Governance section of the *Company documents* area.

In 2022 no transactions of greater importance as identified in Annex 1 of the related-party transaction procedure were carried out. Nor were there any transactions subject to disclosure obligations because they qualify as cases exempt under the procedure or transactions that had a significant impact on the consolidated financial position or the consolidated results for the year.

Market Regulation

With regard to the regulations governing the conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States and of significance for the purpose of the Consolidated Financial Statements, as provided for by Article 15 of the Markets Regulation approved with CONSOB Resolution no. 20249 of 28 December 2017, note that as at 31 December 2022, the ENAV subsidiary affected by the provisions is ENAV North Atlantic LLC and adequate procedures were adopted to ensure compliance with the Markets Regulation. The Statement of Financial Position and the Income Statement of ENAV North Atlantic LLC for 2022 included in the reporting package used for the purpose of preparing the consolidated financial statements of the ENAV Group will be made available to the public by ENAV S.p.A. pursuant to the provisions of Article 15, paragraph 1, letter a) of the Markets Regulation at least 15 days prior to the date scheduled for the ordinary Shareholders' Meeting to will be called to approve the financial statements for 2022.

Participation in regulatory simplification process under CONSOB Regulation no. 18079 of 20 January 2012

Pursuant to article 3 of CONSOB Resolution no. 18079 of 20 January 2012, ENAV declared that it adheres to the simplification regime envisaged by articles 70, paragraph 8, and 71, paragraph 1-bis, of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments (CONSOB Issuers' Regulation), thus making use of the option to waive the obligations to publish the prescribed information documents on the occasion of significant mergers, demergers, capital increases through the contribution of assets in kind, acquisitions and sales.

Information on the main ENAV companies

This section provides information on the financial position, performance and operations of the main Group companies, prepared in accordance with the IFRS and approved by the board of directors of the respective companies.

Techno Sky S.r.l.

	2022	2021	Changes Amount	%
Revenues	96,714	97,340	(626)	-0.6%
EBITDA	14,460	20,101	(5,641)	-28.1%
EBIT	13,163	18,981	(5,818)	-30.7%
Profit/(loss) for the year	9,230	13,778	(4,548)	-33.0%
Net capital employed	59,307	44,035	15,272	34.7%
Shareholders' equity	61,956	51,955	10,001	19.2%
Net financial position	(2,649)	(7,920)	5,271	-66.6%
Headcount at end of year	721	658	63	9.6%

(thousands of euros)

Techno Sky closed 2022 with a net profit €9.2 million, a decrease of €4.5 million on the previous year.
With reference to the results for 2022, revenues remained broadly unchanged, with more activities carried out in the non-regulated market, a reduction in other revenues and an increase in costs, particularly personnel costs, due to the recouping of inflation for the 2020-2022 contract hiatus period and the increase in the workforce, which stood at +63, +33 on average, at the end of 2022, closing the year with a workforce of 721. This increase was partly offset by a reduction in external contract costs. These factors affected the determination of EBITDA of €14.5 million, down 28.1% on the previous year, and EBIT, affected by depreciation and amortisation, of €13.2 million, down by -30.7% on 2021.
The net financial position was positive by €2.6 million, down by €5.3 million on 31 December 2021 due to the higher payments made during the year. The net financial position as at 31 December 2021 included the collection of the receivable from Vitrociset at the end of the year.
In 2022, Techno Sky also maintained a good level of technical performance linked to the global maintenance contract for the operating facilities of the Parent Company, both with regards to the management and maintenance of the hardware of the ATC technology infrastructure and the corrective, adaptive and evolutionary maintenance of software.

IDS AirNav S.r.l.

	2022	2021	Amount	Changes %
Revenues	25,377	24,847	530	2.1%
EBITDA	5,753	5,396	357	6.6%
EBIT	2,881	3,408	(527)	-15.5%
Profit/(loss) for the year	1,901	2,442	(541)	-22.2%
Net capital employed	13,426	10,833	2,593	23.9%
Shareholders' equity	11,431	9,502	1,929	20.3%
Net financial debt	1,995	1,331	664	49.9%
Headcount at end of year	158	152	6	3.9%

(thousands of euros)

IDS AirNav closed 2022 with a net profit of €1.9 million, down by 22.2% on the previous year. This result reflected a slight increase in revenues of 2.1%, compared to 2021, mainly due to the revenues attributable to the commercial activity carried out for the Group, having procured contracts of substantial value, while activities on the foreign market were substantially unchanged compared to the previous year. The company operated in some 60 countries around the world and maintained relationships with about 100 customers, of which approximately 40% were service providers in Europe and elsewhere, while the remainder were customers involved in the aviation industry. With regard to costs, there was a slight increase (+0.9%) compared to 2021, due to higher personnel costs mainly associated with the renewal of the Metalworkers' National Collective Labour Agreement, a reduction in other operating expenses and an increase in hours worked on projects carried out internally by the company. These developments produced EBITDA of €5.6 million, an increase of 6.6% on 2021. The EBIT figure was affected by higher amortisation and depreciation and the write-down of receivables from Russian customers whose business was interrupted and stood at €2.9 million, down by -15.5% compared to the previous year. Net financial debt stood at €2 million, down by €0.7 million compared with 31 December 2021, reflecting the slower collections from customers and the higher payments to suppliers.

ENAV Asia Pacific Sdn Bhd

	2022	2021	Amount	Changes %
Revenues	348	1,072	(724)	-67.5%
EBITDA	38	245	(207)	-84.5%
EBIT	10	202	(192)	-95.0%
Profit/(loss) for the year	2	131	(129)	-98.5%

(thousands of euros)

ENAV Asia Pacific, a company incorporated under the laws of Malaysia, closed 2022 with a net profit of €2 thousand, a decrease of €0.1 million compared with the previous year. Revenues decreased by €0.7 million as a result of a decline in work on various orders. The decline in revenues was also reflected in costs, producing EBITDA of €10 thousand, a decrease of €0.2 million compared 2021.

Enav North Atlantic LCC

ENAV North Atlantic, a company incorporated under the laws of the US state of Delaware, is a vehicle company that holds the stake in Aireon LLC, through Aireon Holding Company, a US company also owned by service providers from Canada (Nav Canada), Ireland (IAA), Denmark (Naviair), and the United Kingdom (NATS) and the technological partner IRIDIUM, in the total amount of €36.1 million, corresponding to $38.5 million, with a 8.6% interest that will rise to 10.35% following execution of the redemption clause. Aireon LLC created the first global satellite surveillance system for air traffic control, which was completed with the eighth and final launch of the satellites that make up the Iridium Next constellation. With the installation of a device known as "payload" on board of each of the 66 operational satellites (out of a total of 75), they provide aeronautical surveillance around the entire globe, compared with existing radar-based coverage of about 30% of the earth's surface. This global air traffic control surveillance system enables route optimisation, the achievement of ever higher flight safety and efficiency standards and fuel savings thanks to shorter routes with a lower environmental impact.

The year 2022 closed with a net profit of €1.5 million (€2.5 million in 2021), mainly generated by the deferred tax assets recognised on the tax loss registered in the tax return filed in 2022 for the 2021 financial year.

Reconciliation of the shareholders' equity and net profit of ENAV S.p.A. with the corresponding consolidated figures

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, the following table contains a reconciliation of Group net profit and Shareholders' Equity with the corresponding figures for the Parent Company.

	31.12.2022		31.12.2021	
	Net profit	**Shareholders' equity**	**Net profit**	**Shareholders' equity**
Parent Company	92,401	1,174,581	61,588	1,136,190
Consolidation differences	0	(29,721)	0	(29,721)
Amortisation of increased value of assets from acquisition, net of tax effects	(1,866)	(6,451)	(1,866)	(4,585)
Elimination of intercompany income effects net of tax effect	716	(12,930)	591	(13,646)
Translation reserve	0	10,115	0	6,638
Reserve from fair value measurement of investments, employee benefits and FTA	0	(16,967)	0	(6,816)
Elimination of equity investment write-down	1,836	1,836	0	0
Consolidation reserve	0	3,946	0	3,946
Other effects	0	(6)	1	(6)
Intercompany dividends	0	(23,962)	0	(23,962)
Net profit of subsidiaries	11,917	105,112	18,058	93,195
Group total	**105,004**	**1,205,553**	**78,372**	**1,161,233**
Non-controlling interests	(507)	1,341	(341)	1,848
Group and non-controlling interests total	**104,497**	**1,206,894**	**78,031**	**1,163,081**

(thousands of euros)

Risk management

The ENAV Group has long adopted an Enterprise Risk Management (ERM) process aimed at identifying, assessing and monitoring risks at Group level and defining and managing mitigation actions to contain the level of risks within the propensity thresholds approved by the Board of Directors (Risk Appetite).

An analysis of the most significant risks, as defined in the Corporate Risk Profile, for the Group is provided below, assessed according to the scenarios delineated in the Group's strategic lines of development. For the analysis of purely financial risks, please see the explanatory notes of the Consolidated Financial Statements.

Safety

The prevention and containment of the risks associated with the provision of our core business activities is a primary objective of the ENAV Group. The level of operational safety of air navigation services is an indispensable priority for ENAV, which in pursuing its institutional objectives reconciles the interdependencies of the various performance areas with achievement of pre-eminent safety objectives.

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

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

The Parent Company constantly monitors the performance of the People, Procedures and Equipment components of the ATM functional system to prevent any impact on the provision of Air Navigation Services and, in particular, on Air Traffic services, particularly in terms of service continuity and service.

Image & reputation

The creation of reputational value is a process implemented on an ongoing basis by the ENAV Group on the basis of specific policies, systematically managing communication and relations with stakeholders.

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

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

In general, image & reputation management arrangements comprise: i) compliance with regulations governing financial disclosure (press releases, rules of engagement, equal access to information, the use of regulated information services); and ii) contacts with the specialist press (economic/financial).

As far as crisis communication is concerned, ENAV has implemented specific processes to manage major events and handle the associated external communication effort.

Business Continuity

The Group has developed and regularly tests specific Business Continuity and Disaster Recovery plans following thorough Business Impact Analysis, defining appropriate procedures to be applied in the case of events that cause a significant deterioration or interruption of services, in order to preserve continuity in various possible emergency scenarios. The availability of operational personnel is ensured on a continuous basis, putting this staff through periodic training programmes in order to maintain their required professional qualifications, while also guaranteeing the necessary availability of technology systems with specific functional redundancies and an extensive maintenance plan for all systems and equipment supporting air navigation services. The service level of the technological component is also supported by specific investment plans that aim to increase the performance of systems and equipment in terms of reliability, availability, safety and efficiency.

Information security

Information security is an essential element in the provision of air navigation services. Globally, a constant upward trend in cyber-attacks continues to be recorded, particularly linked to the greater use of smart working platforms by companies. As a result, the risk exposure of the Group's activities has increased, despite the deployment of appropriate mitigation measures.

Information security is managed by a dedicated organisational structure, with the implementation and maintenance of a Security Management System certified in accordance with the ISO/IEC 27001:2014 standard.

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

Market Abuse

The ENAV Group manages the risks associated with market abuse in order to prevent and manage the possible dissemination of false or misleading information to manipulate the financial markets and to prevent the use of inside information in order to take advantage of it (so-called internal dealing). In this regards, the Compliance Model implemented pursuant to Legislative Decree 231 of 8 June 2001 comprises market abuse offences, for whose prevention the Group has established a centralised organisational and procedural architecture, accompanied by training programmes for the corporate bodies and top management as well as all other personnel in order to create the necessary culture and sensitivity regarding inside information and compliance with applicable regulations.

Compliance programmes

The Parent Company constantly monitors potential risks engendered by the evolution of applicable legislation in order to ensure prompt compliance, in accordance with best practices and the relevant legal and regulatory framework, taking care to constantly adjust governance and control responsibilities, processes and organisational systems.

The ENAV Group also pays close attention to environmental issues, both with a view to regulatory compliance but also with the deployment of proactive actions aimed at limiting environmental impact in all its forms.

In order to address environmental issues more effectively, the Group has implemented and maintained active an Environmental Management System, which is UNI EN ISO 14001 compliant.

In addition, the Group has established a system of employer-designated environmental officers as well as persons in charge of managing the hazardous waste cycle. These people are required to ensure compliance with Legislative Decree 152/2006.

ENAV has also adopted an ISO 37001 certified management system to prevent and fight against corruption.

Health & Safety

The ENAV Group applies an Occupational Safety and Health Management System (OSHMS) certified according to the OHSAS 18001 standard.

The governance of these systems, together with centralised monitoring and constant training and awareness-raising activities with Group personnel, and first level controls, ensures ongoing compliance with applicable regulations.
Particular attention is also paid to measures to guarantee the safety of workers operating abroad in countries at risk (so-called "travel security"). To this end, health and safety assessments of the workplace are carried out for individual missions with the issue of specific recommendations, the definition of contingency plans for missions in non-low risk countries, the organisation of training/information sessions for workers and the planning of "emergency response" services.

Environment

In the context of the environment, a Group Environmental Management System (EMS) compliant with the ISO 14001:2015 standard has been adopted.
The implementation of the EMS, and the existence of a centralised control system, guarantee constant monitoring of compliance with the relevant and applicable regulations, particularly through training, awareness-raising and support activities for Group personnel, in addition to first-level control activities.

Institutional relations

Pursuing the ENAV Group's strategic objectives requires constant management of institutional relations, representing corporate interests within the decision-making process in Italian and international public institutions. To this end, a proactive and reliable network of institutional relations at the national and international levels has been developed with decision-makers, channelling documentation and position papers on issues of strategic interest for the Group. Relations with the Parliament, the Government, ministries and local public institutions are therefore constantly managed.

Human capital

The adequacy of human capital represents a critical success factor both for the operation of the services we deliver and, more generally, the achievement of corporate objectives. It is preserved through specific models, processes and staff development tools, which are also helpful for mapping training needs with a view to developing skills.
The continuous improvement of technical knowledge, skills and capabilities is not just an aspect of compliance with laws and regulations at operational level, which is periodically verified by external regulators. It is also considered an opportunity for planning the overall growth of the Group, including with regard to non-regulated activities and future technological and business challenges.
For the key corporate officers, appropriate succession tables have been established on the basis of periodic internal evaluations conducted using performance assessment systems and metrics designed to help identify high potential talent (using a variety of assessment techniques), also with a view to ensuring that skills and company positions are aligned.
We have also adopted merit-based incentive systems for the entire workforce.

Macro trends and cost governance

The *bonus/malus* mechanism that assigns ANSPs an annual bonus or penalty, equal to a maximum of 2% of determined costs, suspended for the 2020-2021 period, has been reactivated from 2022 onwards. More specifically, in the third reference period, the new regulation establishes that the capacity target and the

incentive system shall be determined at the national level, amending the rules applicable in the second reference period (2015-2019), which established that the capacity target and the related incentive system would be defined at the level of Blue Med FAB (Functional Airspace Block).
In May 2022, the European Commission published EU Decision 2022/773, with which it ratified the full compliance of ENAV's Performance Plan with the targets set in the Commission's Decision 2021/891.

Climate change risks

All potential direct impacts for the Parent Company linked to the effects of climate change translate into potential interruptions/deterioration in the provision of services due to damage to infrastructure or technological assets and a reduction in traffic flow, particularly due to the reduction in airport capacity in the long term and, therefore, in potential lost revenues and/or increases in operating costs.
The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular, the EUROCONTROL document "*Climate change risks for European aviation*" identifies five main types of weather events that may potentially have an impact on the aviation sector: 1) precipitation, meaning rain, snow and hail, which, if heavy, may require greater separation distances between aircraft and therefore have a direct impact on airport capacity. Furthermore, airport infrastructure, as well as electronic equipment, may be exposed to the risk of flooding; 2) temperature, the rise of which can have an impact on infrastructure, with a consequent increase in the related energy costs; 3) rising sea level and river flooding, with a risk concentrated around airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in an airport environment can have an impact on flight safety. This could make it necessary to change flight procedures and redesign the air space; 5) extreme events such as storms and hurricanes which could have an impact on flight delays.
In 2022, the Parent Company set up a special Working Group to assess in detail the effects of climate change on the provision of its services across the country and at airports in particular. The Working Group was supported by industry experts in order to assess the impacts of climate change over two distinct time horizons: medium term (2030) and long term (2050).
The study, which is ongoing, is showing that: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which is expected to affect an increasing number of airports over time; (ii) an increase of 1-1.5° in the medium term and 2-2.5° in the long term is expected for temperature; (iii) due to the rise in sea levels, the flood risk of infrastructure located in coastal areas remains almost unchanged; (iv) for wind, there do not seem to be any critical issues as the forecasts point to a decrease in average intensity.
The results of the analyses carried out will lay the foundations for monitoring the phenomena over time, providing for the climate scenarios to be updated every two-three years with the aim of processing new data needed to update information on the operational and financial impacts of the risks climatic.
No critical issues have been identified for 2030 in terms of territorial expansion of these phenomena compared to the current scenario.
In the long term, the Parent Company's ability to guarantee the pursuit of its business objectives, primarily by ensuring the continuity of the provision of its services, is definitely interdependent on the resilience of the entire air transport industry to the effects of climate change. In particular, the airport system involves a complex interaction between various actors (airport operators, carriers, land transport and road infrastructure management companies, utilities, etc.), meaning that long-term mitigation solutions may in

some cases require a coordinated and agreed approach among all the actors involved in order to reduce the overall impact on the sector’s activities.
Based on the above, the Group has considered the effects of climate change in its business plan and no significant economic and cash flow impacts are expected.

Coronavirus risk to Group operations

The negative effects of the pandemic emergency in terms of air traffic in Italy in 2022 were significantly reduced, in fact recording a 4.8% reduction in terms of service units, compared to 2019. With regard to the impact on the health and safety, the ENAV Group continues to adopt all the measures prescribed by existing COVID protocols have been adopted, as well as the measures recommended by the competent entities, such as the Ministry of Health and the Istituto Superiore di Sanità.
All the Group’s line and staff units are actively involved in a plan to monitor short- and medium-term developments in the situation, focusing on the actual effects and risks related to COVID-19, with a view to evaluating the repercussions for the business as accurately as possible and to activating all remedial actions to protect and secure the Group’s operations.

Russia-Ukraine conflict

The Russian government’s offensive against Ukraine has led to changes in the geopolitical balance, with inevitable repercussions on global macroeconomic conditions. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, ENAV took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.
During 2022, the Group fully wrote down the open positions with customers belonging to the Russian Federation in the amount of €0.7 million and has no further existing relationships with the nations involved in the conflict. The continuation of the conflict between Russia and Ukraine is having an impact globally on the supply of raw materials and considerable increases in energy prices and inflationary pressure are beginning to have the first significant effects on price increases in several different areas. In 2022, the ENAV Group recorded a significant increase in costs associated with energy procurement; however, due to the Group's business model and the European regulations to which the Parent Company is subject which, in particular, allows any change in inflation with respect to the forecast data to be recovered through the balance mechanism, no significant risks are identified in terms of inflationary effects. Furthermore, with reference to the potential effects of a shortage of electronic components, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. Furthermore, the Group holds an adequate stock of the materials necessary for the operating systems to support its business, such as to contain any delays in the supply chain. ENAV continues to monitor the impacts on its business and to adopt any appropriate initiative intended to guarantee full compliance with the sanction regime adopted by the Member States of the European Union and promptly identifying possible consequences for its current and prospective business in considering the ongoing critical and ever-evolving scenario.
With reference to the above, the Group has no significant impacts on the main alternative performance indicators and no impacts are expected on cash flows as shown in the approved business plan.

Anti-corruption

During 2022, activities started during the previous year to consolidate the anti-corruption controls continued, for the purpose of obtaining the certification pursuant to the UNI ISO 37001:2016 standard. In particular, the set of objectives and improvement actions that the company considers relevant in the fight against corruption were implemented and constantly monitored.

In order to improve the Corruption Prevention Management System, an in-depth activity was carried out during the year to update the risk analysis in the field of anti-bribery and corruption, through a more detailed mapping of the sub-processes and risk events and the specification of further individually assessed corruptive conduct.

The Key Performance Indicators established within the Corruption Prevention Management System are regularly monitored. No report of any corruption was received through the Whistleblowing channel.

Significant events after 31 December 2022

Events occurring after the end of the financial year include the refinancing operation carried out following the resolution of the Board of Directors of 20 February 2023, finalised on 14 March 2023, on a portion of the debt maturing in the short term. In particular, the financial solution identified by ENAV involved taking out a new Term Loan for €360 million with a pool of banks (Intesa Sanpaolo, UniCredit and BNL BNP Paribas) for a 3-year term, to be repaid in full on maturity. The proceeds of this refinancing operation will be allocated, in line with the Group's financial strategy, to the full repayment of (i) the Term Loan of €180 million taken out in July 2022, maturing in July 2023, and (ii) the Term Loan of €180 million taken out in 2021, maturing in July 2023. This funding solution further confirms the ENAV Group’s recognised and appreciated credit worthiness, allowing it to consolidate its financial structure in the medium term. As part of the same transaction, the committed credit lines for a total of €150 million were also renewed with the same banks, which will replace those expiring in May 2023.

Outlook for operations

During 2023, the Company expects to maintain continuity in the operations carried out to date, considering the good results achieved during 2022. However, in a particularly dynamic and as yet not fully defined macroeconomic scenario in terms of inflation levels, economic growth, interest rates, etc., as is expected for 2023, the Group will inevitably be required to make a more targeted assessment of its operational policies, in order to better address the potential effects that these elements may have, although the European regulatory framework in which the Parent Company operates will continue to provide valid protection, as demonstrated in recent years.

In particular, after the sudden and solid recovery in traffic recorded in 2022, a growth trend in air traffic is also expected for 2023. Pending the new estimates that the Eurocontrol statistical office will issue in the coming months, the latest forecast published in October 2022 indicates traffic for Italy in 2023, in terms of service units, to be 2.3% higher than in 2019, the last pre-pandemic year.

With particular reference to the Parent Company, during 2023, based on the timing of the European Regulation for the industry, activities will begin on preparing the preliminary cost and traffic estimates for the new reference period 2025-2029 (so-called RP4).

Proposal to the ENAV S.p.A. Shareholders' Meeting

Dear Shareholders,

The Board of Directors invites you to:

- approve the financial statements of ENAV S.p.A. at 31 December 2022 showing a profit for the year of €92,400,895.23;
- allocate 5% of the profit for the year, equal to €4,620,044.76, to the legal reserve, as provided for pursuant to Article 2430, paragraph 1 of the Italian Civil Code, and in the amount of €87,768,168.68 to dividends to be distributed to the Shareholders, and €12,681.79 to the unrestricted reserve denominated "retained earnings";
- utilise €18,668,321.94 from the unrestricted "retained earnings" reserve in order to distribute, together with the profit for the year allocated as dividend, a total dividend amounting to €106,436,490.62, corresponding to a dividend of €0.1967 per share in circulation as at the ex-dividend date, excluding treasury shares held as at that date;
- pay that dividend of €0.1967 per share on 25 October 2023, with the ex-dividend date set for 23 October 2023 and record date set for 24 October 2023.

Rome, 15 March 2023

The Board of Directors

ENAV GROUP CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

ENAV Group Consolidated Financial Statements at 31 December 2022

ENAV GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

(euros)	Notes	31.12.2022	of which related parties (Note 32)	31.12.2021	of which related parties (Note 32)
Non-current assets					
Property, plant and equipment	**7**	851,692,420	0	884,715,291	0
Intangible assets	**8**	180,417,452	0	176,192,810	0
Investments in other entities	**9**	36,309,550	0	47,253,016	0
Non-current financial assets	**10**	344,319	0	426,874	0
Deferred tax assets	**11**	36,320,924	0	33,246,034	0
Non-current tax receivables	**12**	59,712	0	715,754	0
Non-current trade receivables	**13**	606,775,456	0	687,253,421	0
Other non-current assets	**15**	6,077,387	6,028,651	6,362,903	6,312,216
Total non-current assets		**1,717,997,220**		**1,836,166,103**	
Current assets					
Inventories	**14**	61,082,490	0	61,518,741	0
Current trade receivables	**13**	333,567,855	44,098,349	177,161,512	44,270,001
Current financial assets	**10**	168,761	0	70,238	0
Tax receivables	**12**	5,877,327	0	5,564,549	0
Other current assets	**15**	32,562,187	14,223,668	50,323,565	28,356,001
Cash and cash equivalents	**16**	267,731,584	0	225,309,927	0
Total current assets		**700,990,204**		**519,948,532**	
Total assets		**2,418,987,424**		**2,356,114,635**	

Consolidated statement of financial position

(euros)	Notes	31.12.2022	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
Reserves	17	470,077,409	0	469,279,232	0
Retained earnings/(loss carryforward)	17	88,728,283	0	71,838,340	0
Profit/(loss) for the year	17	105,004,115	0	78,371,693	0
Total Group shareholders' equity	**17**	**1,205,554,192**	**0**	**1,161,233,650**	**0**
Non-controlling interests		1,847,184	0	2,188,502	0
Profit/(loss) attributable to non-controlling interests		(507,190)	0	(341,318)	0
Total shareholders' equity attributable to non-controlling interests		**1,339,994**	**0**	**1,847,184**	**0**
Total shareholders' equity	**17**	**1,206,894,186**		**1,163,080,834**	
Non-current liabilities					
Provisions for risks and charges	18	1,456,200	0	3,601,072	0
Severance pay and other employee benefits	19	40,869,231	0	47,895,752	0
Deferred tax liabilities	11	5,789,746	0	6,188,240	0
Non-current financial liabilities	20	167,663,966	0	415,199,419	0
Non-current trade payables	21	74,424,661	51,462	41,561,039	139,789
Other non-current liabilities	22	157,637,417	0	169,143,537	0
Total non-current liabilities		**447,841,221**		**683,589,059**	
Current liabilities					
Short-term portion of provisions for risks and charges	18	9,986,574	0	10,313,372	0
Current trade payables	21	140,096,489	8,930,154	116,424,813	15,793,571
Tax and social security payables	23	56,824,683	0	32,890,186	0
Current financial liabilities	20	433,660,816	0	252,231,730	0
Other current liabilities	22	123,683,455	56,165,617	97,584,641	43,558,504
Total current liabilities		**764,252,017**		**509,444,742**	
Total liabilities		**1,212,093,238**		**1,193,033,801**	
Total shareholders' equity and liabilities		**2,418,987,424**		**2,356,114,635**	

Consolidated income statement

(euros)	Notes	2022	of which related parties (Note 32)	2021	of which related parties (Note 32)
Revenues					
Revenues from operations	24	921,032,498	15,153,415	504,307,407	15,001,787
Balances	24	(14,817,486)	0	294,398,448	0
Total revenues from contracts with customers	*24*	*906,215,012*		*798,705,855*	
Other operating income	25	46,565,236	33,109,700	46,406,561	34,368,707
Total revenues		**952,780,248**		**845,112,416**	
Costs					
Costs for raw materials, supplies, consumables and goods	26	(8,008,934)	(522,970)	(9,733,785)	(898,704)
Costs for services	26	(142,923,085)	(4,013,734)	(127,265,215)	(8,136,283)
Personnel costs	27	(543,978,743)	0	(499,240,954)	0
Costs for leases and rentals	26	(1,641,289)	(24,085)	(1,786,555)	(66,275)
Other operating expenses	26	(3,139,169)	0	(3,618,301)	0
Capitalised costs	28	27,568,655	0	27,441,610	0
Total costs		**(672,122,565)**		**(614,203,200)**	
Depreciation and amortisation	7 and 8	(126,357,888)	0	(129,257,108)	0
Writedowns/(writebacks) for impairment of receivables	13	(5,733,097)	0	(3,920,795)	0
Writedowns/(writebacks) for impairment of property, plant and equipment and intangible assets	7	0	0	0	0
Provisions	18	(234,117)	0	554,570	0
Operating income		**148,332,581**		**98,285,883**	
Financial income and expense					
Financial income	29	9,619,863	0	10,869,309	0
Financial expense	29	(10,243,377)	0	(6,791,005)	0
Exchange rate gains (losses)	29	72,878	0	421,377	0
Total financial income and expense		**(550,636)**		**4,499,681**	
Income before taxes		**147,781,945**		**102,785,564**	
Income taxes	30	(43,285,020)	0	(24,755,189)	0
Profit (loss) for the year		**104,496,925**		**78,030,375**	
attributable to Parent Company shareholders		*105,004,115*		*78,371,693*	
attributable to non-controlling interests		*(507,190)*		*(341,318)*	
Basic earnings/(loss) per share	37	0.19		0.14	
Diluted earnings/(loss) per share	37	0.19		0.14	

Consolidated statement of other comprehensive income

(euros)	Notes	2022	2021
Profit/(loss) for the year	**17**	**104,496,925**	**78,030,375**
Other comprehensive income recyclable to profit/(loss):			
- Differences arising from the translation of foreign financial statements	17	3,475,893	4,872,264
- Fair value of derivative financial instruments	10 and 17	15,968	211,216
- Tax effect of the valuation at fair value of derivative financial instruments	11 and 17	(3,833)	(50,692)
Total other comprehensive income recyclable to profit or loss		**3,488,028**	**5,032,788**
Other comprehensive income not recyclable to profit or loss:			
- fair value measurement of investments in other entities	9	(13,857,116)	(7,031,772)
- Actuarial gains/(losses) on employee benefits	17 and 19	5,558,795	(1,125,538)
- Tax effect of actuarial gains/(losses) on employee benefits	11 and 17	1,575,883	1,746,801
Total other comprehensive income not recyclable to profit or loss		**(6,722,438)**	**(6,410,509)**
Comprehensive Income		**101,262,515**	**76,652,654**
attributable to Parent Company shareholders		101,769,705	76,993,972
attributable to non-controlling interests		(507,190)	(341,318)

Consolidated statement of changes in Shareholders' Equity

		Reserves									
	Share capital	**Legal reserve**	**Sundry reserves**	**Reserve for actuarial gains/(losses) for employee benefits**	**Cash flow hedge reserve**	**Total reserves**	**Retained earnings/(loss carryforward)**	**Profit/(loss) for the year**	**Total**	**Attributable to non-controlling interests**	**Total shareholders' equity**
(euros)											
Balance at 31 December 2020	**541,744,385**	**37,403,860**	**439,724,625**	**(11,554,724)**	**1,912,771**	**467,486,532**	**19,763,486**	**54,283,479**	**1,083,277,882**	**2,188,502**	**1,085,466,384**
Allocation of net profit from the previous year	0	2,167,114	0	0	0	2,167,114	52,116,365	(54,283,479)	0	0	0
Dividend distribution	0	0	0	0	0	0		0	0	0	0
(Purchase)/award of treasury shares	0	0	1,049,667	0	0	1,049,667	(41,511)	0	1,008,156	0	1,008,156
Currency translation difference reserve	0	0	4,872,264	0	0	4,872,264	0	0	4,872,264	0	4,872,264
Long-term incentive plan	0	0	(46,360)	0	0	(46,360)		0	(46,360)	0	(46,360)
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	(5,555,100)	(855,409)	160,524	(6,249,985)	0	0	(6,249,985)	0	(6,249,985)
- Profit/(loss) for the year	0	0	0	0	0	0	0	78,371,693	78,371,693	(341,318)	78,030,375
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	3,079,422	0	0	0	3,079,422	75,292,271	(78,371,693)	0	0	0
Dividend distribution	0	0	0	0	0	0	(58,506,483)	0	(58,506,483)	0	(58,506,483)
(Purchase)/award of treasury shares	0	0	614,615	0	0	614,615	104,155	0	718,770	0	718,770
Currency translation difference reserve	0	0	3,475,893	0	0	3,475,893	0	0	3,475,893	0	3,475,893
Long-term incentive plan	0	0	338,550	0	0	338,550		0	338,550	0	338,550
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	(10,947,122)	4,224,684	12,135	(6,710,303)	0	0	(6,710,303)	0	(6,710,303)
- Profit/(loss) for the year	0	0	0	0	0	0	0	105,004,115	105,004,115	(507,190)	104,496,925
Balance at 31 December 2022	**541,744,385**	**42,650,396**	**433,527,032**	**(8,185,449)**	**2,085,430**	**470,077,409**	**88,728,283**	**105,004,115**	**1,205,554,192**	**1,339,994**	**1,206,894,186**

Consolidated statement of cash flows

		Notes	2022	of which related parties	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 year	**17**	104,497	0	78,030	0
	Depreciation and amortisation	**7 and 8**	126,358	0	129,257	0
	Net change in liabilities for employee benefits	**19**	(1,468)	0	(3,173)	0
	Change resulting from exchange rate differences	**17**	(194)	0	(49)	0
	Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	**7 and 8**	50	0	42	0
	Provision for stock grant plans	**27**	1,057	0	962	0
	Provisions for risks and charges	**18**	234	0	10,903	0
	Net change in deferred tax assets and deferred tax liabilities	**11**	(1,348)	0	(4,434)	0
	Decrease/(increase) in inventories	**14**	587	0	630	0
	Decrease/(increase) in current and non-current trade receivables	**13**	(76,678)	172	(342,610)	(3,628)
	Decrease/(increase) in tax receivables and tax and social security payables	**12 and 23**	22,465	0	39,102	0
	Change in other current assets and liabilities	**15 and 22**	43,901	27,766	(38,842)	(40,729)
	Change in other non-current assets and liabilities	**22**	(11,222)	284	(859)	1,440
	Increase/(decrease) in current and non-current trade payables	**21**	28,658	489	(26,107)	71
B -	**TOTAL CASH FLOW FROM OPERATING ACTIVITIES**		**236,897**		**(157,148)**	
	of which taxes paid		(39,568)		(15,253)	
	of which interest paid		(6,056)		(4,228)	
	Net cash flow generated/(absorbed) from investing activities					
	Investments in property, plant and equipment	**7**	(79,756)	0	(71,502)	0
	Investments in intangible assets	**8**	(18,009)	0	(14,129)	0
	Increase/(decrease) in trade payables for investments	**21**	27,877	(7,441)	25,708	(2,097)
	Decrease/(increase) in trade receivables for investments	**13**	750	0	750	0
	Increase/(decrease) in trade payables for equity investments	**9**	(1,027)	(1,027)	(714)	(714)
C -	**TOTAL CASH FLOW FROM INVESTING ACTIVITIES**		**(70,165)**		**(59,887)**	
	Net cash flow generated/(absorbed) from financing activities					
	New medium and long term loans	**20**	180,000	0	180,000	0
	(Repayments) of medium and long term loans	**20**	(66,206)	0	(63,665)	0
	Net change in short-term financial liabilities	**20**	106	0	(1,512)	0
	Issue/(Repayment) of bond loan	**20**	(180,000)	0	0	0
	(Increase)/Decrease in current and non-current financial assets	**10**	0	0	9,854	9,851
	Dividend distribution	**17**	(58,410)	(31,172)	0	0
D -	**TOTAL CASH FLOW FROM FINANCING ACTIVITIES**		**(124,510)**		**124,677**	
E -	**Total cash flow (B+C+D)**		**42,222**		**(92,358)**	
F -	**Exchange rate differences on cash**		200		249	
G -	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E+F)**	**16**	**267,732**		**225,310**	

Notes to the consolidated financial statements of the ENAV Group

1. General information

ENAV S.p.A. 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 (Italy), 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 December 2022, 53.28% the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.65% by institutional and individual shareholders, with 0.07% 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 sector*s.

The Group’s Consolidated Financial Statements for the year ended 31 December 2022 include the financial statements of ENAV S.p.A. and its subsidiaries and were approved by the Board of Directors’ meeting held on 15 March 2023, which authorised their dissemination. These financial statements have undergone statutory audit by EY S.p.A. which was engaged for the 2016-2024 period by the Shareholders’ Meeting on 29 April 2016.

2. Form and content of the consolidated financial statements

The Consolidated Financial Statements at 31 December 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.

“IFRS” refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the related EU Regulations published up to 15 March 2023, the date on which the ENAV S.p.A. Board of Directors approved the Consolidated Financial Statements.

The accounting standards described below reflect the full operation of the ENAV Group in the foreseeable future, as it is assumed to continue operating as a going concern, and are in conformity with those applied in the preparation of the Consolidated Financial Statements for the previous year.

The Consolidated Financial Statements were prepared and presented in euros, which is the functional currency of the ENAV Group. All the amounts in the tables in the notes and comments below are stated in thousands of euros, unless indicated otherwise.

The financial statements used and associated classification criteria adopted by the ENAV Group are indicated below under the scope of the options provided for in IAS 1 *Presentation of Financial Statements* and in conformity with the provisions of CONSOB Resolution No. 15519 of 27 July 2006 with regard to reporting the value of positions or transactions with related parties in the financial statements and, where applicable, the representation in the Consolidated Income Statement of revenue and expense from significant non-recurring transactions or circumstances that do not occur frequently in regular operations. In 2022 there were no atypical or significant transactions requiring separate reporting. The following financial statements were used:

- *consolidated statement of financial position*, prepared by classifying assets and liabilities as current or non-current, with separate reporting, if present, of assets classified as held for sale and the liabilities included in a disposal group classified as held for sale or for distribution to shareholders. Current assets, which include cash and cash equivalents, are those that are intended to be realised, sold or consumed in the normal operating cycle of the Group or in the 12 months after the close of the year. Current liabilities are those which are expected to be extinguished in the normal operating cycle of the Group or in the 12 months after the close of the year.
- *Consolidated Income Statement*, prepared by classifying operating costs by their nature;
- *Consolidated Income Statement of other comprehensive income*, which, in addition to the result for the year taken from the Consolidated Income Statement, includes other changes in Consolidated Shareholders' Equity items, separated into items which will later be reclassified (recycled) to the income statement and those which will not;
- *Consolidated Statement of changes in Shareholders' Equity*;
- *Consolidated Statement of Cash Flows*, prepared by reporting cash flows from operations using the indirect method and by presenting net cash flows generated from operating, investing and financing activities.

The Group has applied the new definition of material introduced with amendments to IAS 1 and IAS 8, which states that information is material if omitting, misstating or obscuring could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of the information, or both. The Group assesses whether information, individually or in combination with other information, is material in the context of the financial statements considered as a whole.

The Consolidated Financial Statements were prepared on a historic cost basis with the exception of financial statement items that must be measured at fair value.

Each item of the consolidated financial statements is compared with the corresponding figure for the previous year.

In accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 (the ESEF Regulation), and article 154-ter of the Consolidated Law on Financial Intermediation, in 2021 the consolidated financial statements and a range of identifying information of the Parent Company have been tagged in accordance with the IFRS, and in 2022 this requirement was also extended to the information contained in the explanatory note, which has been tagged according to the block tagging method applied to the notes sections. The Annual Financial Report was published in the single electronic communication format envisaged by the ESEF Regulation in addition to the usual courtesy format.

3. Principles and scope of consolidation

Subsidiaries

In addition to the Parent Company, the Consolidated Financial Statements include the companies over which the latter exercises control, directly or indirectly through its subsidiaries, starting from the date of acquisition and until the date such control ceases, in accordance with IFRS 10.

Control is acquired when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. it has existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

Generally speaking, it is assumed that holding a majority of voting rights gives control. In support of this assumption, when the Group owns less than the majority of voting rights or similar rights, the Group considers all the facts and relevant circumstances to establish whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- Group voting rights;
- potential Group voting rights;
- a combination of the previous facts and circumstances.

The Group reassesses whether it controls an investee if the facts and circumstances indicate that changes may have taken place in one or more of the three elements of control indicated above. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the Consolidated Financial Statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

If the Group loses control of a subsidiary, it eliminates the related assets and liabilities and other components of equity, while any profit or loss is recognised in the income statement. Any portion of the investment retained is recognised at fair value.

The financial statements of the subsidiaries are prepared with reference to 31 December 2022, the reference date of the Consolidated Financial Statements, specifically drawn up and approved by the administrative bodies of the individual entities, appropriately adjusted, where necessary, to ensure uniformity with the accounting policies applied by the ENAV Group.

The subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis, as follows:

- the assets and liabilities, income and expenses of the fully consolidated entities are consolidated on a line-by-line basis in the Consolidated Financial Statements;
- the carrying amount of equity investments is eliminated against the corresponding fraction of the shareholders' equity of the investees, attributing to the individual elements of assets or liabilities their fair value at the date of the acquisition of control;
- unrealised gains and losses of the Group on transactions between Group companies are eliminated, as are reciprocal debtor and creditor positions and costs and revenues;
- the consolidation adjustments take account of deferred tax effects.

Translation of financial statements of foreign companies

The financial statements of subsidiaries are prepared using the currency of the primary economic environment in which they operate. For the purpose of the Consolidated Financial Statements, the financial statements of each foreign company are translated into euros, which is the Group's functional currency, as follows:

- assets and liabilities are converted using the exchange rates at the reporting date;
- costs and revenues are converted at the average exchange rate for the year and the result is deemed a reliable approximation of the result from the application of the exchange rates prevailing on the date of each transaction;
- the *translation reserve*, reported under Consolidated Shareholders' Equity, includes both the exchange rate differences generated by the conversion of items at a different rate from the closing rate and from those generated by the translation of opening shareholders' equity at a different exchange rate from the closing rate for the reporting period. This reserve is reversed to profit or loss at the time of disposal of the investment.

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:

	31.12.2022		31.12.2021	
	12-month average	at 31 December	12-month average	at 31 December
Malaysian ringgit	4.6292	4.6984	4.9026	4.7184
US dollar	1.0539	1.0666	1.1835	1.1326

Conversion of items in foreign currencies

Transactions in currencies other than the Group's functional currency are recognised at the exchange rate prevailing at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in currencies other than the euro are adjusted at the year-end exchange rate and the related exchange rate gains and losses are recognised through consolidated profit or loss.

Business combinations

Business combinations in which control of an entity is acquired are reported in accordance with the provisions in IFRS 3 *Business combinations*, using the acquisition method. The acquisition cost, namely the consideration transferred, is represented by the fair value at the acquisition date of the assets transferred, the liabilities assumed, and any equity interests issued by the acquirer. The acquisition cost includes the fair value of any assets and liabilities in respect of contingent consideration. The costs directly attributable to the acquisition are expensed through profit or loss.

The acquisition cost is allocated by recognising the identifiable assets, liabilities and contingent liabilities at their fair value at the acquisition date and the amount of any non-controlling interest. Any difference with the net fair value of the identifiable assets and liabilities of the acquiree, is recognised as goodwill or, if negative, it is recognised through profit or loss. The value of non-controlling interests is calculated in proportion to the investment held by third parties in the identifiable net assets, i.e. at their fair value at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at fair value and any (positive or negative) difference recognised through profit or loss.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration, classified as a financial instrument pursuant to IFRS 9, are recognised through profit or loss. Contingent consideration classified as equity instruments are not remeasured and is recognised directly in equity.

If the fair values of the assets, liabilities and contingent liabilities are determined provisionally, the business combination is recognised using these provisional values. Any adjustments resulting from the completion of the valuation process are recognised within 12 months of the acquisition date, restating the comparative figures.

The goodwill that emerges from the acquisition of subsidiaries is the excess of the consideration paid, as measured at fair value on the acquisition date, over with the net fair value of the identifiable assets and liabilities. After initial recognition, goodwill is not subject to amortisation, but undergoes testing of its recoverable value at least once a year. For impairment testing purposes, the goodwill acquired in a business combination is allocated, from the acquisition date, to each cash generating unit or CGU of the Group in which benefits are expected from the synergies created with the combination, irrespective of the fact that other assets or liabilities of the acquiree have been allocated to these units.

A CGU is the smallest group of assets that generates largely independent cash flows. In the process of identifying the CGUs, management has taken into account the specific nature of the activity and the business it belongs to (business areas, legislative framework, etc.), verifying that the inward cash flows from a group of assets are largely independent of those from other assets (or groups of assets). Additionally, the assets included in each CGU were also identified on the basis of the methods through which management monitors and manages them within the scope of its business model.

If goodwill was allocated to a cash generating unit and the entity divests some of the assets of this unit, the goodwill associated with the divested assets is included in the carrying amount of the asset when the gain or loss from the divestment is calculated. The goodwill associated with the divested assets is calculated on the basis of the values relating to the divested asset and the part retained by the cash generating unit.

Scope of consolidation

The scope of consolidation at 31 December 2022 was unchanged from the previous year.

The companies included in the scope of consolidation are shown in the following table, which reports the value of their share capital at 31 December 2022 in thousands of euros and the percentage interest held:

Name	Office	Business	Currency	Consolidation method	Share capital	% participation direct	Group
Techno Sky S.r.l.	Rome	Services	Euro	Line-by-line	1,600	100%	100%
D-Flight S.p.A.	Rome	Services	Euro	Line-by-line	50	60%	60%
ENAV Asia Pacific	Kuala Lumpur	Services	Malaysian ringgit	Line-by-line	127	100%	100%
ENAV North Atlantic	Miami	Services	US dollar	Line-by-line	44,974	100%	100%
IDS AirNav S.r.l.	Rome	Services	Euro	Line-by-line	500	100%	100%

4. Accounting policies

The accounting policies and measurement criteria applied in the preparation of the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment is recognised at cost, net of depreciation and any impairment losses. The cost includes directly attributable ancillary costs incurred to prepare the asset for the use for which it was acquired. Cost incurred for major repairs or maintenance are recognised in the carrying amount of the equipment or machinery, where the recognition criterion is satisfied. All other repair and maintenance costs are recognised through profit or loss when incurred. In any event, the costs incurred after acquisition are recognised as an increase in the carrying amount of the item referred to if it is likely that the future benefits associated with the cost will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis, from the time the asset is available and ready for use, over the estimated useful life of the asset, which is reviewed annually. Changes in useful life, if necessary, would be applied prospectively. Depreciation takes account of any residual value of the assets, if any. When the asset subject to depreciation is composed of separately identifiable parts whose useful life differs significantly from that of the other of the asset, each of those parts shall be depreciated separately, applying the component approach method.

The estimated useful life of the main classes of property, plant and equipment is as follows:

Type	Description	useful life (years)
Buildings	Buildings	25
	Extraordinary maintenance of buildings	25
	Light constructions	10
Plants and machinery	Radio systems	10
	Recording systems	7
	Synchronisation systems and control centres	10
	Manual and electromechanical plants	7
	Power plants and electrical systems	10
	Radio links, AF and amplification equipment	10
	Power systems	11
Industrial and commercial equipment	Signalling equipment and runway equipment	10
	Equipment and small tools	7
Other assets	Electronic machinery and telephone systems	7
	Furniture and office equipment	10
	Data processing equipment including computers	5
	Cars, motorcycles and similar items	4
	Business aircraft	15
	Aircraft equipment and flight inspection systems	10

The carrying amount of property, plant and equipment is checked to detect any impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If there is such evidence and if the carrying amount exceeds the recoverable value, the assets are written down and recognised at their recoverable value. The recoverable value of property, plant and equipment is represented by the higher of the asset's fair value less costs to sell and its value in use.

For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item *writedowns and impairment losses*. These impairments are reinstated if the reasons that generated them disappear, within the limits of the net carrying amount that the asset in question would have had if the writedown had not been made and if the depreciation had taken place. At the time of the sale or when the future economic benefits anticipated from the use of an asset do not exist,

it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the carrying amount) is recognised through profit or loss in the year of the abovementioned derecognition. Measurement shall take account of the provisions of IFRS 15.
In accordance with IFRS 16, the rights of use connected with long-term leases are recognised under property, plant and equipment if the lessee has exclusive control of the leased asset and the right to obtain substantially all of the economic benefits deriving from its use.
The right-of-use asset is recognised entered at a value equal to the sum of the present value of the contractual outgoing cash flows, using the rate provided for in the lease or the lessee's incremental borrowing rate as the discount rate factor.
The right-of-use asset is depreciated over the non-cancellable period of the lease, which normally coincides with its term.
For long-term car rentals, the contract is divided into a lease component, i.e. the pure rental payment, and a non-lease component for maintenance services. The lease component is included in the right-of-use asset, while the non-lease component is charged profit or loss.

Intangible assets

The intangible assets consist of identifiable non-monetary assets without physical substance that can be controlled and will generate future economic benefits. These assets are recognised at purchase or production cost, including directly attributable ancillary costs necessary to prepare the assets for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and any impairment. Intangible assets acquired through business combinations such as goodwill are recognised at the fair value defined at the acquisition date, if this value can be calculated reliably. The costs of intangible assets generated internally are not capitalised and are recognised through profit or loss in the year in which they are incurred.
Amortisation starts at the time the asset is available for use and is allocated systematically over its residual useful life.
The useful life of intangible assets is may be finite or indefinite.
Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life and undergo impairment testing if there is evidence of possible impairment. The residual useful life is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or in the manner in which future economic benefits from the intangible assets flow to the Group are reflected by changing the period and/or method of amortisation and treated as changes in accounting estimates.
The gain or loss arising from the disposal of an intangible asset shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and they are recognised through profit or loss at the time of the disposal. Measurement shall take account of the provisions of IFRS 15.
Intangible assets with an indefinite useful life do not undergo systematic amortisation but rather undergo impairment testing at least once a year in order to identify any impairment losses, both at an individual level and at the level of the cash-generating unit. Any change from indefinite to finite useful life is applied prospectively.
The Group does not recognise assets with an indefinite useful life with the exception of goodwill from business combinations.

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, which includes related ancillary costs. If these inventories can no longer be use because they have become obsolete, they are written down through the provision for inventory losses directly adjusting to the value of the assets.

Investments in other entities

Investments in other entities representing equity instruments are measured at fair value.
The Group has irrevocably elected to recognise changes in fair value under other comprehensive income, i.e. in a specific equity reserve, without recycling to profit or loss.

Financial assets

At the time of initial recognition, financial assets are classified, depending on the asset, using the following measurement methods: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of assets and on the business model that the Group uses for their management. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures financial assets at their fair value plus transaction costs in the case of financial assets not recognised at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the price of the transaction determined in accordance with IFRS 15.
In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). This assessment is referred to as the SPPI test and is performed at the level of the instrument.
The Group's business model for the management of financial assets regards to the way in which financial assets are managed in order to generate cash flows. The business model is determined by whether the cash flows are derived from the collection of contractual cash flows, the sale of financial assets or both. The Group holds its financial assets to maturity.
For the purposes of the subsequent measurement, financial assets can be classified into four categories in accordance with IFRS 9: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value through other comprehensive income with reclassification of accumulated gains and losses (debt instruments); iii) financial assets at fair value through other comprehensive income without reclassification of accumulated gains and losses at the time of disposal (equity instruments); and iv) financial assets at fair value through profit or loss. The details of the financial assets applicable to the cases relevant to the Group are shown below.
The Group mainly recognises the categories of financial instrument indicated in points i) and iii) above.
The Group measures *financial assets at amortised cost* if both of the following requirements are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and undergo impairment testing. Gains and losses are recognised through profit or loss when the asset is eliminated, modified or revalued. Within the Consolidated Financial Statements, *financial assets at amortised cost* include the following: *current and non-current financial assets*, *current and non-current trade receivables* and *other current and non-current assets*.
For *financial assets at fair value* through other comprehensive income in the form of equity instruments, at first-time application of IFRS 9, the Group irrevocably elected to recognise changes in the fair value in other comprehensive income, as these instruments met the definition of equity instrument pursuant to IAS 32 "Financial Statements: Presentation" and were not held for trading. The classification is determined for each individual instrument.
Gains and losses on these financial assets are never recycled to profit or loss.
Dividends are recognised as other revenues in the income statement when the right to payment has been established, except when the Group benefits from such income as part of the cost of the financial asset, in which case those profits are recognised in OCI. Equity instruments recognised at fair value through OCI do not undergo impairment testing.
The Group has elected to irrevocably classify its unlisted equity investments in this category and consequently recognises changes in fair value through OCI.
The carrying amount of financial assets at amortised cost, which are not measured at fair value through profit or loss, is reduced using the new expected loss model introduced with IFRS 9. This model requires an assessment of expected losses based on an estimate of the probability of default, the percentage loss given default and credit risk. These assessment factors are determined using historical data, forward-looking information and information available from info providers, where such information can be obtained without undue cost.
For certain categories of *financial assets at amortised cost*, such as trade receivables and contract assets, the Group adopts the simplified approach to the new impairment model. This simplified approach is based on management of creditor positions by portfolio and on the division of receivables into specific clusters that take account of the specific nature of the business, the customer's operating status, past due information and the specific regulatory framework.
If the amount of an expected loss recognised in the past should decrease and the decrease can be linked to an event that occurred after the recognition of the expected loss, it is reversed to profit or loss.
Financial assets are derecognised when the right to receive the cash flows of the instrument has expired or substantially all the risks and rewards of ownership of the instrument have been transferred.

Cash and cash equivalents

Cash and cash equivalents include cash, unencumbered bank deposits and other forms of short-term investments not exceeding three months that can readily be converted into cash. At the reporting date, current account overdrafts are classified as financial debt under current liabilities in the consolidated statement of financial position.

Derivative financial instruments

A derivative is a financial instrument or other contract with the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;

- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

The derivative financial instruments of the ENAV Group are represented by forward contracts in currencies held to hedge exchange risk. At the inception of the hedge, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued, in line with IFRS 9.

The documentation prepared in accordance with IFRS 9 includes the identification of the hedging instrument, the hedged item, the nature of the risk and how the Group assesses whether the hedge relationship meets the hedge effectiveness requirements. The hedge relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

At the date the contract is signed, derivative financial instruments are measured at fair value both at initial recognition and at each subsequent measurement. Derivatives are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivative instruments are classified as current or non-current depending on their expiry date and the Group’s intention continue to hold or not to hold these instruments until expiry.

Having met the requirements described above, hedge accounting is applied to transactions undertaken to hedge the Group against exposure to the risk of variations in the cash flows associated with an asset, liability or highly probable forecast transaction. Accordingly the portion of the gain or loss on the hedging instrument attributable to the effective portion of the hedge is recognised in other comprehensive income in a specific shareholders’ equity reserve denominated the cash flow hedge reserve, while the ineffective portion is recognised directly in the income statement under other revenues and income or other operating costs.

The amounts recognised in other comprehensive income are later reclassified to profit or loss when the hedged transaction impacts profit or loss, such as, for example, as a result of a disposal or a writedown.

If the hedging instrument is sold, expires, is cancelled or exercised without replacement, or it no longer qualifies as an effective hedge of the risk for which the transaction was initiated, the portion of the cash flow hedge reserve relating to it is maintained until the effects of the underlying contract are manifested.

When a forecast transaction is no longer deemed probable, the gains profits or losses recognised in equity are reclassified immediately to profit or loss.

With reference to the calculation of fair value, the Group operates in compliance with the requirements of IFRS 13 where such criterion is required by international accounting standards for recognition and/or measurement or in order to provide additional information with regard to specific assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of instruments listed on public markets is given by their bid prices at year-end.

The fair value of unlisted instruments is measured using financial valuation techniques.

Financial assets and liabilities measured at fair value are classified in the three hierarchical levels described below, based on the type of information used in calculating the fair value. More specifically:

Level 1: fair value calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: fair value calculated on the basis of inputs other than quoted prices included within Level 1, based on variables observable directly or indirectly on active markets;

Level 3: fair value calculated using valuation techniques employing unobservable variables.

For assets and liabilities measured at fair value on a recurring basis, the Group determines whether there has been a transfer between the levels indicated above, identifying the level at the end of each accounting period as the lowest level input that is significant to the entire measurement.

Financial liabilities

Financial liabilities are classified at the time of initial recognition under financial liabilities at fair value through profit or loss, loans and receivables, or derivatives designated as hedging instruments. All financial liabilities are initially recognised at fair value, plus, in the case of loans and payables, any transaction costs directly attributable to them. The Group's financial liabilities include trade payables and other liabilities and loans, including current account overdrafts.

The subsequent measurement approach adopted for financial liabilities depends on their classification. More specifically, financial liabilities at fair value through profit or loss include liabilities held for trading and comprise those assumed with the intent of extinguishing them or transferring them in the short term.

Financial liabilities classified as loans and receivables, which are the most common financial liabilities held by the Group, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liability is extinguished as well as through the process of amortisation.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is reported under financial expense in the income statement.

Trade payables and other financial liabilities are classified as current liabilities except when the contract will expire more than twelve months after the reporting date, in which case they are classified as non-current liabilities. Financial liabilities are derecognised when they are extinguished, or when the obligation specified in the contract is discharged.

Following the entry into force of IFRS 16, current and non-current financial liabilities also include financial liabilities representative of the present value of lease payments to be paid to the lessor under long-term leases, with the right of use being recognised under property, plant and equipment.

Employee benefits

Employee benefits are all forms of consideration paid by the Group for service rendered by employees.

Short-term employee benefits are represented by wages, salaries, social security contributions, indemnities in lieu of holidays and incentives paid in the form of a bonus payable within twelve months of the reporting date. These benefits are recognised as a component of Personnel Costs in the period in which the work is performed.

Post-employment benefits are divided into two types: *defined benefit plans* and *defined contribution plans*. *Defined benefit plans* are plans under which the employer is committed to paying the necessary contributions sufficient to guarantee the payment of fixed future pension benefit to the employee, with the employer assuming an actuarial risk. Since the amount of the benefit to be paid under a defined-benefit plan can only be quantified after the termination of the employment relationship, the related financial effects are recognised on the basis of actuarial calculations performed in conformity with IAS 19. *Defined-contribution plans* are plans whereby the employer pays fixed contributions into a fund. The employer's obligation therefore ends with the payment of contributions to the fund and the actuarial risk falls on the employee. In defined contribution plans, contributions costs are recognised in profit and loss when they are incurred at their nominal value.

Employee severance pay (Italy's trattamento di fine 88apport system, or TFR) due to employees pursuant to Article 2120 of the Italian Civil Code, accrued up to 31 December 2006, is treated as a defined-benefit plan, while severance pay accrued with effect from 1 January 2007, in compliance with Law 296 of 27 December2006, has been credited to supplementary pension funds or the treasury fund established by INPS (Italy's National Social Security Institute) on the basis of the implicit and explicit choices made by employees. The liability is projected to the future using the Projected Unit Credit Method in order to calculate the probable amount to be paid at the time of termination of employment, and is then discounted to take account of the time that will elapse before the effective payment. The liability recognised in the financial statements is based on the conclusion reached by actuaries external to the Group. The calculation takes account of the severance entitlement accrued for service already rendered and is based on actuarial assumptions mainly comprising: demographic factors (such as employee turnover and mortality) and financial factors (such as the inflation rate and the discount rate for maturities consistent with the expected date of termination). The value of the liability recognised in the financial statements is, therefore, in line with the actuarial measurement, and actuarial gains and losses resulting from the calculation are allocated directly to shareholders' equity under other comprehensive income in the period in which they arise, taking account of the related deferred tax effects.

Defined contribution plans include severance pay owed to employees pursuant to Article 2120 of the Italian Civil Code, limited to severance pay accrued as of 1 January 2007 and mandatorily paid into a supplementary pension fund, or into the specific Treasury Fund set up at the National Institute for Social Security (INPS). These plans are managed by third-party fund managers, in relation to which the Group has no obligation. The Group pays contributions, recognising them through profit or loss when they are incurred at their nominal value.

Termination benefits are paid to employees for termination of the employment relationship are recognised as liabilities when the company decides to end the employment relationship with an employee or a group of employees before the normal retirement date, or when an employee or a group of employees decides to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised immediately under personnel costs.

Long-term share-based incentive plan

Long-term share-based incentive plans, in conformity with IFRS 2, are a component of remuneration for the beneficiaries involving payment in the form of equity instruments (equity-settled share-based payment transaction). The cost of such plans is represented by the fair value of those instruments calculated at the grant date, and it is recognised under *personnel costs* and *costs for services* over the period between the grant date and the vesting date, with a matching entry in the *Stock Grant Reserve* under Shareholders' Equity.

The overall estimated amount is deferred over the vesting period, and personnel costs and costs for services and the corresponding increase in equity are periodically recognised as a portion of the estimated amount. The estimated cost should be reviewed during the vesting period if subsequent information indicates that the number of instruments that will vest at the end of the vesting period will differ from the original estimates. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs and costs for services.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. Provisions are only recognised when there is a current obligation (legal or constructive) resulting from a past event, the settlement of which is expected to result in an outflow of resources to discharge the obligation, and when it is possible to reliably estimate the amount. When the time value of money is material and the payment dates of the obligations can be reliably estimated, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the current market assessment of the time value of money and the risks specific to the liability. When the provision is discounted, the periodic adjustment of the fair value associated with the time value of money is reflected in profit or loss as financial expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received.
Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.
The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.
Risks for which the recognition of a liability is only possible are disclosed and no provision is made.

Revenues from contracts with customers

Revenues are recognised at the consideration received or receivable, net of discounts and rebates, and are recognised when the entity satisfies a performance obligation to transfer a good or a service to a customer, in accordance with the provisions of IFRS 15. The transfer takes place when the customer gains control of the good or service, i.e. when it has the ability to decide upon its use and obtain substantially all benefits deriving therefrom. Control can be transferred at a certain point in time or over time by means of appropriate techniques for measuring progress (output and/or input methods).
The transaction price also considers (using the expected value and/or most likely amount methods) variable components of the consideration when it is highly probable that there will not be a significant reversal of the revenue in the future. Transactions are also adjusted to take into account the time value of money (TVM).
The Group’s revenues are summarised below, broken down by nature:

- *regulated market*: two separate performance obligations to satisfy over time in the context of en-route and terminal streams. Progress is measured using the output method based on service units generated in en-route and terminal services and balance represent the variable consideration, factored into the transaction price of each performance obligation, attributable to the services provided within the en-route and terminal streams, making it possible to measure the actual value of the performance delivered to the customer, adjusted appropriately to take account of the time value of money;

- *non-regulated market*: revenues are broken down by type of transaction, such as the sale of licenses and provision of services, flight inspection, aeronautical consulting, technical and engineering services, training and other revenues. Revenues recognised over time are limited mainly to aeronautical consulting and the provision of services, including the maintenance of software solutions already sold. The sale of software licenses and/or hardware to customers is recognised only after the product has been physically delivered to the customer (point in time), except in certain cases of deferred delivery where they meet the requirements set out in the standard.

Balance – Revenues from contracts with customers

Internationally, the countries that belong to EUROCONTROL used an en-route charging system until 31 December 2011 known as cost recovery. This system was based on the criterion that the amount of revenues was commensurate with the value of the costs incurred for en-route air navigation control services. By virtue of this principle, the unit rates were kept at the value that made it hypothetically possible to achieve break-even. At the end of the year, if revenues were higher than costs a *negative balance (over-recovery)* would be generated, which would give rise to an adjustment in the income statement for the greater revenues and the recognition of a balance payable. If, on the other hand, revenues were lower than the costs incurred, greater revenue would be recognised in the income statement and a *positive balance (under-recovery)* would be recorded. In compliance with the cost-recovery principle, the balance therefore represented the result of the correction mechanism used to adjust the amount of revenues to the effective billable costs incurred. The effects of this mechanism were reflected for rate purposes starting from the second year after the reference year and taken to profit or loss with the opposite sign of the balance recognised.

From 1 January 2015 this cost-recovery mechanism applied exclusively to terminal Charging Zone 3.

With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the national Performance Plan, approved for 2015-2019 (the second reference period), in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore the Parent Company, with regard to both traffic and costs. In particular, the traffic risk mechanism provides for the sharing of traffic risk between providers and users of the airspace, according to which positive and negative differences of up to 2% of the actual traffic, compared to the planned level, are borne entirely by the providers, while differences of between 2% and 10% are split 70/30 between the airlines and providers. For differences above 10%, the cost recovery method is applied. Under the above rules, any positive or negative difference in traffic risk leads to an adjustment of route revenues using the *Balance for the year* item. With regard to the cost risk, the option to transfer any discrepancies between the planned level and actual level at the end of the year to airspace users was eliminated. These differences, both positive and negative, are chargeable to the providers' budgets. This European regulation also applies to terminal services in the first and second charging zones.

Unlike what happened before the financial year ended 31 December 2019, and with reference to financial year 2022, in the 2020-2021 period, in the wake of the COVID-19 pandemic and the associated impact it has had on the air transport sector, the European Commission adopted a number of exceptional measures for the third reference period with Implementing Regulation (EU) 2020/1627 of 3 November 2020 (2020-2024) concerning the Single European Sky performance and charging scheme, introducing a number of rules that partially derogated from Implementing Regulation (EU) 2019/317 for that period. Subsequently, the European Commission issued Decision 2021/891 setting the performance targets for the third reference period and identifying Determined Unit Cost (DUC) as the reference performance indicator, defined as the ratio between determined costs and traffic expressed in terms of service units. The balance in respect of the loss of traffic in the 2020-2021 period shall, on an exceptional basis, be recovered over a period of five years, which can be extended to seven years, starting from 2023. The application of this regulation has been extended to include terminal revenues for Charging Zones 1 and 2, which are subject to the same European regulations.

The receivable and payable components of the balance, whether current or non-current, are classified under current and non-current trade receivables and current and non-current trade payables in the manner of contract assets/liabilities consistent with IFRS 15. The associated receivable/payable in respect of the balance is identified separately in the explanatory notes.

For both terminal services and en-route services, the *Balance for the year* item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only be settled ex post. In other words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.

The *Balance for the year* will be reflected in rates no earlier than two subsequent years, while in the year ending the receivable/payable balance is recognised in profit or loss through the *Balance utilisation* item and included in the rate for the year.

Bearing in mind that the recovery of asset and liability balances is deferred in time and takes place on the basis of the plans to recovery balances through adjustments to unit rates, in accordance with IFRS 15, the Parent Company takes account of the time value of money in measuring those revenues, with initial recognition at their present value and subsequent recognition of accrued financial income/expense until their incorporation in rates.

If the balance recovery plans are changed, the Group adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balances for previous financial statements but it does require the prospective application of the changes.

The balance also includes a significant financing component, with a time horizon of more than 12 months. For this reason, the Group adjusts the transaction price to take account of the time value of money. The receivables and payables for balance, limited to the amounts recognised in the year, represent variable consideration, or contract assets/liabilities, which will be incorporated in unit rates in the future. The receivables and payables for balance included in unit rates for the year represent the draw-down at the time of invoicing of the contract assets/liabilities mentioned above. These contract assets/liabilities are classified under current and non-current trade receivables/payables, and are reported separately in the explanatory notes.

Grants

Operating grants are recognised on an accrual basis in the year in which the right to receive them becomes reasonably certain, irrespective of the date they are received.

Government capital grants are recognised if the grantor has made a formal award decision and only if, based on information available at the end of the reporting period, it is reasonably certain that the project for which the grant is being made will actually be carried out and that the grant will be received. Government capital grants are recognised in a dedicated item under current and non-current liabilities, depending on the timing of their disbursement and they are reversed to the income statement as income at constant rates calculated with reference to the useful life of the asset to which the grant directly refers, thereby ensuring a correlation with the depreciation rates for those assets.

Dividends

Dividends received from investments in other companies not consolidated on a full line-by-line basis are recognised through profit or loss at the time at which the unconditional right of shareholders to receive the payment, which is normally the resolution of shareholders' meeting authorising the distribution of dividends, is established.

Costs

Costs are recognised when they involve goods and services sold or consumed in the year or through systematic allocation over a longer period until no future utility can be identified.

Costs are recognised in profit or loss at the same time as the decrease in the economic benefits associated with a reduction in an asset or an increase in a liability if this decrease can be reliably calculated and measured.

Financial income and expense

Financial income and expense are recognised for the period on the basis of the interest accrued on the net value of the associated financial assets and liabilities, using the effective interest rate and, where applicable, the legal interest rate. The effective interest rate is the rate which exactly discounts estimated future payments or collections over the expected life of the financial instrument, or where appropriate a shorter period, to the net carrying amount of the asset or liability. Interest income is measured to the extent that it is likely that the economic benefits will flow to the Group and the amount can be reliably measured.

Income taxes

Current IRES (corporate income tax) and IRAP (regional business tax) taxes are calculated on the basis of the best estimate of taxable income for the year and in conformity with the tax regulations in force in the countries in which the Group conducts its activities, applying the tax rates in force. The payable for current taxes is recorded in the statement of financial position net of any pre-paid taxes.

Deferred tax assets and liabilities are calculated in respect of all temporary differences that arise between the values recognised in the financial statements and the corresponding values for tax purposes, applying the tax rate in force at the date the temporary difference will reverse, determined on the basis of the tax rates set out in applicable regulations or essentially in force or substantially in force at the reporting date. Deferred tax assets for all temporary differences that can be deducted in future years are only recognised when their recovery is likely, or if it is expected that sufficient taxable income will be generated in the future

to recover the assets. Deferred tax liabilities are recognised for all future taxable temporary differences unless this liability results from: i) the initial recognition of goodwill; ii) the initial recognition of an asset or a liability in a transaction that does not represent a business combination and which at the time of the transaction does not affect either the accounting profit or taxable income (tax loss).
Current taxes, deferred tax assets and deferred tax liabilities are recognised through profit or loss, with the exception of those relating to items directly debited or credited to components of other comprehensive income, which are recognised in equity. In such cases the tax effect is directly attributable to the components of other comprehensive income in equity.
Deferred tax assets and liabilities in respect of taxes levied by the same taxation authority are offset if there is a legally enforceable right to set off the current tax assets against the current tax liabilities generated at the time of their reversal.
Deferred tax assets and liabilities are classified under non-current assets and liabilities, respectively.
Taxes and duties not related to income are recognised in the income statement under other operating expenses.

Related parties

Related parties are identified by the ENAV Group in accordance with IAS 24. Generally speaking, related parties refer to parties that share the same controlling entity with the Parent Company, companies that directly or indirectly exercise control, are controlled, or are subject to the joint control of the Parent Company and those in which the latter holds a stake whereby it can exercise considerable influence. The definition of related parties also includes those entities that manage post-pension benefit plans for employees of the Parent Company or related companies, as well as directors and their immediate family, standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family, of the Parent Company and companies controlled directly or indirectly by the latter.
Related parties outside of the ENAV Group include the supervising Ministry, namely the Ministry of Infrastructure and Transport (MIT), and the controlling Ministry, namely the Ministry for the Economy and Finance (MEF), entities under the control, including joint control, of the MEF and associated companies.
For a detailed analysis of related-party transactions, please see to Note 33 of the consolidated financial statements.

Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity: i) that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment; iii) for which discrete financial information is available.
For management purposes, the ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, for the purpose of financial reporting, has three operating segments (*Air navigation services*, *Maintenance services* and *AIM software solutions*) coinciding with the cash generating units (CGU). A fourth operating segment of a residual nature is also present, which includes operations connected with minor activities that do not fall within the scope the main operating segments subject to monitoring.
The information for the operating segments for 2022, with the comparative figures for 2021, is provided in Note 32 *Operating segments*.

Basic and diluted earnings/(losses) per share

In accordance with IAS 33, basic earnings per share are calculated as the ratio between the profit or loss attributable to the owners of the ordinary equity instruments of the Parent Company and the weighted average number of outstanding ordinary shares during the year.

The basic earnings coincide with diluted earnings in view of the fact that as of the date the financial statements are prepared there are no potential ordinary shares, i.e. instruments that have not yet given rise to the issue of shares with potential dilutive effects despite the existence of the legal conditions for doing so.

5. Use of estimates and management judgements

In accordance with the IAS/IFRS, the preparation of the separate financial statement requires management to make accounting estimates based on complex and/or subjective judgements, evaluations, estimates based on historic experience and assumptions considered to be reasonable and realistic in view of the related circumstances and on the information available at the time of the estimate. The application of these estimates and assumptions influences the carrying amount of assets and liabilities and the disclosures on contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs in the reference period. Actual results could differ from estimated results as a result of the uncertainty in the assumptions and conditions on which the estimates are based. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the accounts in the period in which the review of the estimate takes place, if the revision only affects the current period, or also in subsequent periods if the revision affects the current period and future periods.

Particular attention was paid to assessing the recoverability of receivables, the value retention of assets and goodwill and determining the balance for the year. In the case of future changes in estimation processes, disclosures will be provided about the methodological changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. In the case of future changes in estimation processes, disclosures will be provided about the methodological changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. Such changes in the conditions underlying the assumptions and judgements could have a significant impact on the consolidated data.

Measurement of revenues for the balance

As described in the *Accounting policies* paragraph, the measurement of operating revenue supplemented by the recognition of the Balance for the year, which measures services already provided by the Parent Company, requires company management to use estimates and valuations. These estimates and valuations pertain to forecasting the recovery times for balance associated amounts in subsequent years to that in which they accrued, as well as to choosing the discount rate used. In particular, with regard to measuring the fair value of the integration and balance adjustment component for the year, the company's management forecasts the recovery times through future unit rate plans: if these forecasts undergo changes, the of balance receivables and payables changes to reflect the new forecasts for the related cash flows.

Fair value measurement of equity instruments

At each balance sheet date, the Group updates the fair value of the equity instruments for which it has made an irrevocable election to recognised the related adjustments to OCI in a specific equity reserve. With reference to the fair value measurement of the investment in Aireon, the analysis conducted by management requires the assessment of a series of internal and external inputs such as: a review of the annual budget, an examination of the long-term financial plan and an analysis of the main market indicators. The evaluation requires extensive use of significant estimates and assumptions by management. In particular, the estimate of the fair value of Aireon was performed on the basis of the economic and financial forecasts for 2023-2033 period (the "Plan"), approved by Aireon management in February 2023. More specifically, the valuation model is based on the following main assumptions:

- the equity value, determined from the equity-side perspective on the basis of the distributable dividends drawn from that Plan. These dividends were determined on the basis of the explicit valuation period, beyond which it was assumed that the Company will generate a sustainable cash flow at a nominal average growth rate (g-rate) in the long term (terminal value);
- the discount rate used is the cost of capital (Ke) of 14.57%, calculated using the Capital Asset Pricing Model (CAPM) method.

Note 9 *Investments in other entities*, provides additional information on the impact of the assessments performed by the ENAV Group.

Impairment of assets and cash generating units

An asset is impaired if the carrying amount of the asset or a cash generating unit (CGU) is greater than its recoverable value (equal to the greater of the fair value of an asset or cash generating unit less costs to sell and its value in use). A CGU is the smallest group of assets that generates largely independent cash flows.

In the process of identifying the CGUs, management has taken into account the specific nature of the activity and the business it belongs to (business areas, legislative framework, etc.), verifying that the inward cash flows from a group of assets are largely independent of those from other assets (or groups of assets). Additionally, the assets included in each CGU were also identified on the basis of the methods through which management monitors and manages them within the scope of its business model.

The number and scope of CGUs are systematically monitored to take account of any external factors that could influence the capacity of groups of corporate assets to generate independent cash flows or in order to allocate the effects of any new business combination or reorganisation operation carried out by the Group.

Based on the current structure of the Group, management has identified three cash generating units (CGUs):

- *Air navigation services*: this CGU coincides with 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.
- *Maintenance services*: this CGU 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.
- *AIM software solutions*: this CGU coincides with the subsidiary IDS AirNav S.r.l. whose core business is the development of software solutions for aeronautical information management and air traffic management and the provision of associated commercial services, for a range of customers in Italy, Europe and around the world.

Management conducted impairment testing of the goodwill generated by the business combinations, i.e. the acquisition of 100% of the share capital of Techno Sky, whose goodwill was allocated entirely to the *Maintenance Services* CGU, and the acquisition of the 100% of the share capital of IDS AirNav, whose goodwill was allocated to the *AIM Software Solutions* CGU.

Performing the impairment test required management to make significant estimates. Any changes in the assumptions and inputs used could result in significant changes regarding the recoverable value of the CGU. For the *Maintenance Services* CGU the discounted cash flows cover a time horizon of three years (2023-2025) while for the AIM Software Solutions CGU, the discounted cash flows refer to a time horizon of four years (2023-2026) and are taken from the business plans approved by their respective boards of directors and by the Parent Company, taking due account of the approved budget for 2023. For the explicit forecast period, these flows are formulated on the basis of hypothetical assumptions and associated with the expectations for the development of the business, while the years following the explicit period use assumptions about long-term sustainable profitability to enable operational continuity (growth rates and other factors linked to macroeconomic dynamics).

The assumptions adopted by management for the estimation of "normalised" net operating cash flow are the following for the *Maintenance Services* CGU and the *AIM Software Solutions* CGU:

- definition of NOPAT (Net Operating Profit After Taxes) on the basis of the average for the three-year explicit forecast period (2023-2025) for the *Maintenance Services* CGU and the average for the last two years of the explicit forecast period (2025-2026) for the *AIM Software Solutions* CGU;
- depreciation is aligned with investments to maintain fixed capital;
- working capital with balance of zero;
- the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 2% in line with the revision of the inflation long-term forecasts for Italy.

In particular, the estimate of the growth rate (g rate) is influenced by the judgements and assumptions made by management, which consider internal and external information inputs, the latter being characterised by a degree of uncertainty, for example: examination of the annual budget, examination of the long-term financial plan and analysis of the main market indicators.

In determining the value in use, the expected future cash flows are discounted using a discount rate, the estimation of which is affected by the judgements and assumptions made by management, and which reflects current market assessments of the time value of money and the specific risks of operations. In particular, the discount rate was constructed according to the main following assumptions: the Free Risk, the Country Risk Premium and the Market Risk Premium were determined on the basis of data observable on the market, the beta was based on an estimate determined on the basis of a sample of comparable companies.

See Note 8 *Intangible assets* for information on the results of impairment testing.

Determining useful life

The depreciation and amortisation of property, plant and equipment and intangible assets is recognised on a straight-line basis over the estimated useful life of each asset. The useful life is calculated at the time the assets are acquired and is based on historical experience with similar investments, market conditions and forecasts involving future events that could have an impact on the useful life. Actual economic life may therefore differ from the estimated useful life. The Group evaluates technological changes annually in order to update the residual useful life. This updating could involve a change in the depreciation/amortisation period and therefore also the depreciation/amortisation charge for the year and future years. The useful life of the intangible assets identified as a result of the IDS AirNav purchase price allocation process (PPA) was determined in accordance with the criteria used in the assessment of the fair value of the net assets acquired.

Risk provisions

The Group recognises provisions for probable liabilities attributable to disputes and litigation with personnel, suppliers, third-parties and, in general, other charges in respect of obligations undertaken. The calculation of the risk provisions involve making estimates based on the current knowledge of factors that could change over time, potentially leading to final outcomes that could differ significantly from those taken into consideration in the preparation of the Consolidated Financial Statements.

Provision for doubtful accounts and provision for inventory losses

The provisions for doubtful accounts for inventory losses respectively reflect the estimates of losses on Group receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used.

The valuation model used by the Group was compared with that considered in 2021, taking account of the deterioration of the creditworthiness of a basket of companies representing the air transport sector.

Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

6. New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted in the preparation of the consolidated financial statements at 31 December 2022 are in consistent with those used for the preparation of the consolidated financial statements at 31 December 2021. The amendments and interpretations applied for the first time in 2022 did not have an impact on the 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 that did not have an impact on the Group's 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 Consolidated Financial Statements at 31 December 2022.

- Amendments to IFRS 3: Business Combinations - Reference to the Conceptual Framework – issued on 14 May 2020 and endorsed on 28 June 2021. 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.
- 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 the Income Statement.

- 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.
- Annual Improvements 2018-2020 – issued on 14 May 2020 and endorsed on 28 June 2021. As part of the improvement cycle, the IASB published an amendment to IFRS 1 First Time Adoption, which allows a subsidiary that chooses to apply par. D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts accounted for by the parent company, considering the date of transition to IFRS by the parent company. 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.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 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 December 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 and endorsed on 11 August 2022. IAS 12 requires the recognition of deferred taxes or assets for all temporary differences, i.e. temporary changes that are taxable or recoverable in the future. In particular, it was established that companies, in specific circumstances, can be exempted from recognising the deferred tax when they recognise assets or liabilities for the first time. This provision previously raised some uncertainty as to whether the exemption would apply to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. With the amendment to IAS 12, the IFRS clarifies that the exemption does not apply and that companies are required to recognise the deferred tax on such transactions. The aim of the amendments is to reduce the diversity in accounting for deferred taxes on leases and decommissioning obligations. The amendments will take effect for annual periods beginning on 1 January 2023. The Group is assessing the impacts of these changes.
- 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.

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 to make an estimate represent a change of an estimate if they do not result from the correction of prior period error. A change in an accounting estimate may affect only the current period's profit or loss, or both the current period and future periods, and the effect of the change relating to the current period is recognised as income/expense in the current period, while the effect on future periods is recognised as income/expense in those future periods. The amendments will take effect for annual periods beginning on 1 January 2023. The changes are not expected to have a significant impact on the Group.

- 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. These amendments provide guidelines and examples to help entities apply materiality judgements to accounting policy disclosures. In particular, they aim to help entities provide information about the most useful accounting policies by replacing the requirement for entities to disclose their "significant" accounting policies with the requirement to disclose their "relevant" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making decisions about the disclosure of accounting standards. These amendments are applicable from 1 January 2023 and the Group is currently assessing the impact of the amendments on the Group's financial reporting.
- 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. On 31 October 2022, a further amendment to IAS 1 was also published, i.e. Non-current Liabilities with Covenants, according to which an entity classifies its debt as non-current only if it can avoid settling the debt in the 12 months following the financial statements. Often the ability of an entity to produce this classification is subject to compliance with certain clauses, the so-called covenants. The amendment in question specifies that the covenants to be respected after the date of the financial statements do not affect the classification of the debt as current or non-current, rather adequate disclosure is required in the explanatory notes.
  The amendments will take effect for annual reporting periods beginning on or after 1 January 2024. The Group is monitoring discussions within the IFRS Interpretations Committee and the IASB.
- Amendment to IFRS 16 Leases: Lease Liability in a Sale and Lease Back – issued on 22 September 2022, awaiting endorsement. These amendments require a lessee-seller to subsequently measure the liability arising from a leaseback so as not to recognise any amount of gain or loss that relates to the right of use that is retained. The new requirements do not prevent the seller from recognising any gains or losses relating to the partial and/or full termination of a lease in the income statement. However, the amendment to the standard does not prescribe specific requirements for the measurement of a lease liability deriving from a leaseback. The entity will therefore have to define an accounting policy pursuant to IAS 8 for the method of measuring the liability. The above amendments will be applicable, pending endorsement, from 1 January 2024 and early adoption is permitted. The Group does not expect the aforesaid changed to have any impacts.

Notes to the consolidated statement of financial position

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 31 December 2022 compared with the previous year.

	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)
Net amount at 31.12.2021	**277,147**	**303,707**	**36,620**	**27,142**	**240,099**	**884,715**
Increases	8,896	32,476	4,713	13,242	79,756	139,083
Disposals - cost	(3,827)	(20,196)	(2,877)	(6,344)	0	(33,244)
Disposals - accumulated depreciation	3,805	20,184	2,875	6,325	0	33,189
Reclassification	0	0	0	(10)	(59,599)	(59,609)
Depreciation	(21,453)	(73,529)	(7,293)	(10,167)	0	(112,442)
Total changes	**(12,579)**	**(41,065)**	**(2,582)**	**3,046**	**20,157**	**(33,023)**
Cost	564,779	2,009,904	274,270	342,588	260,256	3,451,797
Accumulated depreciation	(300,211)	(1,747,262)	(240,232)	(312,400)	0	(2,600,105)
Net amount at 31.12.2022	**264,568**	**262,642**	**34,038**	**30,188**	**260,256**	**851,692**

(thousands of euros)

Property, plant and equipment in 2022 decreased by a net €33,023 thousand, reflecting:

- depreciation for the period of €112,442 thousand (€115,941 thousand in 2021);
- increases in property, plant and equipment of €139,083 thousand, including €59,327 thousand relating to investments in different categories that were completed and entered service during the period. These included: i) the construction of the first Italian remotely managed control tower implemented at Brindisi airport, which allows air traffic controllers to manage all take-off, landing and ground handling operations using a Remote Tower Module (RTM) which can also be positioned many kilometres away from the airport; ii) programme to transfer the approach radar control station of Naples airport to the Area Control Centre (ACC) of Rome Ciampino; iii) technological upgrade of the Brindisi airport LAN; iv) upgrading in ground-ground and air-ground voice communications; v) implementation of new features in the EAWOS airport weather system in compliance with the new EU Regulation 2017/373 and carried out at various airport sites; vi) creation and implementation at Rome Fiumicino airport of the Arrival Management system (AMAN) which helps operational personnel plan the best approach sequence, distributing any delay based on Flight Efficiency criteria; vii) implementation of the automation system for the Rome Ciampino Tower and Data Link system for Rome Fiumicino airport for the transmission, to appropriately equipped aircraft, of weather information and the initial route; viii) supply and implementation of the Automatic Tactical Control Tool (TCTA), which provides additional technological support to Air Traffic Controllers operating in the ACCs to prevent potential conflicts between flights operating in the airspace managed by the Parent Company, supporting their automatic identification and classifying them by levels of urgency. This system came into use during 2022 at three ACCs including Padua, Brindisi and Milan; ix) evolutionary maintenance on various systems.

  Increase of €79,756 thousand refer to progress on assets under construction as part of investment projects, including: i) the 4-Flight programme, whose objective is to develop the entire Air Traffic Management (ATM) technology platform of the ACCs based on SESAR operational concepts and taking the Coflight system as a basic component. The new generation Coflight Flight Data Processing system, which supports air traffic controllers in calculating expected flight trajectories, was developed in collaboration with the French provider DSNA; ii) the program for transferring approach radar control stations from the current dedicated rooms at major airports to the higher-level Area Control Centres; iii) the new tower and technical area of the Treviso airport; vii) the construction of the new ENET-2 communication network, which will replace the existing ENET network connecting all national operational sites, transmitting operational voice communications, radar data, flight plans, weather information, AIS and plant control information;

- the decrease due to reclassifications totalling €59,609 thousand mainly regards investment projects that were completed and entered service during the year, with classification to a specific account in the amount of €59,327 thousand, as well as €150 thousand for the reclassification of certain components of operating systems in inventories for replacement parts and the remainder regarding amounts classified among intangible assets.

Note that part of the investments, with a historical cost of €267.6 million, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006, 2007-2013 and 2014-2020 for initiatives at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/2009 and projects financed at the European level. The capital grants for these investments are accounted for as *other liabilities* and reversed to profit or loss in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €8,470 thousand (€8,533 thousand in 2021).

8. Intangible assets

Intangible assets at 31 December 2022 amounted to €180,418 thousand, with the following changes during the year:

	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)
Net amount at 31.12.2021	**18,188**	**7,569**	**56,964**	**93,472**	**176,193**
Increases	15,151	0	18,009	0	33,160
Disposals	0	0	0	0	0
Reclassification	0	0	(15,019)	0	(15,019)
Depreciation	(12,663)	(1,253)	0	0	(13,916)
Total changes	**2,488**	**(1,253)**	**2,990**	**0**	**4,225**
Cost	203,976	12,333	59,954	93,472	369,735
Accumulated amortisation	(183,300)	(6,017)	0	0	(189,317)
Net amount at 31.12.2022	**20,676**	**6,316**	**59,954**	**93,472**	**180,418**

(thousands of euros)

Intangible assets increased by a net €4,225 thousand during the year as a result of the following factors:

- amortisation for the year amounting to €13,916 thousand (€13,316 at 31 December 2021);
- increases totalling €33,160 thousand, including €15,151 thousand for investment projects completed and entered in service during the year, mainly referred: i) management software such as those used for the logistics configuration system, the implementation of a high-level management dashboard, Group ERP activities, management licences for smart working operations; ii) software to support operational management. The remaining part of the increases of €18,009 thousand relate to projects under development, including the Group ERP on the Cloud which involves all Group companies, software development activities for the re-engineering of FPDAM products and the technological innovation of

the AIM Portal and LTLMT products. The Company verified that this item had not incurred any impairment loss as at the reporting date;

- decreases in intangible assets for reclassifications of €15,019 thousand are mainly accounted for by investment projects completed during the year and entering service that were reclassified to a specific account net of amounts reclassified as tangible assets.

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, which is the legal entity Techno Sky S.r.l. At 31 December 2022, applying the methodology envisaged in IAS 36 - Impairment of assets, the goodwill underwent impairment testing, carried out by comparing the recoverable value of the CGU with the carrying amount of the net assets of that unit, consistent with the provisions of IAS 36. Note that assets with an indefinite useful life were not allocated to the CGU in question. In determining recoverable value, reference was made to value in use. The discount rate used is the WACC of 8.64% (6.24% in 2021) with the increase essentially due to the higher Free Risk rate used, determined using the unconditional method and equal to the sum of the average return at one year on US government bonds with a 10-year maturity, adjusted for the expected inflation differential for Italy, and the Country Risk Premium. The growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 2% (1.4% in 2021), consistent with the revised long-term inflation forecasts for Italy.

Management decided that the estimation of recoverable value would use the value in use estimated on the basis of the cash flows drawn from the 2022-2024 business plan prepared by the subsidiary and approved by the company on 14 April 2022, which reflects both economic and financial conditions in the market, also considering the 2023 budget approved on 13 December 2022, the economic and equity projections are extended to 2025, assuming an inertial trend equal to 2024 in order to consider, in the evaluation process, an explicit period of at least three years.

The plan shows moderate revenue growth in the reference period due to a general increase in activities to be carried out on the non-regulated market. This growth is expected to come mainly in the final part of the explicit period (2024-2025), partially offset by an increase in variable costs, albeit at a slower pace than the growth in revenues on the non-regulated market, thereby having a positive impact on EBITDA growth over the plan horizon. The assumptions on which the preparation of the financial plan is based are founded on an understanding of the reference market, the information received by management, which reflected the 2023 budget and objective data concerning the continuation of the company's core business.

The test found that the recoverable value is greater than the carrying amount of the CGU and, consequently, no impairment was recognised.

For the purposes of the sensitivity analysis, an increase in the WACC of 0.5% was assumed and, maintaining a growth rate of 2%, the headroom continues to be positive in the amount of €8.2 million. Assuming a zero growth rate with no change in the WACC, the headroom would be negative by €17.9 million.

The remainder of goodwill, equal to €26,986 thousand, relates to 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.

At 31 December 2022, applying the methodology envisaged in IAS 36 - Impairment of assets, the goodwill underwent impairment testing, carried out by comparing the recoverable value of the CGU with the carrying amount of the net assets of that unit, consistent with the provisions of IAS 36. Note that assets with an

indefinite useful life were not allocated to the CGU in question. In determining recoverable value, reference was made to value in use. The discount rate used is a WACC of 13.32% (11.49% in 2021), with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 2% (1.4% in 2021), consistent with the revised long-term inflation forecasts for Italy.
Management decided that the estimation of recoverable value would use the value in use estimated on the basis of the cash flows drawn from the 2022-2026 business plan prepared by the subsidiary and approved by IDS AirNav on 14 April 2022, also taking account of the budget for 2023 approved on 14 December 2022. The plan shows a growth in revenues of 10% in the period considered, while the prospective operating margin is approximately 32%.
The assumptions on which the company based the preparation of the financial plan are founded on an understanding of the reference market, the information received from the Group's commercial structure. The test found that the recoverable value is greater than the carrying amount of the CGU and, consequently, no impairment was recognised. The recoverable value for the purposes of the impairment test showed headroom over the corresponding carrying amount of about €2.1 million.
For the purposes of the sensitivity analysis, an increase in the WACC of 0.5% was assumed and, maintaining a growth rate of 2%, the headroom becomes negative in the amount of €0.4 million. Assuming a zero growth rate with no change in the WACC, the headroom would be negative by €4.6 million.

9. Investments in other entities

Investments in other entities amounted to €36,310 thousand (€47,253 thousand at 31 December 2021), a decrease of €10,943 thousand compared with the previous year, associated entirely with the investment in Aireon, which is measured at fair value through OCI, reflecting the adjustment of the investment to fair value and measurement at the year-end exchange rate. The investment is therefore recorded as €36.1 million.
In June 2022, the Board of Aireon completed the capital increase to service a new business opportunity, described in a business case, highlighting the investment necessary to support this initiative. The Parent Company did not participate in this capital increase subscribed only by one shareholder, resulting in a dilution of its pre-redemption stake from 9.1% to 8.60% which will rise to 10.35% post-redemption (11.11% pre-dilution).
The fair value was measured using the valuation techniques provided by 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.
At 31 December 2022, the Group estimated the fair value of the investment using the following inputs: the flows relating to the Long Term Operating Plan (LTOP) updated by Aireon's management in February 2023 and related to market assumptions existing at 31 December 2022, with a time horizon of 2023-2033, which takes into account the revised estimates on new core business contracts, the delay in the implementation of the new investment in Commercial Data Services (CDS) and the increase in operating costs. These economic and financial forecasts show a contraction compared to previous estimates, both in terms of returns on investment, due to the lower distributable dividends, and as a result of a further deferment in the timing for the related distribution.
Other elements considered in the estimation are official stock market prices and historical and forecast economic-financial data for the sector and the average market prices of US government securities. Following

the update of the inputs, the fair value of the investment in Aireon as at 31 December 2022 was equal to €36.1 million, corresponding to $38.5 million, a decrease of $14.8 million, corresponding to €13.8 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 14.57% (13.56% in 2021), calculated using the CAPM (Capital Asset Pricing Model) method.
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 14.08%, the value of the investment would increase by about $1.8 million.
Investments in other entities also includes the 16.67% stake held by the Parent Company in the French company ESSP SaS, in which the main European service providers are shareholders and which operates the EGNOS satellite navigation system and provides the associated services. In 2022, it has been paid a dividend equal to €667 thousands, corresponding to the amount distributed in 2021.

10. Current and non-current financial assets

Current and non-current financial assets amounted to €169 thousand and €344 thousand, respectively, an overall increase of €16 thousand on 31 December 2021. The item breaks down as follows:

	31.12.2022			31.12.2021			changes		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Other financial assets	0	344	344	0	344	344	0	0	0
Derivative financial instruments	169	0	169	70	83	153	99	(83)	16
Total	**169**	**344**	**513**	**70**	**427**	**497**	**99**	**(83)**	**16**

(thousands of euros)

The increase for the year is linked to the financial instrument set up by the Parent Company with the aim of hedging the exposure from an unfavourable change in the EUR/USD exchange rate which has a positive fair value as at 31 December 2022. The financial instrument establishes a perfectly effective hedging relationship, accounted for using the cash flow hedge method. Please see Note 34 for all the information required by IFRS 7.

11. Deferred tax assets and deferred tax liabilities

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

	31.12.2021		Incr./decr. through profit or loss		Incr./decr. through OCI			31.12.2022	
	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities	Exchange differences	Temporary differences	Deferred tax assets/ liabilities
Deferred tax assets									
Taxed provisions	33,065	7,935	4,326	1,037	0	0	0	37,391	8,972
Writedown of inventories	9,257	2,221	227	55	0	0	0	9,484	2,276
Discounting of receivables	25,422	6,102	(6,701)	(1,608)	0	0	0	18,721	4,494
Tax effect of IFRS conversion	296	91			0	0	0	296	91
Discounting employee severance	5,467	1,331	0	0	(5,151)	(1,237)	0	316	94
Non-deductible portion of severa	89	22	0	0	0	0	0	89	22
Fair value of derivatives	4	1	0	0	0	0	0	4	1
Fair value of investment	6,970	1,464	0	0	13,857	2,910	91	20,827	4,465
Other	58,191	14,079	6,757	1,364	0	0	463	64,948	15,906
Total	**138,761**	**33,246**	**4,609**	**848**	**8,706**	**1,673**	**554**	**152,076**	**36,321**
Deferred tax liabilities									
Other	7,232	1,736	591	142	0	0	0	7,823	1,878
Discounting on debts	452	109	642	154	0	0	0	1,094	263
Tax effect of IFRS conversion	1,812	544	(308)	(74)	0	0	0	1,504	470
Discounting employee severance	0	0	0	0	407	98	0	407	98
Fair value of derivatives	2,733	656	0	0	16	4	0	2,749	660
PPA	0	3,143	0	(722)	0	0	0	0	2,421
Total	**12,229**	**6,188**	**925**	**(500)**	**423**	**102**	**0**	**13,577**	**5,790**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2022 of €36,321 thousand and €5,790 thousand, respectively, is attributable to the following factors:

- the recognition of the deferred tax liabilities associated with the discounting of receivables and payables for the balance recognised in 2022 and the reversal of the deferred tax liabilities for receivables and payables accruing in 2022;
- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts following the events discussed in Notes 13 and 18;
- the recognition of deferred tax assets on the tax loss of ENAV North Atlantic;
- the recognition of employee severance pay in accordance with IAS 19, which produced an actuarial profit for the year recognised in other comprehensive income;
- the measurement at fair value of derivative financial instruments, recognised in other comprehensive income;
- the recognition of deferred tax assets on the fair value of the investment in Aireon LLC, as reported in Note 9;
- the measurement and reversal to profit or loss of the elimination of margins on intercompany transactions;
- the reversal of the deferred tax liabilities connected with the purchase price allocation of the subsidiary IDS AirNav.

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

12. Current and non-current tax receivables

Non-current tax receivables amount to €60 thousand and decreased by €656 thousand, compared to the previous year, due to the collection of the receivable deriving from the excess IRES paid by the subsidiary Techno Sky.

Current tax receivables amount to €5,877 thousand and show a net increase of €312 thousand, due in part to the reduction in the VAT receivable resulting from the horizontal offsetting of €2.8 million on payment of the first and second advance of current taxes, offset by the increase in other tax receivables relating in particular to the receivable from charges incurred for the purchase of energy products in compliance with Decrees Law 115/2022, 144/2022 and 176/2022.

	31.12.2022	31.12.2021	Change
Receivables from tax authorities for VAT	1,470	4,097	(2,627)
IRES receivable	1,189	902	287
IRAP receivable	178	160	18
Other current tax receivable	3,040	406	2,634
Total	**5,877**	**5,565**	**312**

(thousands of euros)

The IRES and IRAP receivables for the Group show a credit balance as the positive balance between payments on account and the tax liability for 2022.

13. Current and non-current trade receivables

Current trade receivables amounted to €333,568 thousand and non-current trade receivables amounted to €606,775 thousand, with the developments detailed in the following table:

	31.12.2022	31.12.2021	Change
Current trade receivables			
Receivables from Eurocontrol	156,052	134,557	21,495
Receivables from the Ministry for the Economy and Finance	12,506	10,993	1,513
Receivables from the Ministry of Infrastructure and Transport	30,000	30,000	0
Receivables from customers	43,714	37,244	6,470
Balance receivables	131,804	0	131,804
	374,076	**212,794**	**161,282**
Provision for doubtful accounts	(40,508)	(35,633)	(4,875)
Total	**333,568**	**177,161**	**156,407**
Non-current trade receivables			
Receivables from customers	0	0	0
Balance receivables	606,775	687,253	(80,478)
Total	**606,775**	**687,253**	**(80,478)**

(thousands of euros)

Receivables from Eurocontrol referred to the fees in respect of en-route and terminal revenues not yet received as of 31 December 2022, most of which had not yet fallen due, amounting to €109,289 thousand (€87,461 thousand at 31 December 2021) and €46,763 thousand (€47,096 thousand at 31 December 2021), respectively, gross of the provision for doubtful accounts. The overall increase of €21,495 thousand mainly refers to the higher turnover generated in the months of November and December 2022, compared to the corresponding months of 2021, of €21.5 million, due to the resumption of air transport connections, an increase offset by the receipt of payment of the receivable from Alitalia and other airlines referring to 2021. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €129,133 thousand (€109,304 thousand at 31 December 2021).

Receivables from the Ministry for the Economy and Finance (MEF) of €12,506 thousand are entirely accounted for by the en-route and terminal exemptions recognised in 2022, an increase compared with the previous year, reflecting a rise in en-route service units generated in the year. The receivable in 2021 of €10,993 thousand was offset, after approval of the 2021 financial statements, with the payable to the Italian Air Force for collections in respect of en-route charges of €26,295 thousand, which left a payable of €15,302 thousand due to the MEF, which was paid in December 2022.

Receivables from the Ministry of Infrastructure and Transport include the operating grant for the year, equal to €30,000 thousand, which is 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. In December, €30 million recognised in 2021 were collected.

Receivables from others amount to €43,714 thousand, a net increase of €6,470 compared to the previous year, consisting mainly of the receivable from Qatar related to the amount billed in the last quarter of 2022, collected in the first few months of 2023, the greater receivables for activities carried out on order and the extension of collection times for some foreign orders.

The Provision for doubtful accounts amounted to €40,508 thousand, with changes in 2022 breaking down as follows:

			Decreases		
	31.12.2021	Increases	Utilisation	Cancellations	31.12.2022
Provision for doubtful accounts	35,633	7,781	(1,882)	(1,024)	40,508

(thousands of euros)

The increase in the provision for doubtful accounts for the year reflected both the total write-downs due to the insolvency of some air carriers and the underlying effects of the economic consequences of the Russian-Ukrainian conflict, which led to the write downs of the receivables from customers belonging to the Russian Federation.

The decrease in the provision for doubtful accounts includes €1,882 thousand in respect of receivables prudentially written down in previous years and collected during 2022, while €1,024 thousand regards the writeoff of receivables in respect of Eurocontrol, which does not affect the right to recover the receivable.

The uses are recognised through profit or loss under the item *Writedowns and impairment (reversals of impairment)* item.

Balance receivables amount to a total of €738,579 thousand net of the discounting effect (€687,253 thousand as at 31 December 2021), classified under current receivables in the amount of €131,804 thousand, portion included in the 2023 unit rate, which includes the first portion of the balances recognized in the two-year period 2020-2021, which will be recovered in five years starting from 2023 for the en-route and first two terminal charging zones receivables and in seven years for the third terminal charging zone receivables, in compliance with the request made by the ENAC regulator and envisaged as the recovery timing in European Regulation 2020/1627. The balance receivable in the non-current portion also includes the positive balance that emerged in 2022, recognized according to the standard traffic risk mechanism in compliance with EU Regulation 2019/317 of the performance and pricing system applicable for the en-route and first two terminal charging zones receivables, on the basis of the 2020-2024 performance plan which implemented the objectives set by the European Commission with Implementing Decision 2021/891. In particular, these balance refers to: i) inflation balance for a total of €34.7 million recognised following the increase in the inflation rate which stood at 8.7% for Italy in 2022 compared to 1.8% in the Performance Plan;

ii) the balance for traffic risk of the first charging zone of €1.9 million as the service units determined in the final balance were lower than planned by -9.81%; iii) the bonus capacity balance recognised following the achievement of the target objective set in the performance plan, which set a target of 0.11 minutes delay per assisted flight for en-route SUs but closed at 0.07 minutes delay per assisted flight.

14. Inventories

Inventories, which are mainly represented by spare parts, amounted to €61,083 thousand net of the provision for inventory losses, a decrease of €436 thousand on the previous year. Changes during the year break down as follows:

	31.12.2021	Increases	Decreases	31.12.2022
Bonded inventory	65,428	2,070	(2,251)	65,247
Direct inventory	5,349	465	(493)	5,321
	70,777	**2,535**	**(2,744)**	**70,568**
Provision for inventory losses	(9,258)	(227)	0	(9,485)
Total	**61,519**	**2,308**	**(2,744)**	**61,083**

(thousands of euros)

The increase of €2,308 thousand, net of the inventory loss provision, mainly reflects bonded inventory for the purchase of spare parts for operating systems used for air navigation, including spare parts to support radar systems, telecommunications and meteorological systems. Part of the increase, equal to €151 thousand, was attributable to parts of systems classified to inventories from property, plant and equipment. The decrease of €2,744 thousand reflected to the use of spare parts in operating systems, which were greater than the purchases made in the year.
The provision for inventory losses increased by €227 thousand for replacement parts that became obsolete as they were designed for plant no longer in use.

15. Other current and non-current assets

Other current assets amounted to €32,562 thousand, a decrease of €17,762 thousand compared with the previous year, while other non-current assets totalled €6,078 thousand, a decrease of €285 thousand on 31 December 2021.
The item breaks down as follows:

	31.12.2022	31.12.2021	Change
Other current assets			
Receivables from government entities for capital grants	14,224	28,342	(14,118)
Receivables from personnel	3,769	3,479	290
Receivables from various entities for projects funded	13,017	17,103	(4,086)
Accruals and deferrals	816	1,643	(827)
Other receivables	3,204	2,478	726
	35,030	**53,045**	**(18,015)**
Provision for doubtful accounts	(2,468)	(2,721)	253
Total	**32,562**	**50,324**	**(17,762)**
Other non-current assets			
Receivables from government entities for capital grants	6,029	6,312	(283)
Other receivables	49	51	(2)
Total	**6,078**	**6,363**	**(285)**

(thousands of euros)

Receivables from government entities for capital grants decreased by €14,401 thousand compared with 31 December 2021, mainly due to the collection of grants under a number of funded projects, including the Deconflicting Tool at the Brindisi Area Control Centre (ACC), the 4-Flight project at the Brindisi ACC and the project relating to airport meteorological systems. The part recognised under non-current assets regards investments that will be undertaken in subsequent years.

Receivables from personnel refer to the advances paid to employees for travel expenses and not yet completed at the end of the year, of which the largest portion (€2,468 thousand) regards expense advances paid to former employees of the Parent Company, already investigated by judicial authorities and prudently written down in previous years. In 2022, €166 thousand were collected, reducing the provision. In order to secure the receivable, one fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in some cases, real estate were also seized.

Receivables from sundry entities for projects funded totalling €13,017 thousand, decrease of €4,086 thousand on 31 December 2021, mainly due to recognition on projects financed under the Connecting European Facility (CEF) call 2015 and the recognition of the share pertaining to the SESAR projects in which the Group is involved, and the collections made during the year for CEF financed projects reported in the previous year and SESAR projects for a total of €11.1 million.

16. Cash and cash equivalents

Cash and cash equivalents totalled €267,732 thousand, a net increase of €42,422 thousand on the previous year. This change is due mainly to the development of collections and payments connected with ordinary operations, which produced a positive cash flow closely related to the recovery of air transport activities, which generated greater liquidity from the Parent Company's core business. In addition to this, the following factors contributed to the change in cash and cash equivalents: i) payment of the liability to the Ministry for the Economy and Finance for 2020 and 2021 in the amount of €31.5 million; ii) payment of the liability to ENAC for its share of en-route and terminal receipts and payment to the Italian Air Force of its share of terminal receipts in the total amount of €19.1 million; iii) payment of the dividend of €58.4 million; iv) repayment of loan instalments and the bond loan in the amount of €246.2 million. These effects were partly offset by the liquidity received from the €180 million pool loan and by the collections from projects financed under the PON, CEF and SESAR schemes.

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

17. Shareholders' equity

Consolidated shareholders' equity at 31 December 2022 amounted to €1,206,894 thousand and breaks down as follows.

	31.12.2022	31.12.2021	Changes
Share capital	541,744	541,744	0
Legal reserve	42,650	39,571	3,079
Other reserves	425,674	436,283	(10,609)
Translation reserve	10,115	6,639	3,476
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(8,185)	(12,410)	4,225
Cash flow hedge reserve	2,085	2,073	12
Reserve for treasury shares	(1,535)	(2,150)	615
Retained earnings/(loss carryforward)	88,728	71,838	16,890
Profit/(loss) for the year	105,004	78,372	26,632
Total Group shareholders' equity	**1,205,553**	**1,161,233**	**44,320**
Non-controlling interests	1,848	2,189	(341)
Profit/(loss) attributable to non-controlling interests	(507)	(341)	(166)
Total non-controlling interests	**1,341**	**1,848**	**(507)**
Total shareholders' equity	**1,206,894**	**1,163,081**	**43,813**

(thousands of euros)

On 3 June 2022, during the Ordinary Shareholders' Meeting called to approve the Financial Statements of the Parent Company at 31 December 2021, a resolution was passed to distribute €58,506 thousand as a dividend to Shareholders, corresponding to a dividend of €0.1081 per share in circulation on the ex-dividend date set for 24 October 2022.

Share capital consists of 541,744,385 ordinary shares with no par value, of which 53.28% are held by the Ministry for the Economy and Finance, 46.65% by institutional and individual shareholders and 0.07% by ENAV in the form of treasury shares. At 31 December 2022, all shares are subscribed and paid up and no preference shares have been issued.

Other reserves include €36.4 million in the reserve for capital grants received in 1996-2002, which is reported net of taxes discharged, thereby making the reserve available, as well as €400 million from the allocation of the voluntary reduction of share capital, €1.8 million for the reserve for the long-term incentive plan for the Group's management, which increased during the year due to recognition of the shares connected with the third vesting cycle 2019-2021, reserve in respect of the fair value measurement of the investment in Aireon net of deferred tax assets and €3.9 million in respect of the equity reserve from D-Flight S.p.A.

The Translation reserve reflects exchange differences generated by the translation into euros of the financial statements of companies operating in areas other than the euro area.

The IAS FTA reserve (first time adoption) reflects differences in the values of assets and liabilities recognised at the time of initial adoption of international accounting standards.

The Reserve for actuarial gains/(losses) for employee benefits includes the effects of the actuarial changes in employee severance benefits, net of the tax effect, which at 31 December 2022 registered a Group actuarial gain of €5.6 million.

The Cash flow hedge reserve the impact of the measurement at fair value of hedging derivatives, which shows a net increase of €12 thousand for the year.
The Treasury share reserve reports the value of 370,519 treasury shares purchased at an average price of €4.14 per share, the remainder of the 518,823 treasury shares registered at 31 December 2021 following the award of 148,304 shares to the beneficiaries of the third vesting period (2019-2021) of the 2017-2019 Performance Plan.
The Retained earnings/(loss carryforward) reflects results for previous years of the companies included in the scope of consolidation and adjustments made at the consolidated level. The positive difference of €16,890 thousand mainly reflects to the allocation of profit for the 2021 to this item, net of the portion allocated to the legal reserve, reduced by the amount paid as a dividend in October.
Profit for the year pertaining to shareholders of the Parent Company amounted to €105,004 thousand.
At 31 December 2022, non-controlling interests amounted to €1,341 thousand.

Capital management

The capital management objectives of the Group are creating value for stakeholders and supporting the Group's long-term development. In particular, the Group seeks to maintain an adequate level of capitalisation that enables it to access external sources of financing while optimising borrowing costs, achieving a satisfactory financial return for shareholders and enabling it to adequately support the development of the Group's activities. Accordingly, the Group manages its capital and takes account of economic conditions and the requirements of financial covenants in the pursuit of these goals.

18. Provisions for risks and charges

Provisions for risks and charges amounted to €11,442 thousand, of which the portion classified in current liabilities totalled €9,986 thousand, and changed as follows during the year:

	31.12.2021	Increases	To profit or loss	Decreases	31.12.2022
Provisions for disputes with personnel	641	121		(50)	712
Provisions for other pending litigation	50	113	0	(30)	133
Other risk provisions	883	0	0	0	883
Provisions for other charges	12,340	2,137	(2,070)	(2,693)	9,714
Total provisions for risks and charges	**13,914**	**2,371**	**(2,070)**	**(2,773)**	**11,442**

(thousands of euros)

Provisions for disputes with personnel, the short-term portion of which stood at €171 thousand, increased by €71 thousand during the year to account for the liabilities associated with new disputes that led to the updating of estimates for the provision. At 31 December 2022 the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.6 million.
Provisions for other pending litigation, of which the short-term portion amounted to €101 thousand, increased by €83 thousand due to new disputes with suppliers that began during the year. At 31 December 2022, the estimated charges relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.1 million.
Provisions for other charges, classified entirely as current liabilities, amounts to €9,714 thousand and

underwent the following changes during the year: i) increase of €2,137 thousand for charges connected with the early retirement scheme under article 4, paragraphs 1-7 ter of Law 92/2012, known as *Isopensione*, required by two new expressions of interest received during 2022; ii) decrease of €2,070 thousand following the redetermination of the exit windows and the exclusion of two executives; iii) reclassification of €1,815 thousand in context of social security debts owed to INPS relating to three executives whose employment was terminated at the end of 2022. The early retirement programme will terminate on 30 November 2023. The provision for charges recorded in previous years for 878 thousand, intended for the fight against COVID-19, was fully used in the year to purchase 4 ambulances for four healthcare facilities located respectively in Palermo, Brindisi, Rome and Padua, 2 ambulances for the Red Cross to be sent to Ukraine, and finally 1 camper van set up for oncological visits to support the prevention of female cancer in Italy.

19. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €40,869 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.

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

	31.12.2022	31.12.2021
Liabilities for employee benefits at the beginning of the year	**47,896**	**49,943**
Interest cost	894	237
Actuarial (gains)/losses on defined benefits	(5,559)	1,126
Advances, benefit payments and other variations	(2,362)	(3,410)
Liabilities for employee benefits at the end of the year	**40,869**	**47,896**

(thousands of euros)

The interest cost component of the provision, equal to €894 thousand, was recognised under financial expense. The utilisation of €2,362 thousand of the severance pay provision reflected benefits paid out to personnel leaving the Group during the year and advances disbursed to personnel who so requested.

The difference between the expected value of provision at the end of the observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). In 2022 this calculation generated a Group actuarial profit of €5,559 thousand.

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

	31.12.2022	31.12.2021
Discount rate	3.63%	0.98%
Inflation rate	2.30%	1.75%
Rate of annual increase in severance pay	3.225%	2.810%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.50%	2.50%

The discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, using the IBoxx Corporate AA Index with the 10+ duration observed at the measurement date and commensurate with the average length of future service of the personnel involved. The inflation rate was determined on the basis of the current economic situation, in which the majority of indicators are particularly volatile. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.

The following provides a sensitivity analysis of the severance pay liability in alternative scenarios for the actuarial assumptions.

	Liabilities for defined benefits for employees	
	31.12.2022	**31.12.2021**
Turnover rate + 1%	41,485	48,018
Turnover rate - 1%	41,128	48,697
Inflation rate + 0.25%	41,779	48,959
Inflation rate - 0.25%	40,857	47,735
Discount rate + 0.25%	40,596	47,364
Discount rate - 0.25%	42,055	49,351
		(thousands of euros)

The average duration of the liability for defined benefit plans is 8.9 years.

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) lease liabilities emerging from the application of the new IFRS 16.

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

	31.12.2022			31.12.2021			Changes		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Bank loans	431,652	165,094	596,746	68,907	411,428	480,335	362,745	(246,334)	116,411
Bond	0	0	0	181,418	0	181,418	(181,418)	0	(181,418)
Lease liabilities ex IFRS 16	2,009	2,570	4,579	1,907	3,771	5,678	102	(1,201)	(1,099)
Total	**433,661**	**167,664**	**601,325**	**252,232**	**415,199**	**667,431**	**181,429**	**(247,535)**	**(66,106)**
									(thousands of euros)

Bank loans at 31 December 2022 registered a net increase of €116,411 thousand as a combined effect of new borrowing and the repayment of instalments on outstanding loans, reflecting the effects of amortised cost measurement. More specifically, we should point out: i) the variable rate Term Loan of €180 million taken out with a pool of banks for 121 months for the purpose of refinancing the private placement that matured and was repaid on 4 August 2022; ii) repayment of EIB loan instalments: two six-monthly instalments, totalling €5,333 thousand, of the loan with an initial €80 million, maturing on 12 December 2032, two six-monthly instalments, totalling €8,458 thousand, of the loan of an initial €100 million, maturing on 19 December 2029, repayment of a six-monthly instalment, totalling €2,414, of the loan with an initial €70 million, which became repayable from August 2022, maturing in August 2036; iii) repayment of four quarterly instalments, totalling €33,333 thousand, of the loan from Intesa Sanpaolo with an initial €100 million, maturing on 30 October 2023; iv) repayment of four quarterly instalments, totalling €16,667, of the loan from Mediobanca for an initial €50 million, maturing on 28 October 2023.

The loans and long-term loan portions to be repaid in 2023 are recognised under current liabilities in the total amount of €431,652 thousand, which includes the effect of amortised cost measurement.

The bond loan issued on 4 August 2015 by the Parent Company for a nominal €180 million, listed on the Luxembourg Stock Exchange's Regulated Market, with a duration of seven years, matured on 4 August 2022 and was fully repaid in the amount of 183.5 million, including interest.

At 31 December 2022, the Group had unused committed and uncommitted short-term credit lines totalling €294 million.

The following table provides an analysis of the loans with the general conditions for each individual Group credit relationship with the lenders. With regard to advances from the UniCredit and Intesa Sanpaolo, note that the conditions applied are agreed on a case-by-case basis and reflect market developments, while the conditions of the committed credit lines are determined on the basis of percentage use of the facilities.

Lender	Type	Amount granted	Amount used (nominal value)	Amount available	Carrying amount	Rate
BNL-BNP Paribas	RCF	60,000	0	60,000	0	Euribor + spread
Unicredit	Export advances	15,000	0	15,000	0	Euribor + spread
Unicredit	Financial advances	8,000	0	8,000	0	Euribor + spread
Intesa San Paolo	Financial advances	50,000	0	50,000	0	Euribor + spread
Intesa San Paolo	Acc. credit - overdraft	1,000	0	1,000	0	Euribor + spread
Mediobanca	RCF	15,000	0	15,000	0	Euribor + spread
Unicredit	RCF	145,000	0	145,000	0	Euribor + spread
Total		**294,000**	**0**	**294,000**	**0**	

(thousands of euros)

The average interest rate on bank loans in the reference period was 1.47%, higher than the rate for the previous year (1.06%).

Lease liabilities under IFRS 16 include a total of €4,579 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 year, that liability decreased as a consequence of payments made.

With regard to other financing transactions, note that the fair value of bank loans at 31 December 2022 was estimated at €560.7 million. The estimate was made considering a free risk curve of market rates, plus *a spread equal to the BTP/Bund differential* to reflect the credit risk component.

The following table reports the composition of net financial debt at 31 December 2022 and 31 December 2021 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.

	31.12.2022	of which with related parties	31.12.2021	of which with related parties
(A) Cash	267,732	0	225,310	0
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**267,732**	**0**	**225,310**	**0**
(E) Current financial receivables	**0**	**0**	**0**	**0**
(F) Current financial debt	0	0	(181,418)	0
(G) Current portion of non-current debt	(431,652)	0	(68,907)	0
(H) Other current financial debt	(2,009)	0	(1,907)	0
(I) Current financial debt (F)+(G)+(H)	**(433,661)**	**0**	**(252,232)**	**0**
(J) Net current financial debt/liquidity (D)+(E)+(I)	**(165,929)**	**0**	**(26,922)**	**0**
(K) Non-current bank loans	(165,094)	0	(411,428)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current debt	(2,570)	0	(3,771)	0
(N) Non-current trade payables	(74,425)		(41,561)	
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(242,089)**	**0**	**(456,760)**	**0**
(P) Total net financial debt as per ESMA guidelines (J)+(O)	**(408,018)**	**0**	**(483,682)**	**0**
(Q) Current and non-current derivative instruments	169	0	153	0
(R) Non-current financial receivables	0	0	0	0
(S) Total ENAV net financial debt (P)+(Q)+('R)	**(407,849)**	**0**	**(483,529)**	**0**

(thousands of euros)

21. Current and non-current trade payables

Current trade payables amounted to €140,096 thousand, showing an increase of €23,671 thousand on the previous year, mainly attributable to balance payables which also registered an increase in the item classified as non-current.

	31.12.2022	31.12.2021	Change
Current trade payables			
Payables to suppliers	98,800	100,349	(1,549)
Payables for advances received for projects with EU financing	3,109	3,389	(280)
Balance payables	38,187	12,687	25,500
Total	**140,096**	**116,425**	**23,671**
Non-current trade payables			
Payables to suppliers	730	572	158
Balance payables	73,695	40,989	32,706
Total	**74,425**	**41,561**	**32,864**

(thousands of euros)

Payables to suppliers of goods and services needed for the Group's business registered a net decrease of €1,549 thousand, mainly attributable to the increase in payments made by the whole Group due to the return to respecting standard contract terms.

Payables for advances received for projects with EU financing amounted to €3,109 thousand, slightly less than the figure at 31 December 2021. They mainly relate to prefinancing received under a number of SESAR projects.

Eurocontrol balance payments amounted to €111,882 thousand, of which the part classified under current payables came to €38,187 thousand and corresponds to the amount that will be reimbursed through unit rates in 2023. The overall net increase of €58,206 thousand relates to recognition of the balance that emerged in 2022 and relate in particular to: i) balance for en-route traffic risk and the second terminal charging zone for a total of €56.3 million to be returned to the carriers as the final balance of service units was higher than the forecasts made in the performance plan; ii) the balance of the third charging zone determined according to the cost recovery logic of €4.9 million; iii) the balance depreciation and the balance for projects financed at a European level subject to repayment on the basis of EU Regulations for a total of €12.6 million. The payable for the current portion of the balance declined as a result of use of the 2022 share through unit rates.

22. Other current and non-current liabilities

Other current and non-current liabilities showed an overall increase of €14,592 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	31.12.2022			31.12.2021			Changes		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Payments on account	70,337	0	70,337	38,271	0	38,271	32,066	0	32,066
Other payables	43,600	0	43,600	51,046	0	51,046	(7,446)	0	(7,446)
Deferred income	9,746	157,637	167,383	8,267	169,144	177,411	1,479	(11,507)	(10,028)
Total	**123,683**	**157,637**	**281,320**	**97,584**	**169,144**	**266,728**	**26,099**	**(11,507)**	**14,592**

(thousands of euros)

Payments on account amounted to €70,337 thousand and include €65,126 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in 2022 for en-route and terminal services and €5,211 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During 2022, the IAF was paid its accrued share for terminal services in the total amount of €16.7 million and IAF payments on account for en-route services registered at 31 December 2021 were offset against the receivable due from the Ministry for the Economy and Finance (MEF), which produced a payable of €15.3 million, which was paid in December, together with the ENAC share for 2021 amounting to €2.4 million.

Other payables amounted to €43,600 thousand, a net decrease of €7,446 thousand compared with the previous year, mainly attributable to the settlement of payables to the MEF, included among other payables at 31 December 2021, in the amount of €16.2 million, partly offset by the increase in payables to personnel due to provisions for the year.

Deferred Income mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) Infrastructure and Networks NOP grants for the period 2000-2006, 2007-2013 and 2014-2020 concerning specific investments made in southern airports in the amount, net of amounts taken to profit of loss, of €63,246 thousand (€71,907 thousand at 31 December 2021); ii) capital grants for investments at military airports, in accordance with the provisions of Law 102/2009, amounting to €52,349 thousand (€55,387 thousand at 31 December 2021); and iii) grants linked to the investment projects funded under the CEF programme in the amount of €47,505 thousand (€45,645 thousand at 31 December 2021), which increased as a result of the submission of final accounts for investment projects receiving funding under the 2015 call of the CEF programme.

23. Tax and social security payables

Tax and social security payables amounted to €56,825 thousand and break down as shown in the following table.

	31.12.2022	31.12.2021	Change
Tax payables	30,604	18,194	12,410
Social security payables	26,221	14,696	11,525
Total	**56,825**	**32,890**	**23,935**

(thousands of euros)

Tax payables increased by €12.410 thousand, attributable both to the increase in IRES and IRAP liabilities, which amounted to €16.2 million (€10.4 million at 31 December 2021), and to increase in IRPEF withholdings commensurate with the recouping of inflation paid to employees in December for the contract hiatus period. Social security payables amounted to €26,221 thousand, an increase of €11,525 thousand compared to the figure for 31 December 2021, due to the higher remuneration paid in December and to the contributions accrued on provisioned personnel costs and contributions for holiday entitlement accrued but not used in the total amount of €8,551 thousand (€5,531 thousand at 31 December 2021) and the debt owed to INPS for the *Isopensione* early retirement programme pertaining to three executives whose employment terminated at the end of the year.

Notes to the 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 €906,215 thousand, an increase of 13.5% compared to the previous year, reflecting the marked recovery of activities in the air transport sector which, thanks to vaccination coverage and the removal of travel restrictions between countries, allowed a return to normality. This positive scenario is also confirmed by a comparison of revenues from core businesses in 2022 with the values recorded in 2019, the pre-pandemic period, which shows a gap of -5.5% in terms of revenues, indicating a significant recovery in traffic lost in the two years of the pandemic. Performance also confirmed in terms of service units which shows a delta of -4.8% for en-route and -11.4% for terminal service units compared with 2019. Revenues were also positively affected by the 21% increase in revenues from the non-regulated market compared with 2021.

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.

	2022	2021	Changes	%
En-route revenues	648,162	324,025	324,137	100.0%
Terminal revenues	220,469	136,329	84,140	61.7%
En-route and terminal exemptions	12,501	10,990	1,511	13.7%
Revenues from non-regulated market	39,900	32,963	6,937	21.0%
Total revenues from operations	**921,032**	**504,307**	**416,725**	**82.6%**
Balances	(14,817)	294,398	(309,215)	-105%
Total revenues from contracts with customers	**906,215**	**798,705**	**107,510**	**13.5%**

(thousands of euros)

En-route revenues

En-route revenues amounted to €648,162 thousand, almost double their level in 2021, reflecting the +66.9% increase in service units generated during the year (+46.2% in 2021 on 2020), resulting mainly from the recovery in air traffic handled, no longer subject to travel restrictions. This is also confirmed by the comparison with 2019, which shows a recovery of air traffic handled, in terms of service units, of +95.2% (57% recover in 2021 on 2019). A contributing factor to the increase in revenues was the 20.33% higher unit rate applied in 2022 (€75.42 in 2022 compared with €62.68 in 2021), equivalent to a 16.67% increase considering charges net of the balance.

Considering en-route revenues including the exempt flights component, which posted an increase of 22% as a result of the +1.4% increase in service units during the year, the unit rate increase and the balance adjustment component, en-route revenues totalled €645,015 thousand, an increase of €84,108 thousand, as shown below:

	2022	2021	Changes	%
En-route revenues	648,162	324,025	324,137	100.0%
En-route exemptions	9,767	8,007	1,760	22.0%
Subtotal en-route revenues	*657,929*	*332,032*	*325,897*	98.2%
En-route balance for the year	(25,182)	213,413	(238,595)	n.a.
Discounting of balance for the year	330	(7,169)	7,499	n.a.
Change in balance	3,254	(4,570)	7,824	n.a.
Use of en-route balance n-2	8,684	27,201	(18,517)	-68.1%
Subtotal balance	*(12,914)*	*228,875*	*(241,789)*	n.a.
Total en-route revenues with balance	**645,015**	**560,907**	**84,108**	**15.0%**
			(thousands of euros)	

The en-route balance amounted to negative €25,182 thousand, determined in accordance with the provisions of Regulation (EU) 2019/317, which became applicable again after 2020-2021, when exceptional were applied to take account of the effects of the COVID-19 pandemic on the air transport sector. Among the balances recorded in the year, we would highlight the traffic risk balance of €49,980 thousand returnable to carriers, as 12.40% more service units were achieved by the end of 2022 than the figure shown in the performance plan, and the depreciation and EU loans balance returnable in the amount of €10,919 thousand. These negative effects were partly mitigated by recognition of the inflation balance of €29,953 thousand generated by the increase in inflation that emerged at the end of 2022, in line with the data published by Eurostat (+8.7%) compared to the forecast data stated in the performance plan (+1.8%) and the bonus capacity balance based on the achievement of the plan objective linked to capacity, which set a target of 0.11 minutes delay per assisted flight and which instead stood at 0.07 minutes delay per assisted flight.

The change in the 2022 balance compared to the data for 2021 is due to the different method used to calculate the balance envisaged by the European Commission for the two-year period 2020-2021 and regulated under EU Regulation 2020/1627 with the recognition of a balance linked to the loss of revenues for the two-year period, which for 2021 amounted to a total of €242.5 million.

The balances recorded during the year were discounted over a period of time consistent with the EU Regulations, i.e. in the two years following the recognition, compared with the two-year period 2020-2021, during which balances recorded for loss of revenues were recoverable over a period of five years starting from 2023.

The change in the balance concerns to the adjustment of Eurocontrol costs, which gives a positive value of €3.2 million, while the use of the n-2 en-route balance in the income statement relates to balances recorded in previous years included in the 2022 unit rates.

Terminal revenues

Terminal revenues amounted to €220,469 thousand, an increase of 61.7% on the previous year, due to the increase in service units posted by the individual airports in the different charging zones, which amounts to +63.5% (37.2% in 2020 on 2019), and the unit rate increases applied in the first two charging zones. This result was affected by the recovery of activities in the air traffic sector, as confirmed in the comparison with the data of 2019, the pre-pandemic year, which shows a recovery of 88.6% in terms of service units, with positive values for domestic air traffic for the second and third charging zones (+9.2%).

In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 100.1% compared with 2021 (+8.1% in 2021 on 2020), improving in terms of recovery compared to the values in the previous year, which was more severely impacted by the operations of the new ITA Airways company that replaced Alitalia. The unit rate applied in 2022 increased by 10.98% to €182.61, compared with the 2021 rate of €164.55.

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 +61.5% on 2021 (+33.7% in 2021 on 2020), with a particularly strong performance by international air traffic, although it was domestic traffic volumes that recovered to the levels recorded in 2019 (+9.2% service units). The unit rate applied in 2022 was €214.89, an increase of 33.59% compared to the 2021 unit rate of €160.86.

Charging Zone 3, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 54.5% compared with 2021 (+49.0% in 2021 on 2020), with international air traffic a posting a gain of 83.8% and a +9.2% recovery in domestic air traffic compared with 2019. The unit rate applied in 2022 was €334.24, a reduction of 15.46% compared to the 2021 unit rate of €395.35.

Considering terminal revenues together with revenues for exempt flights, which decreased by €249 thousand on the previous year, and the balance adjustment component, terminal revenues totalled €221,300 thousand, up €16,465 thousand on 2021, as shown below:

	2022	2021	Changes	%
Terminal revenues	220,469	136,329	84,140	61.7%
Terminal exemptions	2,734	2,983	(249)	-8.3%
Subtotal	*223,203*	*139,312*	*83,891*	60.2%
Terminal balance for the year	(4,984)	57,497	(62,481)	n.a.
Discounting of balance for the year	(922)	(2,077)	1,155	-55.6%
Change in balance	0	(448)	448	-100.0%
Use of terminal balance n-2	4,003	10,551	(6,548)	-62.1%
Subtotal	*(1,903)*	*65,523*	*(67,426)*	n.a.
Total terminal revenues with balance	**221,300**	**204,835**	**16,465**	**8.0%**

(thousands of euros)

The terminal balance for the year has a negative effect of €4,984 thousand and follows the same determination rules as the en-route rate for the first and second charging zones, returning to apply the mechanism envisaged by EU Regulation 2019/317, while the third charging zone is recognized according to the cost recovery rule. The balance for the year is affected by the risk balance returned to carriers in the second charging zone, owing to the greater number of service units generated than stated in the performance plan (+14.53%), totalling €6,370 thousand, the negative balance for the third charging zone of €4,964 thousand, the negative depreciation balance of €1,676 thousand, effects partly mitigated by the recognition of the positive traffic risk balance for the first charging zone for having generated a lower number of service units than stated in the performance plan (-9.81%) and the inflation balance for a positive €4,767 thousand.

The aforesaid balances were discounted based on the recovery times of the same, determined two years from their recognition; this discounting includes the adjustment of the balances recorded in the two-year period 2020-2021 for the third charging zone, the recovery of which has been planned over seven years compared to the initial five. Use of the terminal balance registered in previous years and included in the 2022 unit rate amounted to €4,003 thousand.

Revenues from the non-regulated market amounted to €39,900 thousand, an increase of 21% on the previous year, mainly reflecting the revenues from the support activities provided to the Qatar Civil Aviation Authority to manage the air traffic connected with the FIFA World Cup 2022, the progress of orders in Libya for the modernisation and installation of systems at Tripoli and Misrata airports and the progress of activities related to the modernisation of ATM capability at Decimomannu military airport. We would also highlight the activities related to the renewal of the maintenance of the AIS (Aeronautical Information Service) software for the Polish ANSP, the sale of the software for the creation of the AIS system for the Romanian ANSP, the supply of licences to the Australian service provider and checks on radio assistance systems installed at airports in Greece, Qatar and Uganda.

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

	2022	2021	Changes	%
Revenues from non-regulated market				
Sale of licenses and delivery of services	19,678	20,092	(414)	-2.1%
Flight inspection	1,464	1,278	186	14.6%
Aeronautical consulting	8,406	2,802	5,604	200.0%
Technical and engineering services	7,324	6,397	927	14.5%
Unmanned aerial vehicle services	611	567	44	7.8%
Training	183	142	41	28.9%
Other revenues	2,234	1,685	549	32.6%
Total revenues from non-regulated market	**39,900**	**32,963**	**6,937**	**21.0%**

(thousands of euros)

25. Other operating income

Other operating income amounts to 46,565 thousand euro and is broadly in line with the figure for the previous year, albeit with a different composition of the items, which show an increase in *capital grants*, reflecting recognition of the tax receivable for electricity and gas provided under the "Aiuti bis", "Aiuti ter" and "Aiuti quater" Decrees and recorded in accordance with the aforementioned decrees for a total amount of €3,220 thousand and a lower incidence of European loans related mainly to the Connecting European Facility.

	2022	2021	Changes	%
Capital grants	8,470	8,533	(63)	-0.7%
Operating grants	33,797	30,997	2,800	9.0%
European funding	3,149	5,358	(2,209)	-41.2%
Other revenues and income	1,149	1,519	(370)	-24.4%
Total other operating income	**46,565**	**46,407**	**158**	**0.3%**

(thousands of euros)

Other income also includes the portion of capital grants recognised in profit or loss commensurate with the depreciation rates on the assets to which the grants refer amounting to €8,470 thousand; operating grants, including €30 million paid to the Parent Company pursuant to article 11-septies of Law 248/2005, in order to offset the costs incurred to guarantee the safety of its plants and operational safety.

The following table provides a breakdown of revenues for 2022 and 2021 by geographical area:

Revenues	2022	% of revenues	2021	% of revenues
Italy	920,339	96.6%	818,553	96.9%
EU	10,200	1.1%	9,168	1.1%
Non-EU	22,241	2.3%	17,391	2.0%
Total revenues	**952,780**		**845,112**	

(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 €155,712 thousand, an increase of 9.3% on the previous year, reflecting an increase in the various cost items.

	2022	2021	Changes	%
Costs for the purchase of goods	8,009	9,734	(1,725)	-17.7%
Costs for services:				
Maintenance costs	22,863	22,499	364	1.6%
Costs for Eurocontrol contributions	36,471	36,593	(122)	-0.3%
Costs for utilities and telecommunications	37,845	27,699	10,146	36.6%
Costs for insurance	3,272	3,210	62	1.9%
Cleaning and security	5,376	4,910	466	9.5%
Other personnel-related costs	11,104	8,232	2,872	34.9%
Professional services	15,067	12,362	2,705	21.9%
Other costs for services	10,925	11,760	(835)	-7.1%
Total costs for services	**142,923**	**127,265**	**15,658**	**12.3%**
Costs for leases and rentals	1,641	1,787	(146)	-8.2%
Other operating expenses	3,139	3,618	(479)	-13.2%
Total costs	**155,712**	**142,404**	**13,308**	**9.3%**

(thousands of euros)

Costs for the purchase of goods, which include costs incurred to purchase spare parts for plant and equipment used for air traffic control and the related change in inventories, as well as purchases of materials for the sales orders of subsidiaries, recorded a decrease of 17.7% due to smaller purchases of third-party software licenses and hardware components used in sales orders.

Costs for services registered a net increase of 12.3% compared to the previous year and reflects, among other things, the increase in the cost of electricity as a result of the higher energy cost affecting the whole country, partly recovered by posting the tax receivable granted by law and recorded among other revenues. There was an increase in other personnel-related costs of €2,872 thousand, relating both to employee travel and to the support provided for foreign contract development activities and professional services of €2,705 thousand, linked to activities associated with sales contracts and specialist support in the fields of Information Technology provided for the Group's activities.

27. Personnel costs

Personnel costs amounted to 543,979 thousand, an increase of €44,738 thousand (equal to +9%) on the previous year, due both to the resumption of activities in the air traffic sector, which affected the variable part of the remuneration, and the formalisation of the agreements with the trade unions relating to renewal of the financial part of the National Collective Labor Contract for Air Transport (CCNL) and the recouping of inflation relating to the contract hiatus period, both for the Parent Company and for Techno Sky, which affected the fixed part of the remuneration.

	2022	2021	Changes	%
Wages and salaries, of which:				
Fixed remuneration	306,692	285,841	20,851	7.3%
Variable remuneration	80,889	57,771	23,118	40.0%
Total wages and salaries	**387,581**	**343,612**	**43,969**	**12.8%**
Social security contributions	124,884	112,210	12,674	11.3%
Employee severance pay	23,988	23,094	894	3.9%
Other costs	7,526	20,325	(12,799)	-63.0%
Total personnel costs	**543,979**	**499,241**	**44,738**	**9.0%**

(thousands of euros)

Fixed remuneration stood at €306,692 thousand, up by 7.3% on the figure for 2021, following the renewal of the financial part of the National Collective Labor Agreement for the Parent Company and Techno Sky, which expired on 31 December 2019, which reset the new contractual minimums starting from 1 January 2023 and a one-off amount paid to recoup inflation during the contract hiatus period totalling €16.8 million. Part of the increase in fixed remuneration is linked to contractual advances and an increase in the average workforce which stood at 4,221 at the end of the year, 34 higher than in 2021 and an actual Group workforce of 4,185, an increase of 79.

Variable remuneration increased by €23,118 thousand, mainly due to the resumption of activities in the air transport sector, which was reflected in greater operating overtime for ATC (Air Traffic Controller) personnel, the increase in the performance bonus based on the service units handled, and in the summer season, when additional amounts were paid linked to the concentration of activities in the summer period and the lower use of accrued and unused holidays.

Other personnel costs decreased by €12,799 thousand compared to 2021, which was affected by the *Isopensione* early retirement measure governed by article 4 paragraphs 1-7 ter of Law 92/2012.

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

	2022	2021	Change
Executives	51	50	1
Middle managers	410	412	(2)
Office staff	3,724	3,644	80
Workforce at period end	**4,185**	**4,106**	**79**
Average workforce	**4,221**	**4,187**	**34**

28. Capitalised costs

Capitalised costs amounted to €27,569 thousand (€27,442 thousand in 2021), broadly in line with the previous year. The item in question includes the hours of Group personnel envolved on investment projects and the internal implementation of investment projects by the subsidiaries Techno Sky and IDS AirNav.

29. Financial income and expense

Financial income and expenses show a total negative balance of €551 thousand (positive by €4,500 thousand in 2021), a worse figure than the previous year due to the increase in financial expenses and the lower net effect of exchange losses and gains which were positive by €73 thousand compared to €422 thousand in 2021.

The following table provides a breakdown of financial income:

	2022	2021	Changes	%
Income from investments in other entities	667	667	0	0.0%
Financial income from discounting of balance and receiva	7,987	5,010	2,977	59.4%
Other interest income	966	5,192	(4,226)	-81.4%
Total financial income	**9,620**	**10,869**	**(1,249)**	**-11.5%**

(thousands of euros)

Financial income fell by €1,249 thousand on the previous year, as in 2021 it included interest accrued for €4 million on receivable for excess IRES corporate tax paid in the years 2007/2011, partly offset by the financial effect deriving from the portion of the discounting of Balances recorded in previous years.

Financial expenses amounted to €10,244 thousand, an increase of 3,453 thousand compared to the previous year, due to the increase in interest paid on loans linked both to a greater bank exposure and to the rise in interest rates. This effect was partly offset by the lower interest paid on the bond following the repayment of the loan which matured in August 2022.

The following table provides a breakdown of financial expense:

	2022	2021	Changes	%
Interest expense on bank loans	7,102	2,825	4,277	151.4%
Interest expense on bonds	2,056	3,474	(1,418)	-40.8%
Interest expense on employee benefits	894	237	657	277.2%
Interest expense on lease liabilities	99	167	(68)	-40.7%
Other interest expense	93	88	5	5.7%
Total financial expense	**10,244**	**6,791**	**3,453**	**50.8%**

(thousands of euros)

30. Income taxes

Income taxes totalled €43,285 thousand, an increase of €18,530 thousand, primarily due to the increase in taxable income.

The following table provides a breakdown of current and deferred taxes:

	2022	2021	Changes	%
IRES (corporate income tax)	37,359	25,169	12,190	48.4%
IRAP (regional business tax)	7,274	4,020	3,254	80.9%
Total current taxes	**44,633**	**29,189**	**15,444**	**52.9%**
Deferred tax assets	(848)	(3,869)	3,021	-78.1%
Deferred tax liabilities	(500)	(565)	65	-11.5%
Total current tax and deferred tax assets and liabilit	**43,285**	**24,755**	**18,530**	**74.9%**

(thousands of euros)

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

The IRES tax rate for 2022 was 25.28%, slightly higher than the theoretical rate of 24%.

	2022		2021	
	IRES (corporate income tax)	%	IRES (corporate income tax)	%
Income before taxes	147,782		102,786	
Theoretical tax	35,468	24.0%	24,669	24.0%
Effect of increases/(decreases) compared with ordinary taxation				
Non-deductible expenses	89	0.1%	59	0.1%
Other	(557)	-0.4%	244	0.2%
Temporary differences for taxed provisions	2,359	1.6%	197	0.2%
Actual IRES	**37,359**	**25.3%**	**25,169**	**24.5%**

(thousands of euros)

The IRAP tax rate for 2022 was 4.9%, broadly in line with the theoretical rate of 4.78%.

	2022		2021	
	IRAP (regional business tax)	%	IRAP (regional business tax)	%
Income before taxes	147,782		102,786	
Theoretical tax	7,064	4.78%	4,913	4.78%
Effect of increases/(decreases) compared with ordinary taxation				
Other	184	0.1%	(678)	-0.7%
Financial income and expense	26	0.0%	(215)	-0.2%
Actual IRAP	**7,274**	**4.9%**	**4,020**	**3.9%**

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

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

2022

	Flight assistance services	Servicing	AIM software solutions	Other sectors	Consolidation adjustments/ reclassification	ENAV Group
Revenues from third parties	925,378	6,279	19,959	1,164		952,780
Intersegment revenues	8,946	90,435	5,418	406	(105,205)	0
Total revenues	**934,324**	**96,714**	**25,377**	**1,570**	**(105,205)**	**952,780**
Personnel costs	(474,688)	(59,643)	(9,646)	(2)		(543,979)
Other net costs	(196,054)	(22,611)	(9,979)	(1,880)	102,381	(128,143)
Total operating costs	**(670,742)**	**(82,254)**	**(19,625)**	**(1,882)**	**102,381**	**(672,122)**
Depreciation	(123,598)	(1,168)	(1,865)	(968)	1,241	(126,358)
Writedowns and provisions	(6,669)	(129)	(1,006)	1	1,836	(5,967)
EBIT	**133,315**	**13,163**	**2,881**	**(1,279)**	**253**	**148,333**
Financial income/(expense)	(165)	(151)	(137)	(98)	0	(551)
Income before taxes	**133,150**	**13,012**	**2,744**	**(1,377)**	**253**	**147,782**
Income taxes	(40,749)	(3,782)	(843)	1,655	434	(43,285)
Net profit/(loss) for the year	**92,401**	**9,230**	**1,901**	**278**	**687**	**104,497**
Total assets	**2,447,357**	**119,856**	**32,379**	**82,729**	**(263,334)**	**2,418,987**
Total liabilities	**1,272,777**	**57,900**	**20,948**	**7,556**	**(147,088)**	**1,212,093**
Net financial debt	**(414,720)**	**2,649**	**(2,725)**	**6,488**	**460**	**(407,848)**

(thousands of euros)

2021

	Flight assistance services	Servicing	AIM software solutions	Other sectors	Consolidation adjustments/ reclassification	ENAV Group
Revenues from third parties	817,006	5,736	20,444	1,926		845,112
Intersegment revenues	8,719	91,593	4,402	171	(104,885)	0
Total revenues	**825,725**	**97,329**	**24,846**	**2,097**	**(104,885)**	**845,112**
Personnel costs	(437,114)	(53,646)	(8,469)	(12)		(499,241)
Other net costs	(179,919)	(23,583)	(10,982)	(2,352)	101,874	(114,962)
Total operating costs	**(617,033)**	**(77,229)**	**(19,451)**	**(2,364)**	**101,874**	**(614,203)**
Depreciation	(126,856)	(1,178)	(1,750)	(723)	1,250	(129,257)
Writedowns and provisions	(3,176)	59	(238)	(11)		(3,366)
EBIT	**78,660**	**18,981**	**3,407**	**(1,001)**	**(1,761)**	**98,286**
Financial income/(expense)	4,843	43	(64)	(68)	(254)	4,500
Income before taxes	**83,503**	**19,024**	**3,343**	**(1,069)**	**(2,015)**	**102,786**
Income taxes	(21,915)	(5,246)	(902)	2,824	484	(24,755)
Net profit/(loss) for the year	**61,588**	**13,778**	**2,441**	**1,755**	**(1,531)**	**78,031**
Total assets	**2,369,058**	**113,503**	**33,343**	**79,343**	**(239,132)**	**2,356,115**
Total liabilities	**1,232,868**	**61,548**	**23,842**	**6,865**	**(132,089)**	**1,193,034**
Net financial debt	**(497,553)**	**7,920**	**(1,903)**	**7,165**	**842**	**(483,529)**

(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 Italian 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, including those with directors, statutory auditors and key management personnel for 2022 and 2021, respectively.

Balance at 31.12.2022

Name	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	12,506	0	56,152	12,501	0	0
Ministry of Infrastructure and Transport	50,252	0	0	33,070	0	0
Enel Group	0	0	840	0	1,435	0
Leonardo Group	878	0	7,610	781	2,378	0
CDP Group	714	0	535	1,871	587	0
Other external related parties	0	0	10	40	137	24
Balance in financial statements	**372,207**	**267,732**	**263,780**	**952,780**	**150,932**	**1,641**
as % of balance in financial statements	**17.3%**	**0.0%**	**24.7%**	**5.1%**	**3.0%**	**1.5%**

(thousands of euros)

Balance at 31.12.2021

Name	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	10,993	0	42,518	10,991	0	0
Ministry of Infrastructure and Transport	64,654	0	0	34,308	0	0
Enel Group	0	0	102	0	5,395	0
Leonardo Group	813	0	14,209	629	2,356	0
CDP Group	2,478		2,637	3,342	1,150	43
Other external related parties	0	0	26	101	134	23
Balance in financial statements	**233,848**	**225,310**	**255,571**	**550,714**	**136,999**	**1,787**
as % of balance in financial statements	**33.8%**	**0.0%**	**23.3%**	**9.0%**	**6.6%**	**3.7%**

(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 Infrastructure and Transport (MIT) and the entities subject to the control of the MEF is discussed below and detailed in the comments on the individual items of the financial statements in the notes to the financial statements:

- transactions with the MEF mainly involve receivables and revenue streams connected with the refund of charges for services provided by the Parent Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by the Parent Company relating to the portion attributable to the Italian Air Force for en-route charges. Following approval of the ENAV Financial Statements, this payable is used to offset the receivable position;
- transactions with the Ministry of Infrastructure and Transport (formerly MIMS) mainly involve receivable and revenue streams associated with both an operating grant intended to cover the costs incurred by the Parent Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/2005, and receivables for capital grants as part of the Transport NOP and on the basis of agreements

between the parties registered with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;

- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with the Leonardo Group mainly regard activities connected with Parent Company investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;
- transactions with the Cassa Depositi e Prestiti Group regard activities connected with the Fincantieri Group, which in 2021 acquired IDS Ingegneria dei Sistemi S.p.A., with which ENAV has business relationships;
- transactions with other related parties contain residual positions.

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

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

	2022	2021
Short/medium-term remuneration	2,186	2,175
Other long-term benefits	0	0
Share-based payments	1,057	962
Total	**3,243**	**3,137**
		(thousands of euros)

The remuneration paid by the Group to the Board of Auditors amounted to €234 thousand (€230 thousand at 31 December 2021).

For more details, please see the Remuneration Report prepared pursuant to Article 123 ter of the Consolidate Law.

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

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 and 16 February 2022, marking the start of the first vesting cycle for 2020-2022. The Board of Directors' meeting held on 11 November 2021 marked the start of the second vesting cycle for 2021-2023 and the Board of Directors' resolution of 18 October 2022 marked the start of the third vesting cycle for 2022-2024 and updated the respecting Rules.

Of the previous cycle, which was approved by the Shareholders' Meeting of the Parent Company on 28 April 2017 for the years 2017-2019, the third vesting cycle referring to 2019-2021 was awarded to the Plan beneficiaries in July 2022.
The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. The target aggregates are cumulative EBIT, total shareholder return (TSR) and cumulative free cash flow, and, for the second long-term stock incentive plan, a corrective factor based on sustainability indicators having a maximum impact on the stock incentive of +/-10%, identified with a resolution of the Board of Directors on the start date of each vesting period. For the first vesting cycle for 2020-2022, the sustainability indicator is represented by obtaining certification of ENAV as carbon neutral by 31 December 2022. For the second vesting cycle for 2021-2023, the sustainability target will be obtaining a solicited ESG rating by 31 December 2023. The third vesting period provides for the ESG solicited rating to the maintained with different effects based on the difference in score compared to the baseline. The corrective factor for that indicator, which will have an impact on the stock incentive of +/-10%, will be applied as at the date of final determination of the performance achieved.
The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also includes a lock-up period of two years for 30% of shares awarded to the beneficiaries, i.e. the Chief Executive Officer, key management personnel and any other specified managers.
The performance targets are composed of the following indicators:
- a market-based component (with a 40% weighting on assigned rights) related to ENAV's performance in terms of TSR compared with the peer group already identified by the Company;
- a non-market-based component (with a 60% weighting on assigned rights) related to the achievement of the cumulative free cash flow or EBIT targets.

With regard to the measurement of the long-term share-based incentive plan pursuant to the provisions of IFRS 2, the calculation method used for the market-based component is the *Monte Carlo method*, which, on the basis of appropriate assumptions, made it possible to define a large number of alternative scenarios over the time horizon considered. By contrast, the non-market-based component is not significant for the purpose of estimating the fair value at the time of the grant, but it is updated at every reporting date to take account of the expectations for the number of rights that may vest based on the performance of EBIT and free cash flow compared with the Plan targets.
At 31 December 2022, the overall fair value of the first, second and third vesting cycles was equal to €1.1 million and takes account of the adjustment for the third vesting cycle (2019-2021), related to the first 2017-2019 performance plan, which underwent final determination and award in 2022. The details for each vesting cycle are provided below.

Third vesting cycle 2019-2021

The third cycle was completed with the approval of the Annual Financial Report for 2021. In accordance with the Rules, 148,304 shares were awarded to the Plan beneficiaries in accordance with the determination of the performance achieved in the amount of €0.7 million.

First vesting cycle 2020-2022

The first vesting cycle for 2020-2022 envisaged 9 beneficiaries and assumed achievement of the target with 300,403 shares and a total fair value of €0.8 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.8 million.

Second vesting cycle 2021-2023

The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 305,522 shares and a total fair value of €1 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.7 million.

Third vesting cycle 2022-2024

The third vesting cycle for 2022-2024 envisaged 12 beneficiaries and assumed achievement of the target with 341,783 shares and a total fair value of €1 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.3 million.

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 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 derivatives was a positive €169 thousand at 31 December 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 December 2022, as indicated in bank communications, are listed below:

Counterparty	Transaction type	Inception date	Expiration date	Notional (thousands of USD)	Forward exchange rate	Forward value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	4/2/2019	1/13/2023	1,392	1.2340	1,128	171.9
Total				**1,392**		**1,128**	**171.9**

The fair value at 31 December 2022 is shown below, adjusted to take account of the Debit Value Adjustment:

Counterparty	Transaction type	Notional (thousands of USD)	Forward value (thousands of euros)	MtM	Credit Valuation Adjustment (CVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	169.1	(0.3)	168.8
Total		**1,392**	**1,128**	**169.1**	**(0.3)**	**168.8**

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

Due to the substantive features of the derivatives, they are classified as hedging instruments. With reference to these instruments, shown below is the information required by IFRS International Accounting Standards, including maturity analysis, which shows a one-month value of €168.8 thousand, and the following sensitivity analysis:

Transaction type	Fair value (thousands of euros)	Delta equity Eur/FX +5% (euros/000)	Delta equity Eur/FX -5% (euros/000)
Forward purchase (BNL)	169	20	(71)

35. Assets and Liabilities by Maturity

	Within following year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	344	0	344
Deferred tax assets	0	36,321	0	36,321
Non-current tax receivables	0	60	0	60
Non-current trade receivables	0	583,057	23,718	606,775
Other non-current receivables	0	6,077	0	6,077
Total	**0**	**625,859**	**23,718**	**649,577**
Financial liabilities	433,660	78,888	88,776	601,324
Deferred tax liabilities	0	5,790	0	5,790
Other non-current liabilities	0	30,895	126,743	157,638
Non-current trade payables	0	74,425	0	74,425
Total	**433,660**	**189,998**	**215,519**	**839,177**

Non-current trade receivables falling due after the 5th year refer to the portion of balances recognised in 2020 and 2021 that, in conformity with the EU Regulation governing the charging scheme, will be recovered over five years as from 2023 for en-route and the first and second terminal charging zones and in seven years for the third terminal charging zone.

Financial liabilities falling due after the 5th year refer to the bank loans commented on in detail in Note 39.

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

36. Guarantees and commitments

Guarantees regard sureties granted to third parties in the interest of the Group in the amount of €10,920 thousand (€5,800 thousand at 31 December 2021), a net increase of €5,120 thousand attributable mainly to sureties issued to secure foreign contracts.

37. Basic and diluted earnings per share

Basic earnings per share are reported at the end of the income statement and are calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares outstanding during the year.

Share capital, which did not change during the year, is composed of 541,744,385 ordinary shares. The Parent Company holds 370,519 treasury shares after the award in 2022 of the shares pertaining to the third vesting cycle (2019-2021) of the incentive plan for 2017-2019.

The table below summarises the calculation.

	2022	2021
Consolidated profit	104,496,925	78,030,375
Weighted average number of ordinary shares	541,151,410	541,120,029
Basic Profit (loss) per share	0.19	0.14
Diluted earnings/(loss) per share	0.19	0.14

38. Transparency in the system of government grants

Article 1, paragraphs 125 and 126, of Law no. 124 of 4 August 2017 (Annual Market and Competition Act) introduced a number of measures to ensure transparency in the system of government grants. The provisions, most recently amended by Decree-Law no. 34 of 30 April 2019, envisage, among other things, the requirement to publish in the notes to the financial statements and the consolidated financial statements, where present, the amounts and information relating to subsidies, contributions or aid, in cash or in kind, received from public administration and the disbursements made.

In accordance with Assonime circulars no. 5 of 22 February 2019 and no. 32 of 23 December 2019, the criterion used in the information provided below was disbursements exceeding €10 thousand, from the same grantor entity during 2022, including amounts disbursed in more than one transaction and are recognised on a cash basis.

Grantor	Date of receipt	Amount	Description
Ministry of Infrastructure and Transport	12/14/2022	30,000	Operating grant to offset costs incurred by Parent Company to ensure safety of its plant and operating safety pursuant to Article 11-septies of Law 248/05
Ministry of Infrastructure and Transport	1/11/2022	861	Infrastructure and Networks NOP 2014-2020
Ministry of Infrastructure and Transport	2/22/2022	7,990	Infrastructure and Networks NOP 2014-2020
Total Ministry of Infrastructure and Transport		**38,851**	
Overall total		**38,851**	

(thousands of euros)

39. Management of Financial Risk

In conducting its business, the ENAV Group is exposed to various financial risks such as market risks (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The management of these risks is based on the presence of specific internal committees, composed of the Group's top management, which are entrusted with providing strategic guidance and overseeing risk management and the policies that define the roles and responsibilities for the management processes, the structure of limits, the model of relationships and hedging and mitigation instruments.

Credit risk

The Group is exposed to credit risk, which is the risk that one or more commercial counterparties may become unable to honour all or part of their payment obligations. This risk mainly appears in respect of current trade receivables relating to operating activities, and particularly in connection with receivables deriving from operations on the non-regulated market and with en-route services and terminal services, which represent the biggest exposure in the financial statements. These amounts mainly refer to receivables accrued in respect of Eurocontrol. In this context, the measurement of the credit risk in respect of Eurocontrol is directly correlated with the risk associated with the airline industry. More specifically, Eurocontrol does not assume any credit risk with regard to the possible insolvency of carriers and it only settles its liabilities with the Parent Company after it has collected the respective sums from the carriers. Eurocontrol will, however, take direct action to recover en-route receivables, initiating legal proceedings where necessary, and work in collaboration with the Parent Company for terminal receivables.

A provision for doubtful accounts (expected credit loss allowance) is recorded in the financial statements against the risk of default by the Group's debtors in accordance with IFRS 9. It was specifically updated during the year, based on the deterioration of the credit standing of a basket of companies representing the air transport sector.

Liquidity risk

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

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

At 31 December 2022, the Group had €267.7 million in available cash and €294 million in unused short-term lines of credit. These include: i) €74 million in uncommitted lines of credit subject to revocation, which do not require compliance with either covenants or other contractual commitments. Of that total, €1 million are held in current account overdrafts, €58 million in financial advances which can be drawn on without any constraints regarding their use and €15 million in export financing; and ii) committed lines of credit, of which two obtained in May 2020 in the total amount of €150 million, renewed until May 2023, and three obtained in July 2021 in the total amount of €70 million, falling due in July 2023.

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

In compliance with the general guidelines established by top management and the policy approved by the

Board of Directors, the Finance and Procurement unit defines the short- and medium/long-term financial structure and the management of the cash flows. The decisions were mainly aimed at: i) guaranteeing that adequate financial resources were available for planned short-term operating commitments, systematically monitored through cash planning activities; ii) maintaining a sufficient prudential liquidity buffer to deal with any unexpected commitments; iii) guaranteeing a minimum liquidity reserve level to ensure the coverage in full of short-term debt and the coverage of medium-/long-term debt falling due over a time horizon of 24 months, even in the event of restrictions on access to credit; iv) ensuring an adequate level of flexibility for the Group's medium/long-term development projects, relating to investment contracts for the technology and infrastructure modernisation of flight assistance systems.

The Group's gross financial exposure at 31 December 2022 is €593.8 million and consists of medium/long-term bank loans, including €428.7 million repayable within twelve months.

The following table reports the due dates of the medium/long-term bank loans stated at the nominal value, excluding the effect of amortised cost measurement.

Lender	Type	Outstanding debt at 31.12.2022	<1 year	from 1 to 2 years	from 3 to 5 years	> 5 years
EIB - European Investment Bank	15-year loan	62,922	8,587	8,718	26,957	18,660
EIB - European Investment Bank	15-year loan	53,333	5,333	5,333	16,000	26,667
EIB - European Investment Bank	16-year loan	67,586	4,828	4,828	14,483	43,447
Intesa Sanpaolo	3-year loan	33,333	33,333	0	0	0
Mediobanca ESG	3-year loan	16,667	16,667	0	0	0
BNL BNP Paribas	2-year loan	90,000	90,000	0	0	0
Unicredit	2-year loan	45,000	45,000	0	0	0
Mediobanca	2-year loan	45,000	45,000	0	0	0
Bank pool	1-year loan	180,000	180,000	0	0	0
Total		**593,841**	**428,748**	**18,879**	**57,440**	**88,774**

(thousands of euros)

The above loan agreements include general commitments and covenants for the Parent Company, some of which have negative provisions, which, although in line with market practices for loan agreements for similar amounts and types, could restrict operations. Specifically, these agreements envisage certain early repayment scenarios if certain events of default occur where the Parent Company could be obliged to repay the loans immediately in full.

Specifically, note the following:

- the loan agreements between the Parent Company and the European Investment Bank (EIB) for €180 million in 2014 and €70 million in 2016, which were entered into in order to fund investment projects associated with 4-Flight and other projects and had been entirely used at 31 December 2022, have the following repayment plan: i) semi-annual instalments in arrears from December 2018 until December 2029, with a fixed interest rate of 1.515%, for the tranche of €100 million; ii) semi-annual instalments in arrears from June 2018 to December 2032 with a fixed interest rate of 1.01% for the tranche of €80 million; and iii) semi-annual instalments in arrears from August 2022 to August 2036 with a fixed interest rate of 0.638% for the tranche of €70 million.

  These agreements include:

  - a negative pledge clause, i.e. a commitment by the Parent Company not to establish or allow the establishment of encumbrances on any of its assets, where encumbrances refer to any agreement or transaction relating to goods, receivables or cash used as an instrument to obtain credit or fund the acquisition of an asset;

- a cross-default clause, which gives the EIB the right to demand early repayment of the loan if the Parent Company or any other Group company does not comply with the obligations under any loan or other financial transaction other than this loan agreement;
- a change of control clause, which gives the EIB the right to demand early repayment of the loan if any party or group of parties acting in concert obtains control or ENAV, or if the Italian Republic no longer retains control of the Issuer.

The loans also require compliance with several financial covenants, verified on an annual or half-yearly basis and calculated using the Group's consolidated data: i) a ratio of gross financial debt to EBITDA of less than 3; ii) a ratio of EBITDA to financial expense of at least 6. With regard to the first of the two covenants, a contractual amendment was agreed with the EIB in June 2021, providing for its replacement with a ratio of net financial debt to EBITDA of less than 4 times for the period between 30 June 2021 and 31 December 2024. As from 30 June 2025, the original covenant required by the agreement will apply once more. This contractual amendment did not entail additional charges for the Group;

- The two loan agreements between the Parent Company and Intesa Sanpaolo and Mediobanca, respectively of €100 million and €50 million, signed in October 2020, with a term of three years, provide for quarterly repayment starting from January 2021 with interest indexed to 3-month Euribor with further provision for price adjustment mechanisms linked to sustainability parameters (Environmental, Social and Governance). These loan agreements do not require compliance with financial covenants, but, in accordance with market practice, include negative pledge, pari passu, cross-default and change of control clauses that would be triggered should the Ministry for the Economy and Finance cease to hold control of the Parent Company;
- the three loan agreements between the Parent Company and BNL BNP Paribas, Mediobanca and UniCredit, of respectively €90 million, €45 million and €45 million, signed in July 2021, with a term of two years, provide for repayment at maturity and quarterly interest indexed to 3-month Euribor. These loan agreements do not require compliance with financial covenants, but adopt market practice in including negative pledge, pari passu, cross-default and change of control clauses;
- the syndicated loan agreement between the Parent Company and BNL, BNP Paribas, Intesa Sanpaolo and UniCredit, signed in July 2022 for a total amount of €180 million, with a term of one year and an option to extend for a further 6 months and full repayment at maturity, provides for a floating rate indexed to the 3-month Euribor rate. This loan agreement does not require compliance with financial covenants but adopts market practice in including negative pledge, pari passu, cross-default and change of control clauses.

Also with reference to previous years, the Parent Company has always complied with the covenants envisaged by each loan. At 31 December 2022, based on the figures for performance and financial position reported in the consolidated financial statements, it is felt that the covenants in the existing loan agreements have been complied with.

Interest rate risk

Fluctuations in interest rates affect the market value of the Group's financial assets and liabilities and the level of net financial expense. The occurrence of such variations could have an adverse impact on the performance and financial position of the Group.

At 31 December 2022, 31% of gross financial debt was fixed-rate, with the remainder being variable rate. For

variable-rate loans, the reference macroeconomic context recorded a generalised rise in market rates with a significant impact on financial charges, especially in the second half of 2022. Accordingly, despite the short tenor of the existing loans, there is a risk that increases in interest rates would have a negative impact on the level of net financial expense reported in the income statement or on the value of future cash flows. In order to limit the potential adverse effects of interest rate fluctuations, the Group implements policies designed to contain the cost of funding over time, limiting the volatility of its results. The Group pursues this goal by systematically negotiating with leading banks in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, maturity and interest rate conditions (variable-rate/fixed-rate). In 2022, the average cost of bank debt was around 1.47% (1.06% in the previous year).
At present, the Group does not hold financial instruments valued at fair value and as such exposed to adverse changes as a result of changes in the market level of interest rates.
To date, no derivative financial instruments have been used to manage interest rate risk.

Exchange risk

The Group's exposure to the risk of unfavourable changes in the current level of exchange rates due to its transactions in other currencies could have an adverse impact on its financial performance and the value of balance sheet items denominated in foreign currency. Although the Group operates primarily in the Italian market, it does have an exposure to foreign exchange risk deriving mainly from cash flows from investments denominated in foreign currency, mainly the US dollar, as well as from the purchase of the equity interest of 10.35% in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, the Group has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.
In particular, in April 2019, 5 forward foreign currency purchase transactions (dollars against euros) were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon. The total purchase of $4.5 million was made with a total sale of €3.8 million, with forward exchange rates (EUR/USD) negotiated for each expiry until January 2023. Of the five forward contracts signed, only one remains with a residual overall notional value of $1.4 million, concluded in January 2023. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks.
The fair value of foreign exchange derivatives is measured on the basis standard market algorithms and on market quotes/contributions provided by leading public information providers. Note, however, that the risk resulting from the conversion of the assets and liabilities of ENAV subsidiaries that prepare their financial statements in functional currencies other than the euro is not usually hedged, unless a specific different assessment has been performed.

Climate change risks

All potential direct impacts for the Parent Company linked to the effects of climate change translate into potential interruptions/deterioration in the provision of services due to damage to infrastructure or technological assets and a reduction in traffic flow, particularly due to the reduction in airport capacity in the

long term and, therefore, in potential lost revenues and/or increases in operating costs.
The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular the EUROCONTROL document "*Climate change risks for European aviation*" identifies five main types of weather events that may potentially have an impact on the aviation sector: 1) precipitation, meaning rain, snow and hail, which, if heavy, may require greater separation distances between aircraft and therefore have a direct impact on airport capacity. Furthermore, airport infrastructure, as well as electronic equipment, may be exposed to the risk of flooding; 2) temperature, the rise of which can have an impact on infrastructure, with a consequent increase in the related energy costs; 3) rising sea level and river flooding, with a risk concentrated around airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in an airport environment can have an impact on flight safety. This could make it necessary to change flight procedures and redesign the air space; 5) extreme events such as storms and hurricanes which could have an impact on flight delays.
In 2022, the Parent Company set up a special Working Group to assess in detail the effects of climate change in providing its services across the country and at airports specifically. The Working Group was supported by industry experts in order to assess the impacts of climate change over two distinct time horizons: medium term (2030) and long term (2050).
The study, which is ongoing, is showing that: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which is expected to affect an increasing number of airports over time; (ii) an increase of 1-1.5° in the medium term and 2-2.5° in the long term is expected for temperature; (iii) due to the rise in sea levels, the flood risk of infrastructure located in coastal areas remains almost unchanged; (iv) for wind, there do not seem to be any critical issue as the forecasts point to a decrease in its average intensity.
The results of the analyses carried out will lay the foundations for monitoring the phenomena over time, providing for the climate scenarios to be updated every two-three years with the aim of processing new data needed to update information on the operational and financial impacts of the risks climatic.
No critical issues have been identified for 2030 in terms of territorial expansion of these phenomena compared to the current scenario.
In the long term, the Parent Company's ability to guarantee the pursuit of its business objectives, primarily by ensuring the continuity of the provision of its services, is definitely interdependent on the resilience of the entire air transport industry to the effects of climate change. In particular, the airport system involves a complex interaction between various actors (airport operators, carriers, land transport and road infrastructure management companies, utilities, etc.), meaning that long-term mitigation solutions may in some cases require a coordinated and agreed approach among all the actors involved in order to reduce the overall impact on the sector's activities.
Based on the above, the Group has considered the effects of climate change in its business plan and no significant economic and cash flow impacts are expected.

Russia-Ukraine conflict

The Russian government's offensive against Ukraine has led to changes in the geopolitical balance, with inevitable repercussions on global macroeconomic conditions. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions

on the export of goods, services and technologies, the Group took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.
During 2022, the Group fully wrote down the open positions with customers belonging to the Russian Federation in the amount of €0.7 million and has no further existing relationships with the nations involved in the conflict. The continuation of the conflict between Russia and Ukraine is having an impact globally on the supply of raw materials and considerable increases in energy prices and inflationary pressure are beginning to have the first significant effects on price increases in several different areas. In 2022, the ENAV Group recorded a significant increase in costs associated with energy procurement; however, due to the Group's business model and the European regulations to which the Parent Company is subject which, in particular, allows any change in inflation with respect to the forecast data to be recovered through the balance mechanism, no significant risks are identified in terms of inflationary effects. Furthermore, with reference to the potential effects of a shortage of electronic components, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. Furthermore, the Group holds an adequate stock of the materials necessary for the operating systems to support its business, such as to contain any delays in the supply chain. ENAV continues to monitor the impacts on its business and to adopt any appropriate initiative intended to guarantee full compliance with the sanction regime adopted by the Member States of the European Union and promptly identifying possible consequences for its current and prospective business in considering the ongoing critical and ever-evolving scenario.
With reference to the above, the Group has no significant impacts on the main alternative performance indicators and no impacts are expected on cash flows as shown in the approved business plan.

Litigation risk

Litigation regarding taxation, administrative, civil or labour matters is handled by the competent functions of the ENAV Group. For the purpose of preparing these financial statements, they have provided a comprehensive picture of the various civil, administrative and labour proceedings. The Group has performed a detailed assessment of the risk of unfavourable rulings in that litigation, which determined the need to prudentially set aside specific provisions for disputes whose adverse outcome has been deemed probable and where the amount could be reasonably quantified. Pursuant to the regulations governing the preparation of financial statements, no specific provisions have been recognised for proceedings for which an unfavourable outcome was considered merely possible.
Currently, we do not believe that the pending litigation could result in significant charges for the Group in excess of the amounts already provisioned for this purpose at 31 December 2022.

Civil and administrative litigation

The civil and administrative litigation includes: i) proceedings against suppliers, airport operators and carriers that are insolvent, in bankruptcy or undergoing other insolvency proceedings, initiated in connection with the recovery of receivables that could not be settled out of court, a number of which have been written down; ii) litigation involving defence against suits brought by suppliers or contractors and credit assignment companies that the Group considered to be groundless, or the recovery of higher costs and/or losses that the Group incurred due to non-compliance of suppliers/contractors; iii) litigation involving claims on assets belonging to the Parent Company, claims for damages for the loss of assets transferred to the Company, or claims for payment or improvements to assets; iv) litigation relating to claims for losses caused by aeronautical accidents, for which the risk of an adverse outcome is normally borne by the insurers' of the Parent Company; v) proceedings challenging the procedures and outcomes of public tenders; and vi) proceeding concerning access to administrative documentation connected with tenders.

Criminal proceedings

The criminal proceeding established following the lawsuit brought by the Parent Company with regard to the illegal removal of goods and materials belonging to ENAV which were stored at a third-party warehouse has been settled on appeal. In this proceeding, the Company was a civil plaintiff against the director of the warehousing company for the criminal offence envisaged under Article 646 of the Criminal Code and, with a ruling handed down on 16 February 2015, the Court found the defendant guilty of, among other things, the offence pursuant to Article 646 and sentenced him for that, and other offences he was accused of, to 6 years and 6 months in prison and a fine of €3,000. The Court also issued an immediately provisional executive order for €1 million to be paid to the Parent Company, referring the settlement of the losses incurred by Company to another forum. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor's Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding. The judgement, following the appeal lodged against the Court's ruling, is currently pending at the appeal stage.
Following a court order of discovery notified on 24 November 2016, the Company produced documentation concerning certain contracts involving the subsidiary ENAV North Atlantic. On the basis of available information, the investigation is pending before the Rome Public Prosecutor's Office, and the Company is not aware of any person under investigation or any official charge having been filed.
In response to an order of discovery, on 13 June 2018 ENAV produced documentation relating to the selection of a person related to the former Sole Director of the Company for the position of air traffic controller. On the basis of available information, the matter is being investigated by Public Prosecutor's Office of Rome.
To the best of our knowledge, proceedings are pending before the Florence Public Prosecutor's Office relating to an alleged violation of environmental regulations concerning to the supply, by a third party, of material used, among other things, for the execution of certain civil works connected with the project for the modernisation of the Pisa airport. As part of this contract, which was awarded by the Italian Air Force to the temporary business grouping of Thales/Techno Sky, the civil works were subcontracted by Techno Sky to another company, which in turn procured the material from another company, the origin of the pending proceeding. At present, to the best of our knowledge, Techno Sky and its personnel are not under investigation and work has been completed to remove the material deemed non-compliant with the sector regulatory requirements used to execute the subcontract and all further precautionary measures are being taken. In this regard, Techno Sky has submitted a formal complaint to the competent judicial authorities to

protect its interests, in respect of which the Company has been identified as a person harmed by the offense alleged by the Public Prosecutor's Office.

40. Fees of the audit firm pursuant to Article 149-duodecies of the CONSOB Issuers Regulation

The fees for 2022 paid to the audit firm of the Parent Company and the subsidiaries, EY S.p.A., are summarised in the following table in accordance with the provisions of Article 149-duodecies of the CONSOB Issuers Regulation:

Type of service	Entity providing the service	2022
ENAV		
Audit	EY S.p.A.	489
Certification services	EY S.p.A.	60
Other services	EY S.p.A.	0
SUBSIDIARIES		
Audit	EY S.p.A.	195
	Rete EY S.p.A.	10
Certification services	EY S.p.A.	5
Other services	EY S.p.A.	0
Total		**759**

(thousands of euros)

The certification services provided by EY S.p.A. to the Parent Company mainly involved the certification of funded projects.

41. Events after the reporting date

Events occurring after the end of the financial year include the refinancing operation carried out following the resolution of the Board of Directors of 20 February 2023, finalised on 14 March 2023, on a portion of the debt maturing in the short term. In particular, the financial solution identified by ENAV involves taking out a new Term Loan for €360 million with a pool of banks (Intesa Sanpaolo, UniCredit and BNL BNP Paribas) for a 3-year term, to be repaid in full on maturity. The proceeds of this refinancing operation will be allocated, in line with the Group's financial strategy, to the full repayment of (i) the Term Loan of €180 million taken out in July 2022, maturing in July 2023, and (ii) the Term Loan of €180 million taken out in 2021, maturing in July 2023. This funding solution further confirms the ENAV Group's recognised and appreciated credit worthiness, allowing it to consolidate its financial structure in the medium term. As part of the same transaction, the committed credit lines for a total of €150 million were also renewed with the same banks, which will replace those expiring in May 2023.

Attestation of the Chief Executive Officer and the Manager Responsible for Financial Reporting on the consolidated financial Statements

Attestation of the ENAV Group's consolidated financial statement for the year ended 31 December 2022 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999

1. The undersigned Paolo Simioni, as Chief Executive Officer, and Luca Colman as Manager responsible for ENAV SpA's financial reporting, having also taken into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
   - the adequacy with regard to the nature of the Company and
   - the effective application of the administrative and accounting procedures adopted in preparation of the ENAV Group's consolidated financial statements during the period from 1 January 2022 to 31 December 2022.
2. In this regard, it should be noted that:
   - the administrative and accounting procedures adopted in preparation of the ENAV Group's consolidated financial statements for the year ended 31 December 2022 were drawn up, and their adequacy assessed, based on the regulations and methods adopted by ENAV SpA in accordance with the *Internal Control – Integrated Framework Model* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the ENAV Group's consolidated financial statements for the year ended 31 December 2022:

a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;

b) are consistent with the underlying accounting books and records;

c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 the Directors' Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Rome, 15 March 2023

Chief Executive Officer	Manager responsible for financial reporting
Paolo Simioni	Luca Colman

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

Independent Auditor’s Report

on the Consolidated Financial Statements

Enav S.p.A.

Consolidated financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

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Building a better working world

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014
(*Translation from the original Italian text*)

To the Shareholders of
Enav S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enav Group (the Group), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Enav S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of the goodwill Goodwill as at December 31, 2022 amounts to Euro 93,5 million, of which Euro 66,5 million allocated to the Cash Generating Unit ("CGU") "Maintenance Services" and 27 million allocated to the CGU "Soluzioni software AIM".	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the impairment process of goodwill; • testing the CGUs identification process

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The processes and methodologies for assessing and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions sometimes complex, that due to their nature require Directors' judgement, particularly with reference to the forecasted future cash flows of each CGU derived from business plans, considering budget for 2023, the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows.

Because of the judgment required and the complexity of assumptions used to estimate the recoverable amount of the goodwill, we identified this area as a key audit matter.

The disclosures related to the assumptions and estimates used by the management is included in note "5. Use of estimates and management judgements", while the disclosures related to the methodologies of execution of the impairment tests is included in note "8. Intangible assets".

and the allocation of assets and liabilities to the CGUs;

- assessment of the forecasted future cash flows for each CGU as well as the verification of the consistency of future cash flows related to each CGU with the business plans;
- assessment of Directors' ability to make accurate projections through the comparison of the actual results with the previous forecast;
- assessment of the long-term growth rates and discount rates.

In performing our procedures, we leveraged the assistance of our experts in valuation techniques, who performed an independent recalculation of the recoverable amount of the goodwill and sensitivity analysis of the key assumptions that could have a significant effect on the estimate of the recoverable value.

Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Fair value measurement of Aireon Holdings LLC

Investments in other entities include the investment in Aireon Holdings LLC, which entirely holds investment in Aireon LLC, for an amount of Euro 36 million that is measured at fair value. Directors measured the investment as a financial instrument categorized at level 3 of fair value hierarchy in absence of a quoted price in an active market.

The processes and methodologies used for the fair value measurement of the investment are based on assumptions, sometimes complex, that for their nature require Directors' judgement, with particular reference to the appropriate use of the expected future cash flows prepared by management of the investee and the determination of the appropriate discount rate applied to the forecasted future cash flows.

Because of the judgement required to estimate the amount of the investment, we identified this area as a key audit matter.

Our audit procedures in response to the key audit matter concerned, among others, the analysis of the future cash flows prepared by the investee, the assessment of the long-term growth rate and discount rate.

In performing our procedures, we leveraged the assistance of our experts in valuation techniques, in order to verify the methodology used in the process, the mathematical accuracy of the model and the reasonableness of the assumption used by the management for the fair value measurement of the investment.

Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

The disclosures related to the valuation of the investment in Aireon Holdings LLC are included in note "5. Use of estimates and management judgements,", while the disclosures related to the fair value measurement are included in note "9. Investments in other entities".

Recognition and measurement of revenues – *Balance*

Revenues from contracts with customers as at December 31, 2022 amount to Euro 880 million including *Balance* adjustment for a negative amount of Euro 15 million.

Revenues from en-route and terminal services include a positive or negative revenue adjustment recognized at the year-end in order to reflect the effective performance for the period. Such revenue adjustment, achieved through the *Balance* mechanism, is regulated through specific tariff mechanisms applied over the years following the concerned fiscal year.

The processes and methodologies for measuring such revenue adjustment are based on complex calculation algorithms and assumptions that for their nature require Directors' judgement, in particular with reference to the expectations about settlement date and the determination of the discount rate applied for.

Because of the mentioned complexities that characterize this measurement, we identified this area as a key audit matter.

The disclosures related to the revenues accounting policy and measurement criteria resulting from the *Balance* mechanism are included in notes "4. Accounting policies" and "5. Use of estimates and management judgements".

Our audit procedures in response to the key audit matter concerned, among the others:

- the assessment and understanding of the applicable regulations;
- the assessment of the process for the determination of the *Balance*;
- the assessment of the discount process applied;
- the verification of the arithmetic correctness of the calculations performed by the Directors.

Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Enav S.p.A. or to cease operations or have no realistic alternative but to do so.

The statutory audit committee (Collegio Sindacale) is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Enav S.p.A., in the general meeting held on April 29, 2016, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Enav S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2022 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Enav as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements of Enav Group as at December 31,2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Enav Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated December 30, 2016

The Directors of Enav S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Rome, March 28, 2023

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

The accompanying consolidated financial statements of Enav Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENAV S.p.A. FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

ENAV S.p.A. Financial Statements at 31 December 2022

ENAV S.p.A. FINANCIAL STATEMENTS

Statement of financial position

(euros)	Notes	31.12.2022	of which related parties (Note 30)	31.12.2021	of which related parties (Note 30)
Non-current assets					
Property, plant and equipment	**5**	863,330,861	0	897,345,041	0
Intangible assets	**6**	71,673,385	0	64,097,750	0
Investments	**7**	186,411,372	0	188,247,822	0
Non-current financial assets	**8**	8,553,624	8,553,624	9,930,783	9,848,228
Deferred tax assets	**9**	15,439,761	0	17,208,642	0
Non-current tax receivables	**10**	49,729	0	74,085	0
Non-current trade receivables	**11**	606,775,456	0	687,253,421	0
Other non-current assets	**14**	6,028,651	6,028,651	6,312,216	6,312,216
Total non-current assets		**1,758,262,839**		**1,870,469,760**	
Current assets					
Inventories	**12**	61,075,103	0	61,509,362	0
Current trade receivables	**11**	311,845,930	42,763,413	157,524,627	41,387,439
Receivables from Group companies	**13**	32,761,174	32,761,174	31,503,564	31,503,564
Current financial assets	**8**	1,928,761	1,760,000	1,998,457	1,928,219
Tax receivables	**10**	3,495,895	0	2,207,449	0
Other current assets	**14**	31,295,201	14,223,668	48,755,849	28,341,979
Cash and cash equivalents	**15**	246,692,298	0	195,088,981	0
Total current assets		**689,094,362**		**498,588,289**	
Total assets		**2,447,357,201**		**2,369,058,049**	

Statement of financial position

(euros)	Notes	31.12.2022	of which related parties (Note 30)	31.12.2021	of which related parties (Note 30)
Shareholders' equity					
Share capital	**16**	541,744,385	0	541,744,385	0
Reserves	**16**	472,918,470	0	465,447,406	0
Retained earnings/(loss carryforward)	**16**	67,516,833	0	67,410,148	0
Profit/(loss) for the year	**16**	92,400,896	0	61,588,435	0
Total shareholders' equity		**1,174,580,584**		**1,136,190,374**	
Non-current liabilities					
Provisions for risks and charges	**17**	1,456,200	0	3,601,072	0
Severance pay and other employee benefits	**18**	29,651,422	0	34,744,400	0
Deferred tax liabilities	**9**	3,344,785	0	3,024,551	0
Non-current financial liabilities	**19**	165,791,984	199,653	412,513,013	327,417
Non-current trade payables	**20**	73,695,168	0	40,989,013	0
Other non-current liabilities	**21**	157,609,043	0	169,118,227	0
Total non-current liabilities		**431,548,602**		**663,990,276**	
Current liabilities					
Short-term portion of provisions for risks and charges	**17**	9,885,425	0	10,313,372	0
Current trade payables	**20**	127,225,730	6,225,812	97,522,630	13,023,909
Payables to group companies	**13**	103,034,012	103,034,012	88,829,788	88,829,788
Tax and social security payables	**22**	51,302,055	0	29,877,717	0
Current financial liabilities	**19**	432,407,957	187,499	251,069,497	137,213
Other current liabilities	**21**	117,372,836	56,165,617	91,264,395	43,558,504
Total current liabilities		**841,228,015**		**568,877,399**	
Total liabilities		**1,272,776,617**		**1,232,867,675**	
Total shareholders' equity and liabilities		**2,447,357,201**		**2,369,058,049**	

Income statement

(euros)	Notes	2022	of which related parties (Note 30)	2021	of which related parties (Note 30)
Revenues					
Revenues from operations	23	894,972,762	13,075,631	477,787,034	11,673,451
Balances	23	(14,817,486)	0	294,398,448	0
Total revenues from contracts with customers	23	*880,155,276*		*772,185,482*	
Other operating income	24	54,168,239	41,698,917	53,539,793	42,868,111
Total revenues		**934,323,515**		**825,725,275**	
Costs					
Costs for raw materials, supplies, consumables and goods	25	(3,400,648)	(641,119)	(3,650,363)	(1,013,253)
Costs for services	25	(198,308,045)	(77,393,710)	(181,251,568)	(79,778,919)
Personnel costs	26	(474,688,266)	0	(437,114,014)	0
Costs for leases and rentals	25	(900,827)	(56,946)	(937,330)	(55,110)
Other operating expenses	25	(2,764,731)	0	(2,933,658)	(50,445)
Capitalised costs	27	9,321,185	0	8,854,051	0
Total costs		**(670,741,332)**		**(617,032,882)**	
Amortisation and depreciation	5 and 6	(123,598,161)	0	(126,856,081)	0
Writedowns/(writebacks) for impairment of receivables	11	(4,699,846)	0	(3,583,529)	0
Writedowns/(writebacks) for investments	7	(1,836,450)	0	0	0
Provisions	17	(132,968)	0	407,570	0
Operating income		**133,314,758**		**78,660,353**	
Financial income and expense					
Financial income	28	9,728,529	252,760	11,178,135	208,892
Financial expense	28	(9,936,209)	0	(6,667,118)	0
Exchange rate gains (losses)	28	42,600	0	332,372	0
Total financial income and expense		**(165,080)**		**4,843,389**	
Income before taxes		**133,149,678**		**83,503,742**	
Income taxes	29	(40,748,782)	0	(21,915,307)	0
Profit/(loss) for the year		**92,400,896**		**61,588,435**	

Statement of other comprehensive Income

(euros)	Notes	2022	2021
Profit/(loss) for the year	**16**	**92,400,896**	**61,588,435**
Other comprehensive income recyclable to profit/(loss):			
- Fair value of derivative financial instruments	**8 and 16**	15,968	211,216
- Tax effect of the valuation at fair value of derivative financial instruments	**9 and 16**	(3,833)	(50,692)
Total other comprehensive income recyclable to profit or loss		**12,135**	**160,524**
Other comprehensive income not recyclable to profit or loss:			
- Actuarial gains/(losses) on employee benefits	**16 and 18**	4,508,344	(563,831)
- Tax effect of actuarial gains/(losses) on employee benefits	**9 and 16**	(1,082,002)	135,319
Total other comprehensive income not recyclable to profit or loss		**3,426,342**	**(428,512)**
Comprehensive income		**95,839,373**	**61,320,447**

Statement of changes in Shareholders' Equity

	Share capital	Reserves						Retained earnings/(loss carryforward)	Profit/(loss) for the year	Total shareholders' equity
		Legal reserve	FTA reserve	Sundry reserves	Reserve for actuarial gains/(losses) for employee benefits	Cash flow hedge reserve	Total reserves			
(euros)										
Balance at 1 January 2021	**541,744,385**	**37,403,860**	**(3,044,940)**	**434,692,585**	**(8,419,303)**	**1,912,771**	**462,544,973**	**26,276,483**	**43,342,290**	**1,073,908,131**
Allocation of net profit from the previous year	0	2,167,114	0	0	0	0	2,167,114	41,175,176	(43,342,290)	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0
(Purchase)/award of treasury shares	0	0	0	1,049,667	0	0	1,049,667	(41,511)	0	1,008,156
Long-term incentive plan	0	0	0	(46,360)	0	0	(46,360)	0	0	(46,360)
Comprehensive income, of which:										
- Profit (loss) recognised directly in equity	0	0	0	0	(428,512)	160,524	(267,988)	0	0	(267,988)
- Profit/(loss) for the year	0	0	0	0	0	0	0	0	61,588,435	61,588,435
Balance at 31 December 2021	**541,744,385**	**39,570,974**	**(3,044,940)**	**435,695,892**	**(8,847,815)**	**2,073,295**	**465,447,406**	**67,410,148**	**61,588,435**	**1,136,190,374**
Allocation of net profit from the previous year	0	3,079,422	0	0	0	0	3,079,422	58,509,013	(61,588,435)	0
Dividend distribution	0	0	0	0	0	0	0	(58,506,483)	0	(58,506,483)
(Purchase)/award of treasury shares	0	0	0	614,615	0	0	614,615	104,155	0	718,770
Long-term incentive plan	0	0	0	338,550	0	0	338,550	0	0	338,550
Comprehensive income, of which:										
- Profit (loss) recognised directly in equity	0	0	0	0	3,426,342	12,135	3,438,477	0	0	3,438,477
- Profit/(loss) for the year	0	0	0	0	0	0	0	0	92,400,896	92,400,896
Balance at 31 December 2022	**541,744,385**	**42,650,396**	**(3,044,940)**	**436,649,057**	**(5,421,473)**	**2,085,430**	**472,918,470**	**67,516,833**	**92,400,896**	**1,174,580,584**

Statement of cash flows

		Notes	2022	of which related parties	2021	of which related parties
A -	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	**15**	**195,089**		**292,870**	
	Net cash flow generated/(absorbed) from operating activities					
	Profit (loss) for the year	**16**	92,401	0	61,588	0
	Amortisation and depreciation	**5 and 6**	123,598	0	126,856	0
	Net change in liabilities for employee benefits	**18**	(585)	0	(1,741)	0
	Loss on sale of property, plant and equipment and impairment of property, plant and equipment and intangible assets	**5**	48	0	44	0
	Provisions for risks and charges	**17**	133	0	11,054	0
	Non-monetary change	**7**	1,837	0	0	0
	Provision for stock grant plans	**26**	1,057	0	962	0
	Net change in deferred tax assets and deferred tax liabilities	**9**	1,003	0	(1,228)	0
	Decrease/(Increase) in inventories	**12**	585	0	630	0
	Decrease/(Increase) in current and non-current trade receivables	**11**	(74,593)	(1,376)	(337,829)	(1,077)
	Decrease/(increase) in tax receivables and tax and social security payables	**10 and 22**	18,345	0	43,071	0
	Change in other current assets and liabilities	**14 and 21**	43,608	27,752	(41,020)	(40,696)
	Change in receivables and payables to group companies	**13**	12,947	12,947	16,666	16,667
	Change in other non-current assets and liabilities	**21**	(11,225)	284	(836)	1,440
	Increase/(Decrease) in current and non-current trade payables	**20**	34,932	642	(32,443)	(464)
B -	**TOTAL CASH FLOW FROM OPERATING ACTIVITIES**		**244,091**		**(154,226)**	
	of which taxes paid		**(33,984)**		**(5,269)**	
	of which Interest paid		**(5,988)**		**(4,093)**	
	Net cash flow generated/(absorbed) from investing activities					
	Investments in property, plant and equipment	**5**	(80,856)	0	(72,942)	0
	Investments in intangible assets	**6**	(16,509)	0	(12,279)	0
	Increase/(decrease) in trade payables for investments	**20**	27,477	(7,440)	25,298	(2,097)
	Decrease/(increase) in trade receivables for investments	**11**	750	0	750	0
	Equity investments	**7**	0	0	729	0
	Increase/(decrease) in trade payables for equity investments	**7**	(1,027)	(1,027)	(714)	(714)
C -	**TOTAL CASH FLOW FROM INVESTING ACTIVITIES**		**(70,165)**		**(59,158)**	
	Net cash flow generated/(absorbed) from financing activities					
	New medium and long term loans	**19**	180,000	0	180,000	0
	(Repayments) of medium and long term loans	**19**	(66,206)	0	(63,665)	0
	Net change in long-term financial liabilities	**19**	831	(77)	(259)	464
	Issue/(Repayment) of bond loan	**19**	(180,000)	0	0	0
	(Increase)/Decrease in current and non-current financial assets	**8**	1,462	1,462	(473)	(473)
	Dividend distribution	**16**	(58,410)	(31,172)	0	0
D -	**TOTAL CASH FLOW FROM FINANCING ACTIVITIES**		**(122,323)**		**115,603**	
E -	**Total cash flow (B+C+D)**		**51,603**		**(97,781)**	
F -	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E)**	**15**	**246,692**		**195,089**	

Notes to the financial statements of ENAV S.p.A.

1. General information

ENAV S.p.A., a joint-stock company listed on the Mercato Telematico Azionario (MTA), 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).

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 December 2022, 53.28% the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.65% by institutional and individual shareholders, with 0.07% being held by ENAV as treasury shares.

ENAV provides 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 and infrastructure of flight assistance systems. This 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 structure of the air traffic management system and on the other set the technological, qualitative, financial and environmental targets that all service providers must meet.

The Company's registered office is in Via Salaria 716, Rome and its operating facilities are located throughout the country.

ENAV holds significant controlling investments and, in compliance with IFRS 10, prepares consolidated financial statements, which are published together with these separate financial statements.

The financial statements were approved by the Board of Directors of the Company at its meeting of 15 March 2023, which also approved their dissemination. These financial statements have been audited by EY S.p.A. pursuant to Articles 14 and 16 of Legislative Decree 39/2010 by virtue of their appointment to conduct statutory audit activities for the 2016-2024 period by the Shareholders' Meeting on 29 April 2016.

2. Form and content of the financial statements

The separate financial statements of ENAV at 31 December 2022 were drawn up in compliance 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 with Regulation 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law.

"IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the related EU Regulations published up to 15 March 2023, the date on which the ENAV S.p.A. Board of Directors approved the Consolidated Financial Statements.

The accounting standards described below reflect the full operation of the ENAV Group in the foreseeable future, as it is assumed to continue operating as a going concern, and are in conformity with those applied in the preparation of the financial statements for the previous year.

The Financial Statements were prepared and presented in euros, which is the functional currency of the Company. All the amounts in the tables in the notes and comments below are stated in thousands of euros, unless indicated otherwise.

The financial statements used and associated classification criteria adopted by the Company are indicated below under the scope of the options provided for in IAS 1 *Presentation of Financial Statements* and in conformity with the provisions of CONSOB Resolution No. 15519 of 27 July 2006 with regard to reporting the value of positions or transactions with related parties in the financial statements and, where applicable, the representation in the income statement of revenue and expense from significant non-recurring transactions or circumstances that do not occur frequently in regular operations. In 2022 there were no atypical or significant transactions requiring separate reporting. The following financial statements were used:

- *statement of financial position*, prepared by classifying assets and liabilities as current or non-current, with separate reporting, if present, of assets classified as held for sale and the liabilities included in a disposal group classified as held for sale or for distribution to shareholders. Current assets, which include cash and cash equivalents, are those that are intended to be realised, sold or consumed in the normal operating cycle of the Company or in the 12 months after the close of the year. Current liabilities are those which are expected to be extinguished in the normal operating cycle of the Company or in the 12 months after the close of the year;
- *income statement*, prepared by classifying operating costs by their nature;
- *statement of other comprehensive income*, which, in addition to the result for the year taken from the income statement, includes other changes in Shareholders' Equity items, separated into items which will later be reclassified (recycled) to the income statement and those which will not;
- *statement of changes in shareholders' equity*;
- *statement of cash flows*, prepared by reporting cash flows from operations using the indirect method and by presenting net cash flows generated from operating, investing and financing activities.

The Company has also applied the definition of material introduced with amendments to IAS 1 and IAS 8, which states that information is material if omitting, misstating or obscuring could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of the information, or both. The Company assesses whether information, individually or in combination with other information, is material in the context of the financial statements considered as a whole.

The Financial Statements were prepared on a historic cost basis with the exception of financial statement items that must be measured at fair value.

Each item of the financial statements is compared with the corresponding figure for the previous year.

3. Accounting policies

The accounting policies and measurement criteria applied in the preparation of the financial statements are described below.

Property, plant and equipment

Property, plant and equipment is recognised at cost, net of depreciation and any impairment losses. The cost includes directly attributable ancillary costs incurred to prepare the asset for the use for which it was acquired. In the case of major overhaul or maintenance, the cost is included in the carrying amount of the plant or machinery, if the criterion for recognition is met. All other repair and maintenance costs are recognised in the Income Statement when incurred. In any event, the costs incurred after acquisition are

recognised as an increase in the carrying amount of the item referred to if it is likely that the future benefits associated with the cost will flow to the Company and the cost of the item can be measured reliably.
Depreciation is calculated on a straight-line basis, from the time the asset is available and ready for use, over the estimated useful life of the asset, which is reviewed annually. Any changes in the useful life will be made and applied prospectively. Depreciation takes into account the residual value of the assets, if any. When the asset being depreciated is composed of separately identifiable elements, the useful life of which differs significantly from that of the other parts making up the asset, depreciation is performed separately for each of those parts, applying the component approach.
The estimated useful life of the main classes of property, plant and equipment is as follows:

Type	Description	useful life (years)
Buildings	Buildings	25
	Extraordinary maintenance of buildings	25
	Light constructions	10
Plants and machinery	Radio systems	10
	Recording systems	7
	Synchronisation systems and control centres	10
	Manual and electromechanical plants	7
	Power plants and electrical systems	10
	Radio links, AF and amplification equipment	10
	Power systems	11
Industrial and commercial equipment	Signalling equipment and runway equipment	10
	Equipment and small tools	7
Other assets	Electronic machinery and telephone systems	7
	Furniture and office equipment	10
	Data processing equipment including computers	5
	Cars, motorcycles and similar items	4
	Business aircraft	15
	Aircraft equipment and flight inspection systems	10

The carrying amount of property, plant and equipment is checked to detect any impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If there is such evidence and if the carrying amount exceeds the recoverable value, the assets are written down and recognised at their recoverable value. The recoverable value of property, plant and equipment is represented by the higher of the asset's fair value less costs to sell and its value in use.
For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item writedowns and impairment losses. These impairment losses are reversed if the reasons for which they were incurred no longer apply, up to the limits of the net book value that the asset in question would have had if the impairment had not been recognised and the relevant depreciation had been made.
When an asset is sold or when there are no expected future economic benefits from its use, it is derecognised and any loss or gain (calculated as the difference between the disposal value and the carrying amount) is

recognised the Income Statement in the year of derecognition. The valuation is made considering the principles defined in IFRS 15.
In accordance with IFRS 16, the rights of use connected with long-term leases are recognised under property, plant and equipment if the lessee has exclusive control of the leased asset and the right to obtain substantially all of the economic benefits deriving from use of the asset.
The right-of-use asset is recognised entered at a value equal to the sum of the present value of the contractual outgoing cash flows, using the rate provided for in the lease or the lessee's incremental borrowing rate as the discount rate factor.
The right-of-use asset is depreciated over the non-cancellable period of the lease, which normally coincides with its term.
For long-term car rentals, the contract is divided into a lease component, i.e. the pure rental payment, and a non-lease component for maintenance services. The lease component is included in the right-of-use asset, while the non-lease component is charged profit or loss.

Intangible assets

The intangible assets consist of identifiable non-monetary assets without physical substance that can be controlled and will generate future economic benefits. These items are recognised at purchase or production cost, including directly attributable incidental expenses necessary to make the assets available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and any impairment losses. Internally generated intangible assets are not capitalised and are recognised in the Income Statement of the year in which they are incurred.
Amortisation begins when the asset is available for use and is allocated systematically over its remaining useful life.
The useful life of intangible assets is assessed as finite or indefinite.
Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life and undergo impairment testing if there is evidence of possible impairment. The residual useful life is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or in the manner in which future economic benefits from the intangible assets flow to the Company are reflected by changing the period and/or method of amortisation and treated as changes in accounting estimates.
The gain or loss arising from the disposal of an intangible asset shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and they are recognised through profit or loss at the time of the disposal. The valuation is made considering the principles defined in IFRS 15.
Intangible assets with an indefinite useful life do not undergo systematic amortisation but rather undergo impairment testing at least once a year in order to identify any impairment losses. Any change from indefinite to finite useful life is applied prospectively.
The Company does not recognise assets with an indefinite useful life.
Intangible assets include rights to use intellectual property represented by licenses and software and other intangible assets with an estimated useful life of three years.

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, which includes related ancillary costs. If these inventories are no longer usable because they are obsolete, they are written down by allocating them to the appropriate inventory writedown reserve as a direct adjustment to the value of the assets.

Investments

Investments in subsidiaries are recognised at purchase cost, including directly attributable ancillary costs, adjusted for any impairment losses, which are recognised through profit or loss. If the causes of impairment no longer exist, the value is restored up to the amount of the impairment loss recognised. Such writebacks are recognised through profit or loss.

Subsidiaries are all companies in which ENAV has the power to directly or indirectly determine their financial and operating policies (relevant activities) in order to obtain the benefits resulting from their activities (variable returns), having the ability to exercise its power over them to affect the amount of the returns.

Investments are measured at cost adjusted for impairment because the fair value cannot be reliably calculated.

Financial assets

At the time of initial recognition, financial assets are classified using the following measurement methods: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of assets and on the business model that the Company uses for their management. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures financial assets at their fair value plus transaction costs in the case of financial assets not recognised at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are valued at the transaction price determined in accordance with IFRS 15.

For a financial asset to be classified and measured at amortised cost or fair value recognised in OCI, it must generate cash flows that depend Solely on Payments of Principal and Interest - SPPI). This evaluation is referred to as the SPPI test and is performed at instrument level.

The Company's business model for the management of financial assets refers to the way in which financial assets are managed in order to generate cash flows. The business model is determined by whether the cash flows are derived from the collection of contractual cash flows, the sale of financial assets or both. ENAV holds its financial assets to maturity.

For the purposes of subsequent measurement, financial assets can be classified into three categories in accordance with IFRS 9: i) Financial assets at amortised cost (debt instruments); ii) Financial assets at fair value in the Income Statement with reclassification of cumulative gains and losses (debt instruments); iii) Financial assets at fair value in the Income Statement. The Company mainly holds financial assets measured at amortised cost, which applies if the following requirements are met:

- the financial asset is owned in the framework of a business model the objective of which is the ownership of financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset encompass, at set dates, cash flows represented solely by payments of the capital and the interest on the amount of capital amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and undergo impairment testing. Gains and losses are recognised in the Income Statement when the asset is derecognised, modified or revalued. Current and non-current financial assets, current and non-current trade

receivables, and other current and non-current assets fall into the category of *financial assets at amortised cost.*
Trade receivables and other current assets that are not held on normal market terms and conditions and do not generate interest are discounted on an analytical basis using assumptions and estimates. Trade receivables that mature in accordance with normal business practice are not discounted. Trade receivables and other receivables are carried under current assets unless they will mature at more than twelve months from the reporting date, in which case they are classified under non-current assets.
The carrying amount of financial assets at amortised cost, which are not measured at fair value through profit or loss, is reduced using the new expected loss model introduced with IFRS 9. This model requires an assessment of expected losses based on the estimated probability of default, the loss given default and credit risk. These assessment factors are determined using historical data, forward-looking information and information available from info providers.
For certain categories of financial assets at amortised cost, such as trade receivables and contract assets, the Company adopts the simplified approach to the new impairment model. This simplified approach is based on management of creditor positions by portfolio and on the division of receivables into specific clusters that take account of the specific nature of the business, the client's operating status, past due information and the specific regulatory framework.
If the amount of an expected loss recognised in the past should decrease and the decrease can be linked to an event that occurred after the recognition of the expected loss, it is reversed to profit or loss.
Financial assets are derecognised when the right to receive the cash flows of the instrument has expired or substantially all the risks and rewards of ownership of the instrument have been transferred.

Cash and cash equivalents

Cash and cash equivalents include cash, unencumbered bank deposits and other forms of short-term investments not exceeding three months that can readily be converted into cash. At the reporting date, current account overdrafts are classified as financial debt under current liabilities in the statement of financial position.

Derivative financial instruments

A derivative is a financial instrument or other contract with the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

The derivative financial instruments of ENAV are represented by forward contracts in currencies held to hedge exchange risk. At the inception of the hedge, the Company formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued, in line with IFRS 9.
The documentation prepared in compliance with IFRS 9 includes the identification of the hedging instrument, the hedged item, the nature of the risk and how the Company assesses whether the hedge relationship meets

the hedge effectiveness requirements. The hedge relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

At the date the contract is signed, derivative financial instruments are measured at fair value both at initial recognition and at each subsequent measurement. Derivatives are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivative instruments are classified as current or non-current depending on their expiry date and the Company's intention continue to hold or not to hold these instruments until expiry.

Having met the requirements described above, hedge accounting is applied to transactions undertaken to hedge the Company against exposure to the risk of variations in the cash flows associated with an asset, liability or highly probable forecast transaction. Accordingly the portion of the gain or loss on the hedging instrument attributable to the effective portion of the hedge is recognised in other comprehensive income in a specific shareholders' equity reserve denominated the cash flow hedge reserve, while the ineffective portion is recognised directly in the income statement under other revenues and income or other operating expenses.

The amounts recognised in other comprehensive income are later reclassified to profit or loss when the hedged transaction impacts profit or loss, such as, for example, as a result of a disposal or a writedown.

If the hedging instrument is sold, expires, is cancelled or exercised without replacement, or it no longer qualifies as an effective hedge of the risk for which the transaction was initiated, the portion of the cash flow hedge reserve relating to it is maintained until the effects of the underlying contract are manifested.

When a forecast transaction is no longer deemed probable, the gains profits or losses recognised in equity are reclassified immediately to profit or loss.

With reference to the calculation of fair value, ENAV operates in compliance with the requirements of IFRS 13 where such criterion is required by international accounting standards for recognition and/or measurement or in order to provide additional information with regard to specific assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of instruments listed on public markets is given by their bid prices at year-end.

The fair value of unlisted instruments is measured using financial valuation techniques.

Financial assets and liabilities measured at fair value are classified in the three hierarchical levels described below, based on the type of information used in calculating the fair value. More specifically:

Level 1: fair value calculated on the basis of quoted prices (unadjusted) in active markets for identical financial instruments which the Company can access on the valuation date;

Level 2: fair value calculated on the basis of inputs other than quoted prices included within Level 1, based on variables observable directly or indirectly on active markets;

Level 3: fair value calculated using valuation techniques employing unobservable variables.

For assets and liabilities measured at fair value on a recurring basis, the Company determines whether there has been a transfer between the levels indicated above, identifying the level at the end of each accounting period as the lowest level input that is significant to the entire measurement.

Financial liabilities

Financial liabilities are classified at the time of initial recognition under financial liabilities at fair value through profit or loss, loans and receivables, or derivatives designated as hedging instruments. All financial liabilities are initially recognised at fair value, plus, in the case of loans and payables, any transaction costs directly attributable to them. The Company's financial liabilities include trade payables and other liabilities and loans. The subsequent measurement approach adopted for financial liabilities depends on their classification. More specifically, financial liabilities at fair value through profit or loss include liabilities held for trading and comprise those assumed with the intent of extinguishing them or transferring them in the short term.

Financial liabilities classified as loans and receivables, which are the most common financial liabilities held by the Company, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liability is extinguished as well as through the process of amortisation. Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the statement of profit/(loss).

Trade payables and other financial liabilities are classified as current financial liabilities except when the contract will expire more than twelve months after the reporting date, in which case they are classified as non-current liabilities. Financial liabilities are derecognised when they are extinguished, or when the obligation specified in the contract is discharged.

Following the entry into force of IFRS 16, current and non-current financial liabilities also include financial liabilities representative of the present value of lease payments to be paid to the lessor under long-term leases, with the right of use being recognised under property, plant and equipment.

Employee benefits

Employee benefits are all forms of consideration paid by the Company for service rendered by employees.

Short-term employee benefits are represented by wages, salaries, social security contributions, indemnities in lieu of holidays and incentives paid in the form of a bonus payable within twelve months of the reporting date. These benefits are recognised as a component of Personnel Costs in the period in which the work is performed.

Post-employment benefits are divided into two types: defined benefit plans and defined contribution plans. Defined benefit plans are those where the employer commits to make contributions that are necessary and sufficient to guarantee a predetermined future pension benefit to the employee, with the employer assuming an actuarial risk. Since the amount of the benefit in defined-benefit plans to be paid can only be quantified after the termination of the employment relationship, the related financial effects are recognised on the basis of actuarial calculations performed in conformity with IAS 19. Defined-contribution plans are plans whereby the employer pays fixed contributions into a fund. The employer's obligation therefore ends with the payment of contributions to the fund and the actuarial risk falls on the employee. In defined contribution plans, contributions are charged to the Income Statement when they are incurred based on their notional amount.

Defined benefit plans include the provision for severance pay due to employees pursuant to Article 2120 of the Italian Civil Code, accrued until 31 December 2006, since the amounts accrued as of 1 January 2007, in accordance with Law 296 of 27 December 2006, based on the implicit and explicit choices made by employees, were allocated to supplementary pension funds or to the treasury fund set up at the National Institute for Social Security (INPS). The liability is projected to the future using the Projected Unit Credit

Method in order to calculate the probable amount to be paid at the time of termination of employment, and is then discounted to take account of the time that will elapse before the effective payment. The liability is projected to the future using the projected unit credit method in order to calculate the probable amount to be paid at the time of termination of employment, and is then discounted to take account of the time that will elapse before the effective payment. The calculation takes account of the severance entitlement accrued for service already rendered and is based on actuarial assumptions mainly comprising: demographic factors (such as employee turnover and mortality) and financial factors (such as the inflation rate and the discount rate for maturities consistent with the expected date of termination). The value of the liability recognised in the financial statements is, therefore, in line with the actuarial measurement, and actuarial gains and losses resulting from the calculation are allocated directly to shareholders' equity under other comprehensive income in the period in which they arise, taking account of the related deferred tax effects.

Defined contribution plans include severance pay owed to employees pursuant to Article 2120 of the Italian Civil Code, limited to severance pay accrued as of 1 January 2007 and mandatorily paid into a supplementary pension fund, or into the specific Treasury Fund set up at the National Institute for Social Security (INPS). These plans are managed by third-party fund managers, in relation to which the Company has no obligation. The Company pays contributions, recognising them through profit or loss when they are incurred at their nominal value.

Termination benefits are paid to employees for termination of the employment relationship are recognised as liabilities when the Company decides to end the employment relationship with an employee or a group of employees before the normal retirement date, or when an employee or a group of employees decides to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised immediately under personnel costs.

Long-term share-based incentive plan

Long-term share-based incentive plans, in conformity with IFRS 2, are a component of remuneration for the beneficiaries involving payment in the form of equity instruments (equity-settled share-based payment transaction). The cost of such plans is represented by the fair value of those instruments calculated at the grant date, and it is recognised under personnel costs over the period between the grant date and the vesting date, with a matching entry in the stock grant reserve under shareholders' equity. The overall estimated amount is deferred over the vesting period, and personnel costs and the corresponding increase in equity are periodically recognised as a portion of the estimated amount.

The estimated cost should be reviewed during the vesting period if subsequent information indicates that the number of instruments that will vest at the end of the vesting period will differ from the original estimates. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. Recognition is made only when there is a current obligation (legal or constructive) resulting from a past event, when an outflow of resources to meet that obligation is probable, and when a reliable estimate of its amount can be made.

When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the

current market assessment of the time value of money and, if applicable, the specific risks attributable to the obligation. When provisions are discounted, the periodic adjustment of the present value associated with the time factor is reflected in the Income Statement as a financial expense. Where it is assumed that all or part of the expenses required to settle an obligation will be reimbursed by a third party, such compensation, if virtually certain, is recognised as a separate asset.
Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.
The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.
Risks for which the recognition of a liability is only possible are disclosed but no provision is made.

Revenues from contracts with customers

Revenue is recognised at the consideration received or receivable less discounts and rebates and is recognised when an entity satisfies an obligation to do so by transferring a good or service to a customer. Transfer occurs when the customer gains control of the good or service, i.e. when it has the ability to decide upon its use and obtain substantially all benefits deriving therefrom. Control can be transferred at a certain point in time or over time by means of appropriate techniques for measuring progress (output and/or input methods).
Variable elements of the consideration are also factored into the transaction price (using the expected value and/or most probable value method) if it is highly probable that there will be no significant reversal in the future. Transactions are also adjusted to take into account the time value of money (TVM).
Revenues from contracts with customers are summarised below, broken down by nature:

- *regulated market*: two separate performance obligations to satisfy over time in the context of en-route and terminal streams. Progress is measured using the output method based on service units generated in en-route and terminal services and balances represent the variable consideration, factored into the transaction price of each performance obligation, attributable to the services provided within the en-route and terminal streams, making it possible to measure the actual value of the performance delivered to the customer, adjusted appropriately to take account of the time value of money;
- *non-regulated market*: revenues are broken down by type of transaction, such as the sale of licenses and provision of services, flight inspection, aeronautical consulting, technical and engineering services, training and other revenues. Revenues recognised over time are limited mainly to aeronautical consulting.

Balance – Revenues from contracts with customers

Internationally, the countries that belong to EUROCONTROL used an en-route charging system until 31 December 2011 known as cost recovery. This system was based on the criterion that the amount of revenues was commensurate with the value of the costs incurred for en-route air navigation control services. By virtue of this principle, the unit rates were kept at the value that made it hypothetically possible to achieve break-even. At the end of the year, if revenues were higher than costs a *negative balance (over-recovery)* would be generated, which would give rise to an adjustment in the income statement for the greater revenues and the recognition of a balance payable. If, on the other hand, revenues were lower than the costs incurred, greater revenue would be recognised in the income statement and a *positive balance (under-recovery)* would be recorded. In compliance with the cost-recovery principle, the Balance therefore represented the result of the correction mechanism used to adjust the amount of revenues to the effective billable costs incurred. The effects of this mechanism were reflected for rate purposes starting from the second year after the reference year and taken to profit or loss with the opposite sign of the balance recognised.

From 1 January 2015 this cost-recovery mechanism applied exclusively to terminal Charging Zone 3.

With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the national Performance Plan, approved for 2015-2019 (the second reference period), in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore the Parent Company, with regard to both traffic and costs. In particular, the traffic risk mechanism provides for the sharing of traffic risk between providers and users of the airspace, according to which positive and negative differences of up to 2% of the actual traffic, compared to the planned level, are borne entirely by the providers, while differences of between 2% and 10% are split 70/30 between the airlines and providers. For differences above 10%, the cost recovery method is applied. Under the above rules, any positive or negative difference in traffic risk leads to an adjustment of route revenues using the *Balance for the year* item. With regard to the cost risk, the option to transfer any discrepancies between the planned level and actual level at the end of the year to airspace users was eliminated. These differences, both positive and negative, are chargeable to the providers' budgets. This European regulation also applies to terminal services in the first and second charging zones.

Unlike what happened before the financial year ended 31 December 2019, and with reference to financial year 2022, in the 2020-2021 period, in the wake of the COVID-19 pandemic and the associated impact it has had on the air transport sector, the European Commission adopted a number of exceptional measures for the third reference period with Implementing Regulation (EU) 2020/1627 of 3 November 2020 (2020-2024) concerning the Single European Sky performance and charging scheme, introducing a number of rules that partially derogated from Implementing Regulation (EU) 2019/317 for that period. Subsequently, the European Commission issued Decision 2021/891 setting the performance targets for the third reference period and identifying Determined Unit Cost (DUC) as the reference performance indicator, defined as the ratio between determined costs and traffic expressed in terms of service units. The balances in respect of the loss of traffic in the 2020-2021 period shall, on an exceptional basis, be recovered over a period of five years, which can be extended to seven years, starting from 2023. The application of this regulation has been extended to include terminal revenues for Charging Zones 1 and 2, which are subject to the same European regulations.

The receivable and payable components of the balance, whether current or non-current, are classified under current and non-current trade receivables and current and non-current trade payables in the manner of contract assets/liabilities consistent with IFRS 15. The associated receivable/payable in respect of the balance is identified separately in the explanatory notes.

For both terminal services and en-route services, the *Balance for the year* item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only be settled ex post. In other

words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.
The *Balance for the year* will be reflected in rates no earlier than two subsequent years, while in the year ending the receivable/payable balance is recognised in profit or loss through the *Balance utilisation* item and included in the rate for the year.
Bearing in mind that the recovery of asset and liability balances is deferred in time and takes place on the basis of the plans to recovery balances through adjustments to unit rates, in accordance with IFRS 15, the Parent Company takes account of the time value of money in measuring those revenues, with initial recognition at their present value and subsequent recognition of accrued financial income/expense until their incorporation in rates.
If the balance recovery plans are changed, the Group adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balances for previous financial statements but it does require the prospective application of the changes.
The balance also includes a significant financing component, with a time horizon of more than 12 months. For this reason, the Group adjusts the transaction price to take account of the time value of money. The receivables and payables for balances, limited to the amounts recognised in the year, represent variable consideration, or contract assets/liabilities, which will be incorporated in unit rates in the future. The receivables and payables for balances included in unit rates for the year represent the draw-down at the time of invoicing of the contract assets/liabilities mentioned above. These contract assets/liabilities are classified under current and non-current trade receivables/payables, and are reported separately in the explanatory notes.

Grants

Operating grants are recognised on an accrual basis in the year in which the right to receive them arises with reasonable certainty, regardless of the date of receipt.
Public grants for plant and equipment are recognised if there is a formal award by the grant provider and only if, based on information available at the end of the reporting period, there is a reasonable certainty that the subsidised project will actually be carried out and that the grants will be received. Government grants for plant and equipment are recorded in a separate item of current and non-current liabilities, depending on the expected timing of their repayment, and charged to the Income Statement as income on a straight-line basis determined with reference to the useful life of the asset to which the grant is directly referable, thus ensuring a correlation with the depreciation of the same assets.

Dividends

Dividends received from investments in other companies are recognised through profit or loss at the time at which the unconditional right of shareholders to receive the payment is established, which is normally the resolution of shareholders’ meeting authorising the distribution of dividends.

Costs

Costs are recognised when they involve goods and services sold or consumed in the year or through systematic allocation over a longer period until no future utility can be identified.
Costs are recognised in profit or loss in conjunction with the decline in the economic benefits associated with a reduction in an asset or an increase in a liability if this decrease can be reliably calculated and measured.

Financial income and expense

Financial income and expense are recognised for the period on the basis of interest accrued on the net value of the financial receivables and payables using the effective interest rate and, where applicable, the legal interest rate. The effective interest rate is the rate which exactly discounts estimated future payments or collections over the expected life of the financial instrument, or where appropriate a shorter period, to the net carrying amount of the asset or liability. Interest income is measured to the extent that it is likely that the economic benefits will flow to the Company and the amount can be reliably measured.

Income taxes

Current IRES (corporate income tax) and IRAP (regional production taxes) are calculated on the basis of the best estimate of taxable income for the year and in accordance with current tax legislation, applying the tax rates in force. The current tax liability is recognised in the balance sheet net of any tax advances paid.
Deferred tax assets and liabilities are calculated for all temporary differences that arise between the values recognised in the financial statements and the corresponding values for tax purposes, applying the tax rate in effect at the date the temporary difference will reverse, determined on the basis of the tax rates provided for by provisions in force or substantially in force at the reporting date. Deferred tax assets for all temporary differences deductible in future years are recognised when their recovery is probable, i.e. if sufficient taxable income is expected to be realised in the future to recover the receivable. Deferred tax liabilities are recognised for all temporary differences taxable in future periods except to the extent that the liability arises from: i) the initial recognition of goodwill; ii) the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction affects neither accounting profit nor taxable profit/(loss).
Current taxes, deferred tax assets and deferred tax liabilities are recognised in the Income Statement, except for those relating to items directly charged or credited to other items of comprehensive income or to elements of equity. In such cases, the tax effect is charged directly to other items of comprehensive income or equity.
Deferred tax assets and liabilities in respect of taxes levied by the same taxation authority are offset if there is a legally enforceable right to set off the current tax assets against the current tax liabilities generated at the time of their reversal.
Deferred tax assets and liabilities are classified under non-current assets and liabilities, respectively.
Taxes and duties not related to income are recognised in the income statement under other operating expenses.

Related parties

Related parties are identified by ENAV in accordance with IAS 24. Generally speaking, related parties refer to parties that share the same controlling entity with the ENAV, companies that directly or indirectly exercise control, are controlled, or are subject to the joint control of the Company and those in which the latter holds a stake whereby it can exercise considerable influence. The definition of related parties also includes those

entities that manage post-pension benefit plans for employees of the Company or related companies, as well as the directors and their immediate family, the standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family, of ENAV and companies controlled directly or indirectly by the latter.
Related parties refer to entities controlled by ENAV. External related parties include the supervising Ministry, namely the Ministry of Infrastructure and Transport (former MIMS), and the controlling Ministry, namely the Ministry for the Economy and Finance (MEF), entities under the control, including joint control, of the MEF and associated companies.
For a detailed analysis of related-party transactions, please see to Note 30 of the separate financial statements.

Translation of amounts in foreign currency

Assets and liabilities deriving from transactions in a currency other than the functional currency of ENAV are recognised at the exchange rate prevailing on the transaction date. At the end of the year, those assets and liabilities are adjusted at the exchange rate prevailing at the close of the year and any gains or losses are recognised through profit or loss.

Use of estimates and management judgements

In accordance with the IAS/IFRS, the preparation of the separate financial statement requires management to make accounting estimates based on complex and/or subjective judgements, evaluations, estimates based on historic experience and assumptions considered to be reasonable and realistic in view of the related circumstances and on the information available at the time of the estimate. The application of these estimates and assumptions influences the carrying amount of assets and liabilities and the disclosures on contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs in the reference period. Actual results could differ from estimated results as a result of the uncertainty in the assumptions and conditions on which the estimates are based. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the accounts in the period in which the review of the estimate takes place, if the revision only affects the current period, or also in subsequent periods if the revision affects the current period and future periods.
Particular attention was paid to assessing the recoverability of receivables, the value retention of assets and goodwill and determining the balance for the year. Furthermore, in the preparation of the Financial Statements, the conditions for operating as a going concern were assessed and it can be reasonably affirmed that ENAV will continue to operate in the foreseeable future with a long-term perspective. In the case of future changes in estimation processes, disclosures will be provided about the methodological changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. Such changes in the conditions underlying the assumptions and judgements could have a significant impact on the year’s figures.

Measurement of revenues for the balance

As described in the *Accounting policies* paragraph, the measurement of operating revenue supplemented by the recognition of the Balance for the year, which measure services already provided by the Company, requires company management to use estimates and valuations. These estimates and valuations pertain to forecasting the recovery times for balance associated amounts in subsequent years to that in which they

accrued, as well as to choosing the discount rate used. In particular, with regard to measuring the fair value of the integration and balance adjustment component for the year, the company's management forecasts the recovery times through future unit rate plans: if these forecasts undergo changes, the of balance receivables and payables changes to reflect the new forecasts for the related cash flows.
Note 23 *Revenues from contracts with customers* provides additional information on the assessments performed by ENAV.

Impairment and recoverability of investments

For every reporting date of the financial statements the Company assesses whether there is objective evidence that investments are impaired.
Investments in subsidiaries are recorded at the purchase cost, as required under IAS 27.
The analyses conducted by management to assess the presence of impairment indicators require the evaluation of a series of internal and external inputs such as, for example: the examination of the annual budget, the examination of the long-term financial plan and the analysis of the main market indicators.
The evaluation of the present value of cash flows requires management to make extensive use of significant estimates and assumptions. It is believed that the estimates of this value are recoverable and reasonable. However, possible changes in the estimation factors on which the calculation of the present value is based could produce different measurements.
With reference to the evaluation of objective evidence of impairment losses with regard to the investment in Techno Sky and IDS AirNav, the test is carried out by calculating the value in use of the investments based on the discounted cash flow method.
The recoverable value was estimated for Techno Sky on the basis of cash flows relating to a time horizon of 3 years (2023-2025) while for IDS AirNav reference was made to a time horizon of 4 years (2023-2026). The data are taken from the Business Plan approved by the respective Boards of Directors as well as by ENAV, also taking into account the approved budget for 2023. For the explicit forecast period, these flows are formulated on the basis of hypothetical assumptions and associated with the expectations for the development of the business, while the years following the explicit period use assumptions about long-term sustainable profitability to enable operational continuity (growth rates and other factors linked to macroeconomic dynamics).
The assumptions adopted by management for the estimation of "normalised" net operating cash flow are the following:

- definition of NOPAT (Net Operating Profit After Taxes) on the basis of the average for the three-year explicit forecast period (2023-2025) for Techno Sky and the average for the last two years of the plan (2025-2026) for IDS AirNav;
- depreciation is aligned with investments to maintain fixed capital;
- working capital with balance of zero;
- the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 2% in line with the revision of the inflation long-term forecasts for Italy.

In particular, the estimate of the growth rate (g rate) is influenced by the judgements and assumptions made by management, which consider internal and external information inputs, the latter being characterised by a degree of uncertainty, for example: examination of the annual budget, examination of the long-term financial plan and analysis of the main market indicators.

In determining the value in use, the expected future cash flows are discounted using a discount rate, the estimation of which is affected by the judgements and assumptions made by management, and which reflects current market assessments of the time value of money and the specific risks of operations. In particular, the discount rate was constructed according to the main following assumptions: the Free Risk, the Country Risk Premium and the Market Risk Premium were determined on the basis of data observable on the market, the beta was based on an estimate determined on the basis of a sample of comparable companies.

With regard to the valuation of the investment in ENAV North Atlantic LLC, it should be stressed that it was established in order to make the investment in the US company, Aireon. Accordingly, the recoverability of the carrying amount of the investment in ENAV North Atlantic LLC is connected primarily to the recoverability of the values for the investment in the latter. Since the investment in Aireon in the Consolidated Financial Statements is measured at fair value with adjustments recognised through other comprehensive income, net of deferred taxation, for a full examination of the analysis process, please see the section "Use of estimates and Management judgements" contained in the Consolidated Financial Statements.

Section 7 *Investments* provides information relating to the results of the valuations performed by the Company.

Determining useful life

The depreciation and amortisation of property, plant and equipment and intangible assets is recognised on a straight-line basis over the estimated useful life of each asset. The useful life is calculated at the time the assets are acquired and is based on historical experience with similar investments, market conditions and forecasts involving future events that could have an impact on the useful life. Actual economic life may therefore differ from the estimated useful life. The Company evaluates technological changes annually in order to update the residual useful life. This updating could involve a change in the depreciation/amortisation period and therefore also the depreciation/amortisation charge for the year and future years.

Risk provisions

The Company recognises provisions for probable liabilities attributable to disputes and litigation with personnel, suppliers, third-parties and, in general, other charges in respect of obligations undertaken. The calculation of the risk provisions involve making estimates based on the current knowledge of factors that could change over time, potentially leading to final outcomes that could differ significantly from those taken into consideration in the preparation of the Financial Statements.

Provision for doubtful accounts and provision for inventory losses

The provisions for doubtful accounts for inventory losses respectively reflect the estimates of losses on Company receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used. The model adopted by the Company in relation to the impairment of trade receivables takes into account the deterioration in the creditworthiness of a basket of companies representing the air transport sector. Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

4. New accounting standards, interpretations and amendments adopted by the Company

New accounting standards, amendments and interpretations that have no impact on the Company's Financial Statements

The following is a list of the new accounting standards, amendments and interpretations applicable to the Company as from 1 January 2022 and/or subsequently during the year with no impact on the Company's Financial Statements at 31 December 2022.

- 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 the Income Statement.
- 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.
- Annual Improvements 2018-2020 – issued on 14 May 2020 and endorsed on 28 June 2021. The IASB also made a slight amendment to 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.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2022 and not adopted early by the Company

The following is a list of new accounting standards, amendments and interpretations that will be applied by the Company in annual accounting periods after that ending 31 December 2022. The Company 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 and endorsed on 11 August 2022. IAS 12 requires the recognition of deferred taxes or assets for all temporary differences, i.e. temporary changes that are taxable or recoverable in the future. In particular, it was established that companies, in specific circumstances, can be exempted from recognising the deferred tax when they recognise assets or liabilities for the first time. This provision previously raised some uncertainty as to whether the exemption would apply to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. With the amendment to IAS 12, the IFRS clarifies that the exemption does not apply and that companies are required to recognise the deferred tax on such transactions. The aim of the amendments is to reduce the diversity in accounting for deferred taxes on leases and decommissioning obligations. The amendments will take effect for annual periods beginning on 1 January 2023. The Group is assessing the impacts of these changes.

- 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. 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 to make an estimate represent a change of an estimate if they do not result from the correction of prior period error. A change in an accounting estimate may affect only the current period's profit or loss, or both the current period and future periods, and the effect of the change relating to the current period is recognised as income/expense in the current period, while the effect on future periods is recognised as income/expense in those future periods. The amendments will take effect for annual periods beginning on 1 January 2023. The changes are not expected to have a significant impact on the Group.
- 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. These amendments provide guidelines and examples to help entities apply materiality judgements to accounting policy disclosures. In particular, they aim to help entities provide information about the most useful accounting policies by replacing the requirement for entities to disclose their "significant" accounting policies with the requirement to disclose their "relevant" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making decisions about the disclosure of accounting standards. These amendments are applicable from 1 January 2023 and the Company is currently assessing the impact of the amendments on the financial reporting.
- 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. On 31 October 2022, a further amendment to IAS 1 was also published, i.e. Non-current Liabilities with Covenants, according to which an entity classifies its debt as non-current only if it can avoid settling the debt in the 12 months following the financial statements. Often the ability of an entity to produce this classification is subject to compliance with certain clauses, the so-called covenants. The amendment in question specifies that the covenants to be respected after the date of the financial statements do not affect the classification of the debt as current or non-current, rather adequate disclosure is required in the explanatory notes.
The amendments will take effect for annual reporting periods beginning on or after 1 January 2024. The Company is monitoring discussions within the IFRS Interpretations Committee and the IASB.
- Amendment to IFRS 16 Leases: Lease Liability in a Sale and Lease Back – issued on 22 September 2022, awaiting endorsement. These amendments require a lessee-seller to subsequently measure the liability

arising from a leaseback so as not to recognise any amount of gain or loss that relates to the right of use that is retained. The new requirements do not prevent the seller from recognising any gains or losses relating to the partial and/or full termination of a lease in the income statement. However, the amendment to the standard does not prescribe specific requirements for the measurement of a lease liability deriving from a leaseback. The entity will therefore have to define an accounting policy pursuant to IAS 8 for the method of measuring the liability. The above amendments will be applicable, pending endorsement, from 1 January 2024 and early adoption is permitted. The Company does not expect the aforesaid changed to have any impacts.

Notes to the statement of financial position

5. Property, plant and equipment

The table below shows changes in property, plant and equipment at 31 December 2022 compared with the previous year.

	Land and buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Cost	554,184	2,021,256	278,065	332,235	241,549	3,427,289
Accumulated depreciation	(277,558)	(1,710,609)	(238,510)	(303,267)	0	(2,529,944)
Net amount at 31.12.2021	**276,626**	**310,647**	**39,555**	**28,968**	**241,549**	**897,345**
Increases	8,731	32,888	4,783	13,511	80,856	140,769
Disposals - cost	(3,809)	(20,196)	(2,875)	(5,910)	0	(32,790)
Disposals - accumulated depreciation	3,785	20,184	2,875	5,890	0	32,734
Reclassification	0	0	0	(10)	(60,185)	(60,195)
Depreciation	(20,591)	(75,132)	(7,867)	(10,942)	0	(114,532)
Total changes	**(11,884)**	**(42,256)**	**(3,084)**	**2,539**	**20,671**	**(34,014)**
Cost	559,106	2,033,948	279,973	339,822	262,220	3,475,069
Accumulated depreciation	(294,364)	(1,765,557)	(243,502)	(308,315)	0	(2,611,738)
Net amount at 31.12.2022	**264,742**	**268,391**	**36,471**	**31,507**	**262,220**	**863,331**

(thousands of euros)

Property, plant and equipment in 2022 decreased by a net €34,014 thousand, reflecting:

- depreciation for the period of €114,532 thousand (€118,175 thousand in 2021), including €715 thousand in respect of rights of use;
- increases in property, plant and equipment of €140,769 thousand, including €59,913 thousand relating to investments in different categories that were completed and entered service during the period. These included: i) the construction of the first Italian remotely managed control tower implemented at Brindisi airport, which allows air traffic controllers to manage all take-off, landing and ground handling operations from a so-called Remote Tower Module (RTM) which can also be positioned many kilometres away from the airport; ii) programme to transfer the approach radar control station of Naples airport to the Area Control Centre (ACC) of Rome Ciampino; iii) technological upgrade of the Brindisi airport LAN; iv) creation and implementation of the Arrival Management system (AMAN) which helps operational personnel plan the best approach sequence, distributing any delay based on Flight Efficiency criteria, which has come into operation at Rome Fiumicino Airport; v) creation of the automation system for the Rome Ciampino Tower and Data Link system for Rome Fiumicino airport for the transmission, to appropriately equipped aircraft, of weather information and the initial route; vi) creation and implementation of the Automatic Tactical Control Tool (TCTA), which provides additional technological support to Air Traffic Controllers operating in the ACCs to prevent potential conflicts between flights operating in the airspace managed by ENAV, supporting their automatic identification and classifying them by levels of urgency. This system came into use during 2022 at three ACCs including Padua, Brindisi and Milan; vii) evolutionary maintenance on various systems.
- The increases of €80,856 thousand refer to tangible assets under construction relating to the progress of investment projects, including: i) the 4-Flight programme, the aim of which is to develop the entire Air Traffic Management (ATM) platform technology of the ACCs based on the SESAR operational concepts and including within it the Coflight system as a basic component; this new generation Flight data processing system called Coflight supports the controller in calculating the expected flight

trajectory, created in collaboration with the French provider DSNA; ii) the project to move the approach radar control stations from the current dedicated locations at five airports to the overlying ACCs; iii) the new tower and technical block for Treviso airport; iv) the creation of the new ENET-2 communication network, which will replace the current ENET network interconnecting all national operating sites, providing operational voice, radar, flight plan, weather, AIS and plant control data.

- the decrease due to reclassifications totalling €60,195 thousand mainly regards investment projects that were completed and entered service during the year, with classification to a specific account in the amount of €59,913 thousand, as well as €150 thousand for the reclassification of certain components of operating systems in inventories for replacement parts and the remainder regarding amounts classified among intangible assets.

Note that part of the investments, with a historical cost of €267.6 thousand, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006, 2007-2013 and 2014-2020 for interventions at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/2009 and projects financed at the European level. The capital grants for these investments are accounted for as *other liabilities* and reversed to profit or loss in line with the depreciation of the investments to which they refer. The portion pertaining to the year amounts to €8,458 thousand.

6. Intangible assets

The following table reports changes in intangible assets at 31 December 2022 compared with the previous year:

	Industrial patent and intellectual property rights	Other intangible assets	Assets under development	Total
Cost	163,754	2,085	56,914	222,753
Accumulated amortisation	(156,570)	(2,085)	0	(158,655)
Net amount at 31.12.2021	**7,184**	**0**	**56,914**	**64,098**
Increases	14,812	0	16,509	31,321
Disposals	0	0	0	0
Reclassification	0	0	(14,680)	(14,680)
Depreciation	(9,066)	0	0	(9,066)
Total changes	**5,746**	**0**	**1,829**	**7,575**
Cost	178,566	2,085	58,743	239,394
Accumulated amortisation	(165,636)	(2,085)	0	(167,721)
Net amount at 31.12.2022	**12,930**	**0**	**58,743**	**71,673**

(thousands of euros)

Intangible assets totalled €71,673 thousand, a net increase of €7,575 thousand, reflecting the following changes:

- amortisation for the year of €9,066 thousand (€8,681 thousand in 2021);
- increases in intangible assets totalling €31,321 thousand, including €14,812 thousand in respect of investment projects completed and entering service during the year, including software and licenses for management and operational systems. The increase also included €16,509 thousand from investment projects under development, including software licences and progress on the activities relating to the ERP Oracle management system with a view to implementing the system among the companies of the

ENAV Group in the cloud and software associated with cybersecurity. The Company verified that this item had not incurred any impairment loss as at the reporting date;

- decreases in intangible assets of €14,680, which regarded investment projects completed and entering service that were classified to a specific account and the reclassification of certain amounts under property, plant and equipment.

7. Investments

Investments amounted to €186,411 thousand, a decrease of €1,837 thousand.

This change is associated with the writedown of the investiment in ENAV North Atlantic, a company incorporated under American law in the legal form of a limited liability company, assumed the obligations deriving from the Subscription Agreement signed in December 2013 for the purchase of 12.5% of the shares of Aireon, a US company in the Iridium Group, whose corporate purpose is the supply of instrumental services to air navigation surveillance activities through a special payload device installed on board the 66 operational Iridium satellites, creating the first global air traffic surveillance system with coverage of areas not currently covered by radar. Payment for the acquisition was structured in four instalments, the last of which was settled in 2017, for a total investment of $61.2 million and a stake at 31 December 2022 of 8.6%, which, under a redemption clause envisaged among the obligations deriving from the Subscription Agreement, is expected to rise to 10.35%. This share was diluted in June 2022 following the resolution of the Board of Aireon to complete the capital increase to service a new business opportunity, described in a business case, highlighting the investment necessary to support this initiative. ENAV did not participate in this capital increase, subscribed only by one shareholder, leading to a dilution of its pre-redemption shareholding from 9.1% to 8.60%.

The amount of the investment in ENAV North Atlantic reflects the recoverability assumptions underlying the determination of the fair value of the investment in Aireon, reported in the Note 9 *Investments in other entities* to the Consolidated Financial Statements. The recoverable value was estimated on the basis of the flows relating to the Long Term Operating Plan (LTOP) approved in February 2023 by the management of Aireon, which presents the economic and financial projections for the period 2023-2033. The valuation model used is based on the same assumptions as used to determine the fair value of the investment in Aireon: 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 14.57% (13.56% in 2021), calculated using the CAPM (Capital Asset Pricing Model) method. Following the valuation conducted on the equity investment held in Aireon, which showed a decrease in fair value, an impairment test was conducted on the investment in Enav North Atlantic LLC, pursuant to IAS 36, the outcome was the recognition of an impairment loss of €1.8 million. Therefore, as at 31 December 2022, the investment is recognised at a value of €45,717 thousand.

The investments item also includes:

- the 100% stake in Techno Sky amounting to €99,224 thousand. This carrying amount, which is greater than the corresponding portion of shareholders' equity, underwent impairment testing at 31 December 2022, in order to assess the recoverability of the carrying amount. The recoverable value was estimated on the basis of the cash flows drawn from the 2022-2024 business plan approved by the Techno Sky Board of Directors on 14 April 2022, also taking account of the budget for 2023. The economic and equity projections were extended to 2025, assuming an inertial trend equal to 2024, in order to consider an explicit period of at least 3 years in the evaluation process. Those cash flows for the explicit forecast period are formulated on the basis of assumptions and expected developments in the business, while those for the years subsequent to the explicit period have been developed on the basis of assumptions about sustainable long-term profitability enabling the company to continue as a going concern. The recoverable value was calculated by discounting the operating cash flows using the discounted cash flow (DCF) method. The discount rate used was the WACC, equal to 8.64%, with a nominal growth rate for operating cash flows post explicit period forecast of 2%, consistent with current macroeconomic conditions. Following the test, the recoverable value was found to be higher than the carrying amount and, consequently, no impairment losses have been recognised;

- the investment in IDS AirNav amounting to €41,126 thousand. The carrying amount, which is greater than the corresponding portion of shareholders' equity, underwent impairment testing at 31 December 2022, in order to assess the recoverability of the carrying amount. In determining recoverable value, reference was made to value in use. The discount rate used is a WACC of 13.32% with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 2%, consistent with the revised inflation growth forecasts for Italy. Management decided that the estimation of recoverable value would use the value in use estimated on the basis of the cash flows drawn from the 2022-2026 business plan prepared by the subsidiary, taking account of the budget for 2023 approved by IDS AirNav's management on 14 April 2022. In the explicit period, the plan shows a growth in revenues of 10% while the prospective operating margin is approximately 32%. The assumptions on which the company based the preparation of the financial plan are founded on an understanding of the reference market, the information received from the Strategic Marketing unit of ENAV. The test found that the recoverable value is greater than the carrying amount of the investment and, consequently, no impairment was recognised.
- The 100% interest in Enav Asia Pacific amounting to €127 thousand and the 60% stake in D-Flight S.p.A. with a carrying amount of €50 thousand.

Investments include the 16.67% stake in the French company ESSP SaS, in which the main European service providers are shareholders and which operates the EGNOS satellite navigation system and provides the associated services, in the amount of €167 thousand. In 2022, dividends approved by ESSP were collected in the amount of €667 thousand.

For comments on the performance of subsidiaries in 2022, please see to the appropriate section of the Report on Operations.

A breakdown of investments held at 31 December 2022, with an indication of the interest held and the related carrying amount, is shown below:

Name	Headquarters	Balance Sheet Date	Share capital	Profit/(loss) for the year	Equity at 31.12.2022	% share	Adjusted Shareholder's equity pertaining to ENAV (*)	Book value at 31.12.2022
Subsidiaries								
Techno Sky S.r.l.	Rome	31.12.2022	1,600	9,230	61,956	100%	61,956	99,224
D-Flight S.p.A.	Rome	31.12.2022	50	(1,269)	3,248	60%	1,949	50
IDS AirNav S.r.l.	Rome	31.12.2022	500	1,901	11,431	100%	11,431	41,127
ENAV Asia Pacific	Kuala Lumpur	31.12.2022	127	2	4,948	100%	4,948	127
ENAV North Atlantic	Miami	31.12.2022	44,974	1,526	66,978	100%	66,978	45,717

(*) The figure includes adjustements reflected to the book value of the Shareholder's Equity due to exchange rate and for consolidation purposes.

8. Current and non-current financial assets

Current and non-current financial assets totalled €10,483 thousand, a decrease of €1,446 thousand as detailed in the following table:

	31.12.2022			31.12.2021			changes		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Financial assets at amortised cost	1,760	8,554	10,314	1,928	9,848	11,776	(168)	(1,294)	(1,462)
Derivative financial instruments	169	0	169	70	83	153	99	(83)	16
Total	**1,929**	**8,554**	**10,483**	**1,998**	**9931**	**11,929**	**(69)**	**(1,377)**	**(1,446)**

(thousands of euros)

Financial assets include: i) the intercompany loan to the subsidiary IDS AirNav in the amount of €8 million, which provides for repayment to be made by returning constant principal amounts on 31 December of each year starting from 2022 and up to 2026, together with the financial charges accrued in previous years. At the end of the year, €1,928 thousand were repaid, referring to the principal and interest accrued in previous years. The instalment falling due in 2023 is classified under current financial assets; ii) the intracompany loan, including accrued interest, granted in 2017 to the subsidiary ENAV North Atlantic, bearing an annual interest rate of 2.5% with a lump sum repayment on 31 December 2024.

At 31 December 2022, the financial instruments show a positive fair value of €169 thousand, an increase on the figure recorded in the previous year. The financial instrument establishes a perfectly effective hedging relationship, accounted for using the cash flow hedge method. Please see Note 32 for all the information required by IFRS 7.

9. Deferred tax assets and deferred tax liabilities

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

	31.12.2021		Incr./decr. through profit or loss		Incr./decr. through OCI		31.12.2022	
	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities
Deferred tax assets								
Taxed provisions	32,430	7,782	3,235	776	0	0	35,665	8,558
Writedown of inventories	9,257	2,221	227	55	0	0	9,484	2,276
Discounting of receivables	25,422	6,102	(6,701)	(1,608)	0	0	18,721	4,494
Discounting employee severance p	4,134	993	0	0	(4,134)	(993)	0	0
Non-deductible portion of severar	186	45	0	0	0	0	186	45
Fair value of derivatives	4	1	0	0			4	1
Other	267	64	2	1	0	0	269	65
Total	**71,700**	**17,208**	**(3,237)**	**(776)**	**(4,134)**	**(993)**	**64,329**	**15,439**
Deferred tax liabilities								
Other	7,141	1,714	610	146	0	0	7,751	1,860
Discounting on debts	452	109	642	154	0	0	1,094	263
Tax effect of IFRS conversion	1,812	545	(308)	(74)	0	0	1,504	471
Discounting employee severance p	0	0	0	0	374	90	374	90
Fair value of derivatives	2,733	656	0	0	16	4	2,749	660
Total	**12,138**	**3,024**	**944**	**226**	**390**	**94**	**13,472**	**3,344**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2022 of €15,439 thousand and €3,344 thousand, respectively, is attributable to the following factors:

- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 11 and 17;
- the recognition of the deferred tax associated with the discounting of balance receivables and payables recognised in 2022, net of the amount reversed to profit or loss for the year;
- the recognition of employee severance pay in accordance with the actuarial method, which produced an actuarial profit recognised in other comprehensive income;
- the measurement at fair value of derivative financial instruments, recognised in other comprehensive income.

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

10. Current and non-current tax receivables

Current tax receivables amount to €3,496 thousand, an increase of €1,288 thousand compared to 31 December 2021, mainly due to recognition of the tax receivable accrued in relation to expenses incurred for the purchase of energy products, in compliance with the provisions of Law 142/2022 for the receivable relating to the 3rd quarter of 2022, Decree-Law 144/2022 for the months of October and November and Decree-Law 176/2022 for the month of December. The aforementioned receivables can be used to offset the payment of contributions.

The reduction in the VAT receivable is associated with the use of the receivable of €1.5 million when making the first advance payment in June.

Non-current tax receivables amount to €50 thousand (€74 thousand at 31 December 2021) and include the tax receivable on capital goods which will be used for offsetting on a straight-line basis in subsequent years.

	31.12.2022	31.12.2021	Change
Receivables from tax authorities for VAT	694	1,990	(1,296)
Other current tax receivables	2,802	218	2,584
Total	**3,496**	**2,208**	**1,288**

(thousands of euros)

11. Current and non-current trade receivables

Current trade receivables amounted to €311,846 thousand and non-current trade receivables amounted to €606,775 thousand, mainly in respect of receivables for balances, as detailed in the following table:

	31.12.2022	31.12.2021	Change
Current trade receivables			
Receivables from Eurocontrol	156,052	134,557	21,495
Receivables from the Ministry for the Economy and Finance	12,506	10,993	1,513
Receivables from the Ministry of Infrastructure and Transport	30,000	30,000	0
Receivables from customers	20,462	17,024	3,438
Balance receivables	131,804	0	131,804
	350,824	**192,574**	**158,250**
Provision for doubtful accounts	(38,978)	(35,049)	(3,929)
Total	**311,846**	**157,525**	**154,321**
Non-current trade receivables			
Balance receivables	606,775	687,253	(80,478)
Total	**606,775**	**687,253**	**(80,478)**

(thousands of euros)

Receivables from Eurocontrol related to the fees in respect of en-route and terminal revenues not yet received as of 31 December 2022, most of which had not yet fallen due, amounting to €109,289 thousand (€87,461 thousand at 31 December 2021) and €46,763 thousand (€47,096 thousand at 31 December 2021), respectively, gross of the provision for doubtful accounts. The overall increase of €21,495 thousand mainly refers to the higher turnover generated in the months of November and December 2022, compared to the corresponding months of 2021, of €21.5 million, due to the resumption of air transport connections, an increase offset by the collection of the receivable from Alitalia and other airlines referring to 2021. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €129,133 thousand (€109,304 thousand at 31 December 2021).

Receivables from the Ministry for the Economy and Finance (MEF) of €12,506 thousand are entirely accounted for by the en-route and terminal exemptions recognised in 2022, a slight increase compared with the previous year, reflecting a rise in en-route service units generated in the year. The receivable in 2021 of €10,993 thousand was offset, after approval of the 2021 financial statements, with the payable to the Italian Air Force for collections in respect of en-route charges of €26,295 thousand, which determined a payable of €15,302 thousand due to the MEF, in December 2022.

Receivables from the Ministry of Infrastructure and Transport include the operating grant for the year, equal to €30,000 thousand, which is intended to offset the costs incurred by ENAV to guarantee the safety of its plant and operational safety, as provided for by Article 11-septies of Law 248/2005. In December, €30 million recognised in 2021 were collected.

The Receivables from others amount to €20,462 thousand, a net increase of €3,438 compared to the previous year, consisting mainly of the receivable from Qatar related to the amount billed in the last quarter of 2022, collected in the first few months of 2023.

The Provision for doubtful accounts amounted to €38,978 thousand, with changes in 2022 breaking down as follows:

			Decreases		
	31.12.2021	Increases	Utilisation	Cancellations	**31.12.2022**
Provision for doubtful accounts	35,049	6,672	(1,806)	(937)	38,978

(thousands of euros)

The increase in the provision for doubtful accounts for the year reflects both the total write-downs due to the insolvency of some air carriers and positions in respect of other customer and the underlying effects of the economic consequences of the Russian-Ukrainian conflict, which led to the receivables from carriers belonging to the Russian Federation being written down.

The decrease in the provision for doubtful accounts includes €1,806 thousand in respect of receivables prudentially written down in previous years and collected during 2022, while €937 thousand regards the writeoff of receivables in respect of Eurocontrol, which does not affect the right to recover the receivable.

The uses are recognised through profit or loss under the item *Writedowns and impairment (reversals of impairment)* item.

The Balance receivables, net of the discounting effect, amount to a total of €738,579 thousand (€687,253 thousand as at 31 December 2021) classified under current receivables in the amount of €131,804 thousand, the portion included in the 2023 unit rate, which includes the first portion of the balances recognized in the two-year period 2020-2021, which will be recovered in five years starting from 2023 for the en-route and first two terminal charging zones receivables and in seven years for the third terminal charging zone receivables, in compliance with the request made by the ENAC regulator and envisaged as the recovery timing in European Regulation 2020/1627. The balance receivable in the non-current portion also includes the positive balances that emerged in 2022, recognized according to the standard traffic risk mechanism in compliance with EU Regulation 2019/317 of the performance and pricing system applicable for the en-route and first two terminal charging zones receivables, on the basis of the 2020-2024 performance plan which implemented the objectives set by the European Commission with Implementing Decision 2021/891. In particular, these balances refer to: i) inflation balance for a total of €34.7 million recognised following the increase in the inflation rate which stood at 8.7% for Italy in 2022 compared to 1.5% in the performance plan; ii) the balance for traffic risk of the first charging zone of €1.9 million as the service units determined in the final balance were lower than planned by -9.81%; iii) the bonus capacity balance recognised following the achievement of the target objective set in the performance plan, which set a target of 0.11 minutes delay per assisted flight for en-route SUs but closed at 0.07 minutes delay per assisted flight.

12. Inventories

Inventories, which are represented by spare parts, amounted to €61,075 thousand net of provisions for doubtful accounts, a net decrease of €434 thousand on the previous year. Changes during the year break down as follows:

	31.12.2021	Increases	Decreases	31.12.2022
Bonded inventory	65,428	2,070	(2,251)	65,247
Direct inventory	5,339	465	(491)	5,313
	70,767	**2,535**	**(2,742)**	**70,560**
Provision for inventory losses	(9,258)	(227)	0	(9,485)
Total	**61,509**	**2,308**	**(2,742)**	**61,075**

(thousands of euros)

The increase of €2,308 thousand, net of the inventory loss provision, mainly reflects bonded inventory for the purchase of spare parts for operating systems used for air navigation, including spare parts to support radar systems, telecommunications and meteorological systems. Part of the increase, equal to €151 thousand, was attributable to parts of systems classified to inventories from property, plant and equipment. The decrease of €2,742 thousand relates to the use of spare parts in operating systems, which were greater than the purchases made in the year.
The provision for inventory losses increased by €227 thousand for replacement parts that became obsolete as they were designed for plant no longer in use.
The spare parts in the bonded inventory are deposited with the subsidiary Techno Sky, which manages them on behalf of ENAV.

13. Intercompany receivables and payables

Receivables and payables with Group companies amounted to €32,761 thousand (€31,504 thousand at 31 December 2021) and €103,034 thousand (€88,830 thousand at 31 December 2021) respectively.
The following table provides a breakdown of intercompany receivables:

	31.12.2022	31.12.2021	Change
Due from Group companies			
Techno Sky	26,897	27,914	(1,017)
ENAV Asia Pacific	124	51	73
D-Flight	1,418	1,143	275
IDS AirNav	4,322	2,396	1,926
Total	**32,761**	**31,504**	**1,257**

(thousands of euros)

The item showed a net increase of €1,257 thousand compared with 31 December 2021, mainly reflecting a decrease in the receivable due from Techno Sky associated with the correspondent current account, as payments exceeded disbursements, and an increase in the receivables from IDS AirNav and D-Flight regarding intercompany service contracts for services provided centrally by ENAV.
The following table provides a breakdown of intercompany payables:

	31.12.2022	31.12.2021	Change
Due to Group companies			
Techno Sky	99,563	85,967	13,596
IDS AirNav	3,170	2,763	407
D-Flight	301	100	201
Total	**103,034**	**88,830**	**14,204**

(thousands of euros

The increase of €14,204 thousand mainly regards transactions with the subsidiary Techno Sky, the provision for invoices to be received for the last two months of the maintenance fee for both operational and non-operational systems, maintenance of illuminated visual aids and activities related to investment projects.

14. Other current and non-current assets

Other current assets amounted to €31,295 thousand and other non-current assets totalled €6,029 thousand. The item breaks down as follows:

	31.12.2022	31.12.2021	Change
Other current assets			
Receivables from government entities for capital grants	14,224	28,342	(14,118)
Receivables from personnel	3,649	3,380	269
Receivables from various entities for projects funded	12,995	17,081	(4,086)
Accruals and deferrals	621	1,165	(544)
Other receivables	2,274	1,422	852
	33,763	**51,390**	**(17,627)**
Provision for doubtful accounts	(2,468)	(2,634)	166
Total	**31,295**	**48,756**	**(17,461)**
Other non-current assets			
Receivables from government entities for capital grants	6,029	6,312	(283)
Total	**6,029**	**6,312**	**(283)**

(thousands of euros)

Receivables from government entities for capital grants decreased by €14,401 thousand compared with 31 December 2021, mainly due to the collection of grants under a number of funded projects, including the Deconflicting Tool at the Brindisi Area Control Centre (ACC), the 4-Flight project at the Brindisi ACC and the project relating to airport meteorological systems. The part recognised under non-current assets regards investments that will be undertaken in subsequent years.

Receivables from personnel refer to the advances paid to employees for travel expenses and not yet completed at the end of the year, of which the largest portion (€2,468 thousand) regards expense advances paid to former employees of ENAV, already investigated by judicial authorities and prudently written down in previous years. In 2022, €166 thousand were collected, reducing the provision. In order to secure the receivable, one fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in some cases, real estate were also seized.

The receivables from various entities for projects funded of 12,995 thousand were €4,086 thousand lower than on 31 December 2021, as a result of the new receivables arising from the reporting of projects financed under the Connecting European Facility (CEF) call 2015 and the share pertaining to the SESAR projects, plus the collections made during the year for CEF financed projects reported in the previous year and SESAR projects for a total of €11.1 million.

15. Cash and cash equivalents

Cash and cash equivalents totalled €246,692 thousand, a net increase of €51,603 thousand on the previous year. This change is due mainly to the development of collections and payments connected with ordinary operations, which produced a positive cash flow closely related to the recovery of air transport activities, which generated higher revenues from ENAV's core business. In addition to ordinary operations, the following movements contributed to the change in cash and cash equivalents: i) payment of the debt to the

Ministry for the Economy and Finance for 2020 and 2021 in the amount of €31.5 million; ii) payment of the debt to ENAC for its share of en-route and terminal receipts and payment to the Italian Air Force of its share of terminal receipts in the total amount of €19.1 million; iii) payment of the dividend of €58.4 million; iv) repayment of loan instalments and the bond loan in the amount of €246.2 million. These effects were partly offset by the liquidity received from the €180 million pool loan and by the collections from projects financed under the PON, CEF and SESAR schemes.
Cash and cash equivalents are not restricted by encumbrances limiting their availability.

16. Shareholders' equity

Shareholders' equity at 31 December 2022 amounted to €1,174,581 thousand and breaks down as follows.

	31.12.2022	31.12.2021	Changes
Share capital	541,744	541,744	0
Legal reserve	42,650	39,571	3,079
Other reserves	438,185	437,846	339
IAS FTA reserve	(3,045)	(3,045)	0
Reserve for actuarial gains/(losses) for employee benefits	(5,421)	(8,848)	3,427
Cash flow hedge reserve	2,085	2,073	12
Reserve for treasury shares	(1,535)	(2,150)	615
Retained earnings/(loss carryforward)	67,517	67,411	106
Profit/(loss) for the year	92,401	61,588	30,813
Total shareholders' equity	**1,174,581**	**1,136,190**	**38,391**

(thousands of euros)

On 3 June 2022, during the Ordinary Shareholders' Meeting called to approve the Financial Statements at 31 December 2021, a resolution was passed to allocate €3,079 thousand of the profit for the year to the legal reserve, pursuant to art. 2430 paragraph 1 of the Civil Code, €58,506 thousand as a dividend to be distributed to Shareholders, corresponding to a dividend of €0.1081 per share in circulation on the ex-dividend date set for 24 October 2022, and €2,530 to the retained earnings reserve.
Share capital consists of 541,744,385 ordinary shares with no par value, of which 53.28% are held by the Ministry for the Economy and Finance, 46.65% by institutional and individual shareholders and 0.07% by ENAV in the form of treasury shares. At 31 December 2022, all shares are subscribed and paid up and no preference shares have been issued.
The Legal reserve represents the share of profits that under the provisions of Article 2430 of the Civil Code cannot be distributed as dividends. In 2022, in accordance with the resolution of the Shareholders' Meeting of 3 June 2022, at the time of approval of the 2021 financial statements, 5% of ENAV S.p.A.'s profit for the year was allocated to the legal reserve in an amount equal to €3,079 thousand.
Other reserves include €36.4 million in the reserve for capital grants received in 1996-2002, which is reported net of taxes that have been discharged thereby making the reserve available, as well as €400 million from the allocation of the voluntary reduction of share capital, €1.8 million for the reserve for the long-term incentive plan for the Company's management.
The IAS FTA reserve (first time adoption) reflects differences in the values of assets and liabilities recognised at the time of initial adoption of international accounting standards.
The Reserve for actuarial gains/(losses) for employee benefits includes the effects of the actuarial changes in employee severance benefits, net of the tax effect, which at 31 December 2022 registered a Group actuarial profit which, net of the tax effect, amounts to €3.4 million.

The Cash flow hedge reserve includes the measurement at fair value of hedging derivatives, which shows a net increase of €12 thousand for the year.

The Treasury share reserve reports the value of 370,519 treasury shares valued at an average price of €4.14 per share, the remainder of the 518,823 treasury shares registered at 31 December 2021 following the award of 148,304 shares to the beneficiaries of the third vesting period (2019-2021) of the 2017-2019 Performance Plan.

Retained earnings/(loss carryforward) reflects results for previous years. The increase of €106 thousand refers to the portion of the result for 2021 allocated to this item at the time of the resolution to distribute the profit and to the difference between the value of the treasury shares and the value of the allocation to the beneficiaries of the performance plan long term.

Profit for the year €92,401 thousand.

The following table gives a breakdown of equity reserves with an indication of their availability for use, in compliance with the provisions of Article 2427 of the Civil Code and IAS 1.

	Amount	Possible uses
Capital reserves		
Other reserves	434,824	A, B, C
Earnings reserves		
Legal reserve	42,650	unavailable
IAS FTA reserve	(3,045)	unavailable
Reserve for actuarial gains/(losses) for employee benefits	(5,421)	unavailable
Cash flow hedge reserve	2,085	unavailable
Stock grant reserve	1,826	unavailable
Retained earnings	67,517	A, B, C
Total reserves	**540,436**	
		(thousands of euros)

A: capital increase; B: coverage of losses; C: distribution to shareholders.

Capital management

The capital management objectives of ENAV are creating value for stakeholders and supporting long-term development. In particular, ENAV seeks to maintain an adequate level of capitalisation that enables it to access external sources of financing while optimising borrowing costs and enabling it to adequately support the development of the Company’s activities. Accordingly, ENAV manages its capital and takes account of economic conditions and the requirements of financial covenants in the pursuit of these goals.

17. Provisions for risks and charges

Provisions for risks and charges amounted to €11,341 thousand, of which the portion classified in current liabilities totalled €9,885 thousand, and changed as follows during the year:

	31.12.2021	Increases	To profit or loss	Decreases	31.12.2022
Provisions for disputes with personnel	641	121		(50)	712
Provisions for other pending litigation	50	12	0	(30)	32
Other risk provisions	883	0	0	0	883
Provisions for other charges	12,340	2,137	(2,070)	(2,693)	9,714
Total provisions for risks and charges	**13,914**	**2,270**	**(2,070)**	**(2,773)**	**11,341**

(thousands of euros)

The provisions for disputes with personnel, the short-term portion of which is €171 thousand, increased by €71 thousand during the year to account for the liabilities associated with new disputes that led to the estimates for the provision being updated. At 31 December 2022 the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.6 million.

The provisions for other pending litigation, classified entirely beyond twelve months, decreased by €30 thousand as a result of the settlement reached in a dispute with a supplier. At 31 December 2022, the estimated charges relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.1 million.

The provisions for other charges, classified entirely as current liabilities, amounts to €9,714 thousand and underwent the following changes during the year: i) increase of €2,137 thousand for charges connected with the early retirement scheme under article 4, paragraphs 1-7 ter of Law 92/2012, known as *Isopensione*, to take account of two new expressions of interest received during 2022; ii) decrease of €2,070 thousand following the redetermination of the exit windows and the exclusion of two executives; iii) reclassification of €1,815 thousand in context of social security debts owed to INPS relating to three executives whose employment was terminated at the end of 2022. The early retirement programme will terminate on 30 November 2023. The provision for charges recorded in previous years for 878 thousand, intended for the fight against COVID-19, was fully used in the year to purchase 4 ambulances for four healthcare facilities located respectively in Palermo, Brindisi, Rome and Padua, 2 ambulances for the Red Cross to be sent to Ukraine, and finally 1 camper van set up for oncological visits to support the prevention of female cancer in Italy.

18. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €29,651 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.

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

	31.12.2022	31.12.2021
Liabilities for employee benefits at the beginning of the year	**34,744**	**35,921**
Interest cost	677	232
Actuarial (gains)/losses on defined benefits	(4,508)	564
Advances, benefit payments and other variations	(1,262)	(1,973)
Liabilities for employee benefits at the end of the year	**29,651**	**34,744**

(thousands of euros)

The interest cost component of the provision, equal to €677 thousand, was recognised under financial expense.

The utilisation of €1,262 thousand of the severance pay provision reflected benefits paid out to personnel leaving the Group during the year and advances disbursed to personnel who so requested.

The difference between the expected value of provision at the end of the observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). In 2022 this calculation generated an actuarial profit of €4,508 thousand.

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

	31.12.2022	**31.12.2021**
Discount rate	3.63%	0.98%
Inflation rate	2.30%	1.75%
Rate of annual increase in severance pay	3.225%	2.813%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.50%	2.50%

The discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, using the IBoxx Corporate AA Index with the 7-10 years duration observed at the measurement date. The yield with a duration comparable to the duration of the group being assessed was chosen. The inflation rate based of the current economic situation, in which the majority of indicators are particularly volatile. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.

The following provides a sensitivity analysis of the severance pay liability in alternative scenarios for the actuarial assumptions.

	Liabilities for defined benefit for employees	
	31.12.2022	**31.12.2021**
Turnover rate + 1%	30,249	34,920
Turnover rate - 1%	29,930	35,488
Inflation rate + 0.25%	30,481	35,698
Inflation rate - 0.25%	29,718	34,691
Discount rate + 0.25%	29,501	34,387
Discount rate - 0.25%	30,711	36,021

(thousands of euros)

The average duration of the liability for defined benefit plans is 8.9 years.

19. 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) lease liabilities emerging from the application of the new IFRS 16 accounting standard.

The values at 31 December 2022 compared with those for the previous year and the associated changes are shown below:

	31.12.2022			31.12.2021			Changes		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Bank loans	431,652	165,094	596,746	68,907	411,428	480,335	362,745	(246,334)	116,411
Bond	0	0	0	181,418	0	181,418	(181,418)	0	(181,418)
Lease liabilities ex IFRS 16	756	698	1,454	744	1,085	1,829	12	(387)	(375)
Total	**432,408**	**165,792**	**598,200**	**251,069**	**412,513**	**663,582**	**181,339**	**(246,721)**	**(65,382)**

(thousands of euros)

Bank loans at 31 December 2022 registered a net increase of €116,411 thousand as a result of new borrowing and the repayment of instalments on outstanding loans, reflecting the effects of amortised cost measurement. In particular, we should point out: i) the variable rate term loan of €180 million taken out with a pool of banks for 12 months for the purpose of refinancing the private placement that matured and was repaid on 4 August 2022; ii) repayment of EIB loan instalments: two six-monthly instalments, totalling €5,333 thousand, of the loan for an initial €80 million, maturing on 12 December 2032, two six-monthly instalments, totalling €8,458 thousand, of the loan of an initial €100 million, maturing on 19 December 2029, repayment of a six-monthly instalment, totalling €2,414, of the loan for an initial €70 million, which became repayable from August 2022, maturing in August 2036; iii) repayment of four quarterly instalments, totalling €33,333 thousand, of the loan from Intesa Sanpaolo for an initial €100 million, maturing on 30 October 2023; iv) repayment of four quarterly instalments, totalling €16,667, of the loan from Mediobanca for an initial €50 million, maturing on 28 October 2023.

The loans and long-term loan portions to be repaid in 2023 are recognised under current liabilities in the total amount of €431,652 thousand, which includes the effect of amortised cost measurement.

The bond loan issued on 4 August 2015 by the Parent Company for a nominal €180 million, listed on the Luxembourg Stock Exchange's regulated market, with a duration of seven years, matured on 4 August 2022 and was fully repaid in the amount of 183.5 million, including interest.

At 31 December 2022, ENAV had unused committed and uncommitted short-term credit lines totalling €285 million.

The following table provides an analysis of the loans with the general conditions for each individual Group credit relationship with the lenders. With regard to advances from the UniCredit and Intesa Sanpaolo, note that the conditions applied are agreed on a case-by-case basis and reflect market developments, while the conditions of the committed credit lines are determined on the basis of percentage use of the facilities.

Lender	Type	Amount granted	Amount used (nominal value)	Amount available	Carrying amount	Rate
BNL-BNP Paribas	RCF	60,000	0	60,000	0	Euribor + spread
Unicredit	Export advances	15,000	0	15,000	0	Euribor + spread
Intesa San Paolo	Financial advances	50,000	0	50,000	0	Euribor + spread
Mediobanca	RCF	15,000	0	15,000	0	Euribor + spread
Unicredit	RCF	145,000	0	145,000	0	Euribor + spread
Total		**285,000**	**0**	**285,000**	**0**	

(thousands of euros)

The average interest rate on bank loans in the reference period was 1.47%, slightly higher than the rate for the previous year (1.06%).

Lease liabilities under IFRS 16 include a total of €1,454 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 year, that liability decreased as a consequence of payments made.
With regard to other financing transactions, note that the fair value of bank loans at 31 December 2022 was estimated at €560.7 million. The estimate was made considering a free risk curve of market rates, plus a spread equal to the *BTP/Bund differential* to reflect the credit risk component.
The following table reports the composition of net financial debt at 31 December 2022 and 31 December 2021 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.

	31.12.2022	of which with related parties	31.12.2021	of which with related parties
(A) Cash	246,692	0	195,089	0
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**246,692**	**0**	**195,089**	**0**
(E) Current financial receivables	**1,760**	**1,760**	**1,928**	**1,928**
(F) Current financial debt			(181,418)	0
(G) Current portion of non-current debt	(431,652)		(68,907)	0
(H) Other current financial debt	(756)		(744)	0
(I) Current financial debt (F)+(G)+(H)	**(432,408)**		**(251,069)**	**0**
(J) Net current financial debt/liquidity (D)+(E)+(I)	**(183,956)**	**1,760**	**(54,052)**	**1,928**
(K) Non-current bank loans	(165,094)	0	(411,428)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current debt	(698)	0	(1,085)	0
(N) Non-current trade payables	(73,695)	0	(40,989)	
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(239,487)**	**0**	**(453,502)**	**0**
(P) Total net financial debt as per ESMA guidelines (J)+(O)	**(423,443)**	**1,760**	**(507,554)**	**1,928**
(Q) Current and non-current derivative instruments	169	0	153	0
(R) Non-current financial receivables	8,554	8,554	9,848	9,848
(S) Total ENAV net financial debt (P)+(Q)+('R)	**(414,720)**	**10,314**	**(497,553)**	**11,776**

(thousands of euros)

20. Current and non-current trade payables

Current trade payables amounted to €127.225 thousand and non-current trade payables to €73,695, both having increased on the previous year, mainly due to the balance payables. The item breaks down as follows:

	31.12.2022	31.12.2021	Change
Current trade payables			
Payables to suppliers	85,929	81,786	4,143
Payables for advances received for projects with EU financing	3,109	3,050	59
Balance payables	38,187	12,687	25,500
Total	**127,225**	**97,523**	**29,702**
Non-current trade payables			
Balance payables	73,695	40,989	32,706
Total	**73,695**	**40,989**	**32,706**

(thousands of euros)

Payables to suppliers of goods and services necessary for ENAV's operations show a net increase of €4.1 million, mainly reflecting an increase in billing at the end of the year.
Payables for advances received for project with EU financing amounted to €3,109 thousand, broadly in line with the figure for the previous year. They mainly regard prefinancing received under a number of projects receiving European funding.

Eurocontrol balance payments amounted to €111,882 thousand, of which the part classified under current payables came to €38,187 thousand and corresponds to the amount that will be reimbursed through unit rates in 2023. The overall net increase of €58,206 thousand relates to recognition of the balances that emerged in 2022 and relate in particular to: i) balances for en-route traffic risk and the second terminal charging zone for a total of €56.3 million to be returned to the carriers as the final balance of service units was higher than the forecasts made in the performance plan; ii) the balance of the third charging zone determined according to the cost recovery logic of €4.9 million; iii) the balance depreciation and the balance for projects financed at a European level subject to repayment on the basis of EU Regulations for a total of €12.6 million. The payable for the current portion of the balance declined as a result of use of the 2022 share through unit rates.

21. Other current and non-current liabilities

Other current and non-current liabilities showed an overall decrease of €14,600 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	31.12.2022			31.12.2021			Changes		
	current	**non-current**	**Total**	**current**	**non-current**	**Total**	**current**	**non-current**	**Total**
Payments on account	70,337	0	70,337	38,271	0	38,271	32,066	0	32,066
Other payables	37,349	0	37,349	44,819	0	44,819	(7,470)	0	(7,470)
Deferred income	9,687	157,609	167,296	8,174	169,118	177,292	1,513	(11,509)	(9,996)
Total	**117,373**	**157,609**	**274,982**	**91,264**	**169,118**	**260,382**	**26,109**	**(11,509)**	**14,600**

(thousands of euros)

Payments on account amounted to €70,337 thousand and include €65,126 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in 2022 for en-route and terminal services and €5,211 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During 2022, the IAF was paid its accrued share for terminal services in the total amount of €16.7 million and IAF payments on account for en-route services registered at 31 December 2021 were offset against the receivable due from the Ministry for the Economy and Finance (MEF), which produced a payable of €15.3 million, which was paid in December, together with the ENAC share for 2021 amounting to €2.4 million.

Other payables amounted to €37,349 thousand, a net decrease of €7,470 thousand compared with the previous year, mainly attributable to the settlement of payables to the MEF, included among other payables for the previous year, in the amount of €16.2 million, partly offset by the higher payables to personnel due to provisions for the year.

Accruals and deferrals mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) Infrastructure and Networks NOP grants for the period 2000-2006, 2007-2013 and 2014-2020 concerning specific investments made in southern airports in the amount, net of amounts taken to profit of loss, of €63,246 thousand (€71,907 thousand at 31 December 2021); ii) capital grants for investments at military airports, in accordance with the provisions of Law 102/2009, amounting to €52,349 thousand (€55,387 thousand at 31 December 2021); and iii) grants linked to the investment projects funded under the CEF programme in the amount of €47,505 thousand (€45,645 thousand at 31 December 2021), which increased as a result of the submission of final accounts for investment projects receiving funding under the 2015 call of the CEF programme.

22. Tax and social security payables

Tax and social security payables amounted to €51,302 thousand and break down as shown in the following table.

	31.12.2022	31.12.2021	Change
Tax payables	28,610	17,309	11,301
Social security payables	22,692	12,569	10,123
Total	**51,302**	**29,878**	**21,424**

(thousands of euros)

Tax payables increased by €11.301 thousand, attributable both to the higher IRES and IRAP liabilities, which amounted to €15.9 million (€10.4 million at 31 December 2021), and to higher IRPEF withholdings commensurate with the recouping of inflation paid to employees in December for the contract hiatus period. Social security payables amounted to €22,692 thousand, an increase of €10,123 thousand compared to the figure for 31 December 2021, due to the higher remuneration paid in December, as stated above, and to the contributions accrued on provisioned personnel costs and contributions for holiday entitlement accrued but not used in the total amount of €7,482 thousand (€4,861 thousand at 31 December 2021) and the debt owed to INPS for the *Isopensione* early retirement programme pertaining to three executives whose employment terminated at the end of the year, to be paid to INPS by F24 in a single instalment.

Notes to the income statement

23. Revenues from contracts with customers

Revenues from contracts with customers, represented by revenues from operating activities and the balance adjustment component, totalled €880,156 thousand, an increase of €107,971 thousand compared to the previous year, reflecting the marked recovery of activities in the air transport sector which, thanks to vaccination coverage and the absence of travel restrictions between countries, allowed a return to normality. Revenues were also positively affected by an increase of €7,398 thousand in revenues from the non-regulated market compared with 2021.

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.

	2022	**2021**	**Changes**	**%**
En-route revenues	648,162	324,025	324,137	100.0%
Terminal revenues	220,469	136,329	84,140	61.7%
En-route and terminal exemptions	12,501	10,990	1,511	13.7%
Revenues from non-regulated market	13,841	6,443	7,398	n.a.
Total revenues from operations	**894,973**	**477,787**	**417,186**	**87.3%**
Balances	(14,817)	294,398	(309,215)	-105%
Total revenues from contracts with customers	**880,156**	**772,185**	**107,971**	**14.0%**

(thousands of euros)

En-route revenues

En-route revenues amounted to €648,162 thousand, almost double their level in 2021, reflecting an increase of €324,137 on 2021 due to the +66.9% increase in service units generated during the year (+46.2% in 2021 on 2020), resulting mainly from the recovery in air traffic handled, no longer subject to travel restrictions. A contributing factor to the increase in revenues was the 20.33% higher unit rate applied in 2022 (€75.42 in 2022 compared with €62.68 in 2021), equivalent to a 16.67% increase considering charges net of the balance. Considering en-route revenues including the exempt flights component, which posted an increase of 22% as a result of the rise of 1.4% in service units during the year (+6.4% in 2021 on 2020), and the balance adjustment component, en-route revenues totalled €645,015 thousand, an increase of €84,108 thousand, as shown below:

	2022	**2021**	**Changes**	**%**
En-route revenues	648,162	324,025	324,137	100.0%
En-route exemptions	9,767	8,007	1,760	22.0%
Subtotal revenues	*657,929*	*332,032*	*325,897*	98.2%
En-route balance for the year	(25,182)	213,413	(238,595)	n.a.
Discounting of balance for the year	330	(7,169)	7,499	n.a.
Change in balance	3,254	(4,570)	7,824	n.a.
Use of en-route balance n-2	8,684	27,201	(18,517)	-68.1%
Subtotal balance	*(12,914)*	*228,875*	*(241,789)*	n.a.
Total en-route revenues with balance	**645,015**	**560,907**	**84,108**	**15.0%**

(thousands of euros)

The en-route balance amounted to negative €25,182 thousand, determined in accordance with the provisions of Regulation (EU) 2019/317, which became applicable again after 2020-2021, when exceptional were applied to take account of the effects of the COVID-19 pandemic on the air transport sector. Among the balances recorded in the year, we would highlight the traffic risk balance of €49,980 thousand returnable

to carriers, as 12.40% more service units were achieved by the end of 2022 than the figure shown in the performance plan, and the depreciation and EU loans balance returnable in the amount of €10,919 thousand. These negative effects were partly mitigated by recognition of the inflation balance of €29,953 thousand generated by the increase in inflation that emerged at the end of 2022, in line with the data published by Eurostat (+8.7%) compared to the forecast data stated in the performance plan (1.8%) and the bonus capacity balance based on the achievement of the plan objective linked to capacity, which set a target of 0.11 minutes per assisted flight and which instead stood at 0.07 minutes delay per assisted flight.
The change in the 2022 balance compared to the data for 2021 is due to the different method used to calculate the balance envisaged by the European Commission for the two-year period 2020-2021 and regulated under EU Regulation 2020/1627 with the recognition of a balance linked to the loss of revenues for the two-year period, which for 2021 amounted to a total of €242.5 million.
The balances recorded during the year were discounted over a period of time consistent with the EU Regulations, i.e. in the two years following the recognition, compared with the two-year period 2020-2021, during which balances recorded for loss of revenues were recoverable over a period of five years starting from 2023.
The change in the balance is due to the adjustment of Eurocontrol costs, which gives a positive value of €3.2 million, while the use of the n-2 en-route balance in the income statement relates to balances recorded in previous years included in the 2022 unit rates.

Terminal revenues

Terminal revenues amounted to €220,469 thousand, an increase of 61.7% on the previous year, due to the increase in service units posted by the individual airports in the different charging zones, which amounts to +63.5% (37.2% in 2020 on 2019), and the unit rate increases applied in the first two charging zones.
In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 100.1% compared with 2021 (+8.1% in 2021 on 2020), recovering from the lower values achieved in the previous year, which was more severely impacted by the operations of the new ITA Airways company that replaced Alitalia. The unit rate applied in 2022 increased by 10.98% to €182.61, compared with the 2021 rate of €164.55.
Charging Zone 2, represented by Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio airports, posted an increase in assisted air traffic, expressed in service units, of +61.5% compared with 2021 (+33.7% in 2021 on 2020) and a particularly positive performance in respect of international air traffic. The unit rate applied in 2022 was €214.89, an increase of 33.59% compared to the 2021 unit rate of €160.86.
Charging Zone 3, represented by 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of +54.5% compared with 2021 (+49.0% in 2021 on 2020) with an 83.8% growth in international air traffic. The unit rate applied in 2022 was €334.24, a reduction of 15.46% compared to the 2021 unit rate of €395.35.
Considering terminal revenues together with revenues for exempt flights, and the balance adjustment component, terminal revenues totalled €221,300 thousand, up €16,465 thousand on 2021, as shown below:

	2022	2021	Changes	%
Terminal revenues	220,469	136,329	84,140	61.7%
Terminal exemptions	2,734	2,983	(249)	-8.3%
Subtotal	*223,203*	*139,312*	*83,891*	60.2%
Terminal balance for the year	(4,984)	57,497	(62,481)	n.a.
Discounting of balance for the year	(922)	(2,077)	1,155	-55.6%
Change in balance	0	(448)	448	-100.0%
Use of terminal balance n-2	4,003	10,551	(6,548)	-62.1%
Subtotal	*(1,903)*	*65,523*	*(67,426)*	n.a.
Total terminal revenues with balance	**221,300**	**204,835**	**16,465**	**8.0%**

(thousands of euros)

The terminal balance for the year has a negative effect of €4,984 thousand and follows the same determination rules as the en-route rate for the first and second charging zones, returning to apply the mechanism envisaged by EU Regulation 2019/317, while the third charging zone is recognized according to the cost recovery rule. The balance for the year is affected by the risk balance returned to carriers in the second charging zone, owing to the greater number of service units generated than stated in the performance plan (+14.53%), totalling €6,370 thousand, the negative balance for the third charging zone of €4,964 thousand, the negative depreciation balance of €1,676 thousand, an effect partly mitigated by the recognition of the positive traffic risk balance for the first charging zone for having generated a lower number of service units than stated in the performance plan (-9.81%) and the inflation balance for a positive €4,767 thousand.

The aforesaid balances were discounted based on the recovery times of the same, determined two years from their recognition; this discounting includes the adjustment of the balances recorded in the two-year period 2020-2021 for the third charging zone, the recovery of which has been planned over seven years compared to the initial five. Use of the terminal balance registered in previous years and included in the 2022 unit rate amounted to €4,003 thousand.

Revenues from the non-regulated market amounted to €13,841 thousand, up by €7,398 thousand on the previous year, mainly reflecting the revenue generated by the support activities carried out for the Qatar Civil Aviation Authority to manage the air traffic associated with the FIFA World Cup 2022. Also contributing to the good result were the control activities of the radio assistance systems installed at the airports in Greece, Uganda and Qatar, the operational training of the personnel of the Aviation and Air Assault Division who serve as Air Traffic Controller in the various army airports of the Colombia army, the progress of activities within the Coflight Cloud Services project, in cooperation with the French service provider (DSNA), for the development of services based on the Coflight product for the Swiss service provider Skyguide.

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

	2022	2021	Changes	%
Revenues from non-regulated market				
Flight inspection	1,464	1,278	186	14.6%
Aeronautical consulting	8,153	1,795	6,358	n.a.
Technical and engineering services	1,540	1,323	217	16.4%
Training	183	142	41	n.a.
Other revenues	2,501	1,905	596	31.3%
Total revenues from non-regulated market	**13,841**	**6,443**	**7,398**	**n.a.**

(thousands of euros)

24. Other operating income

Other operating income amounted to €54,168 thousand, an increase of 1.2% on the previous year. It breaks down as follows:

	2022	2021	Changes	%
Capital grants	8,458	8,526	(68)	-0.8%
Operating grants	33,797	30,997	2,800	9.0%
European funding	2,313	4,476	(2,163)	-48.3%
Other revenues and income	9,600	9,541	59	0.6%
Total	**54,168**	**53,540**	**628**	**1.2%**

(thousands of euros)

Other operating income includes the portion of capital grants recognised in profit or loss commensurate with the depreciation rates on the assets to which the grants refer and is broadly the same as in 2021.

Operating grants totally €33,797 thousand increased mainly due to recognition of the contribution provided by the tax receivable for electricity and gas resulting from the "Aiuti-bis", "Aiuti-ter" and "Aiuti-quater" Decrees and posted in accordance with the aforesaid decrees in the total amount of €3,220 thousand. €30 million from the contribution paid to ENAV, pursuant to article 11-septies of Law 248/2005, to offset the costs incurred to guarantee the safety of its plants and operational safety.

European funding decreased by €2,163 thousand due to the smaller amount recorded under projects funded by the *Connecting European Facility* (CEF).

In other revenues and income there were no changes from 2021. They consist mainly of the revenues from activities carried out by ENAV personnel for subsidiaries under the existing intercompany service agreements.

The following table provides a breakdown of revenues for 2022 and 2021 by geographical area:

Revenues	**2022**	**% of revenues**	**2021**	**% of revenues**
Italy	924,718	99.0%	822,618	99.7%
EU	2,141	0.2%	2,008	0.2%
Non-EU	7,465	0.8%	1,099	0.1%
Total revenues	**934,324**		**825,725**	

(thousands of euros)

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

Costs for goods, services, leases and rentals and other operating expenses totalled €205,375 thousand, a net increase of €16,602 thousand on the previous year, reflecting an increase in the various cost categories, as indicated below.

	2022	2021	Changes	%
Costs for the purchase of goods	3,401	3,650	(249)	-6.8%
Costs for services:				
Maintenance costs	91,179	88,159	3,020	3.4%
Costs for Eurocontrol contributions	36,471	36,593	(122)	-0.3%
Costs for utilities and telecommunications	37,351	27,378	9,973	36.4%
Costs for insurance	2,802	2,784	18	0.6%
Cleaning and security	5,101	4,586	515	11.2%
Other personnel-related costs	8,166	6,444	1,722	26.7%
Professional services	7,448	4,976	2,472	49.7%
Other costs for services	9,790	10,332	(542)	-5.2%
Total costs for services	**198,308**	**181,252**	**17,056**	**9.4%**
Costs for leases and rentals	901	937	(36)	-3.8%
Other operating expenses	2,765	2,934	(169)	-5.8%
Total costs	**205,375**	**188,773**	**16,602**	**8.8%**

(thousands of euros)

Costs for the purchase of goods include costs incurred to purchase spare parts for plant and equipment used for air traffic control and the associated change in inventories, which decreased in 2022 as a result of a decline in purchases of equipment and uses of spare parts.

The Costs for services increased overall by €17,056 thousand, compared to the previous year, and relate in particular to the following events: i) increase in the cost of for utilities mainly arising from the higher cost of energy throughout the country; ii) higher costs for employee travel, which increased on the previous year and also includes staff travel for the contract in Qatar; iii) increase in professional services for support provided in the context of the various activities performed by ENAV, including IT support.

26. Personnel costs

Personnel costs amounted to €474,688 thousand, an increase of 8.6% compared to the previous year, both due to the resumption of activities in the air transport sector, which is reflected directly in the variable part of the remuneration, and due the formalisation of the agreements with the trade unions for renewal of the financial part of the National Collective Labour Agreement, which provides for inflation recouping payments to be made for the contract hiatus period of 2020-2022.

	2022	2021	Changes	%
Wages and salaries, of which:				
Fixed remuneration	265,238	247,174	18,064	7.3%
Variable remuneration	73,644	53,087	20,557	38.7%
Total wages and salaries	**338,882**	**300,261**	**38,621**	**12.9%**
Social security contributions	109,441	98,433	11,008	11.2%
Employee severance pay	20,443	19,838	605	3.0%
Other costs	5,922	18,582	(12,660)	-68.1%
Total personnel costs	**474,688**	**437,114**	**37,574**	**8.6%**

(thousands of euros)

Fixed remuneration stood at €265,238 thousand, up by 7.3% on the figure for 2021, following the renewal of the financial part of the National Collective Labour Agreement, which expired on 31 December 2019, which reset the new contractual minimums starting from 1 January 2023 and a one-off amount paid to recoup inflation during the contractual hiatus period totalling €15 million. Part of the increase in fixed remuneration

is linked to contractual advances and an increase in the workforce which stood at 3,306 at the end of the year, 11 higher than in 2021, and an average workforce of 3,372, slightly down by 3 on the previous year.
Variable remuneration increased by €20,557 thousand, mainly due to the resumption of activities in the air transport sector, which was reflected in greater operating overtime for ATC (Air Traffic Controller) personnel, the increase in the performance bonus based on the service units handled, and in the summer season, when additional amounts were paid linked to the concentration of activities in the summer period and the lower use of accrued and unused holidays.
Other personnel costs decreased by €12,660 thousand compared to 2021, which was affected by the *Isopensione* early retirement measure governed by article 4 paragraphs 1-7 ter of Law 92/2012.
The following table provides a breakdown of Group's workforce by professional category:

	2022	**2021**	**Change**
Executives	46	45	1
Middle managers	349	351	(2)
Office staff	2,911	2,899	12
Workforce at period end	**3,306**	**3,295**	**11**
Average workforce	**3,372**	**3,375**	**(3)**

	2022	**2021**	**Change**
Management and coordination	395	396	(1)
Air traffic controllers	1,702	1,693	9
Flight assistance experts	385	387	(2)
Meteorological services	28	27	1
Flight inspection	20	20	0
Administration	477	476	1
Technical	224	209	15
IT	75	87	(12)
Workforce at period end	**3,306**	**3,295**	**11**

27. Capitalised costs

Capitalised costs amounted to €9,321 thousand, up by 5.3% on the previous year, and are entirely accounted for by the capitalisation of the cost of employees working on investment projects.

28. Financial income and expense

The financial income and expense items shows a negative balance of €165 thousand (positive by €4,843 thousand in 2021), reflecting financial income of €9,728 thousand, financial expense of €9,936 thousand and foreign exchange gains of €43 thousand.
The following table provides a breakdown of financial income:

	2022	2021	Changes	%
Income from investments in other entities	667	796	(129)	-16.2%
Financial income from discounting of balance and receivabl	7,987	5,010	2,977	59.4%
Interest income on financial receivables from subsidiaries	253	208	45	21.6%
Other interest income	821	5,164	(4,343)	-84.1%
Total financial income	**9,728**	**11,178**	**(1,450)**	**-13.0%**

(thousands of euros)

Financial income decreased by €1,450 thousand as a result of higher financial income from the discounting of balances and a reduction in interest income which in 2021 included financial income of €4 million recognised as tax receivable assigned without recourse.

Financial expenses amounted to €9,936 thousand, a net increase of €3,269 thousand on the previous year, relating to the interest payable on bank loans linked to greater debt and the rise in interest rates, partly offset by the reduction of the interest on the bond loan due to repayment of the same in August.

The following table provides a breakdown of financial expense.

	2022	2021	Changes	%
Interest expense on bank loans	7,102	2,825	4,277	151.4%
Interest expense on bonds	2,056	3,474	(1,418)	-40.8%
Interest expense on employee benefits	677	232	445	191.8%
Interest expense on lease liabilities	25	30	(5)	-16.7%
Other interest expense	76	106	(30)	-28.3%
Total financial expense	**9,936**	**6,667**	**3,269**	**49.0%**

(thousands of euros)

29. Income Taxes

Income taxes totalled €40,749 thousand, an increase of €18,834 thousand on the previous year. The increase primarily reflected the increase in taxable income. The following table provides a breakdown of taxes for the year:

	2022	2021	Changes	%
IRES (corporate income tax)	33,389	20,201	13,188	65.3%
IRAP (regional business tax)	6,356	2,943	3,413	n.a.
Total current taxes	**39,745**	**23,144**	**16,601**	**71.7%**
Deferred tax assets	777	(1,370)	2,147	n.a.
Deferred tax liabilities	227	141	86	n.a.
Total current tax and deferred tax assets and liabili	**40,749**	**21,915**	**18,834**	**85.9%**

(thousands of euros)

For more details on the recognition of deferred tax assets and liabilities, please see note 9.

The IRES tax rate for 2022 was 25.1%, higher than the theoretical rate of 24%.

	2022		2021	
	IRES (corporate income tax)	**%**	**IRES (corporate income tax)**	**%**
Income before taxes	133,150		83,503	
Theoretical tax	31,956	24.0%	20,041	24.0%
Effect of increases/(decreases) compared with ordinary taxation				
Non-deductible prior-year costs	55	0.0%	31	0.0%
Other	(541)	-0.4%	(117)	-0.1%
Temporary differences for taxed provisions	1,920	1.4%	246	0.3%
Actual IRES	**33,389**	**25.1%**	**20,201**	**24.2%**

(thousands of euros)

The IRAP tax rate for 2022 was 4.77%, equal to the theoretical rate of 4.78%.

	2022		2021	
	IRAP (regional business tax)	**%**	**IRAP (regional business tax)**	**%**
Income before taxes	133,150		83,503	
Theoretical tax	6,365	4.78%	3,991	4.78%
Effect of increases/(decreases) compared with ordinary taxation				
Other	(16)	0.0%	(817)	-1.0%
Financial income and expense	8	0.0%	(231)	-0.3%
Actual IRAP	**6,356**	**4.77%**	**2,943**	**3.5%**

(thousands of euros)

Other information

30. Related parties

ENAV's 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 Company, 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 ENAV, 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 Italian 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 ENAV transactions with related entities, including those with directors, statutory auditors and key management personnel for 2022 and 2021, respectively.

	Balance at 31.12.2022								
Name	Trade receivables and other current and non-current	Current and non-current financial assets	Cash and cash equivalents	Financial debt	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating	Costs for leases and rentals	Financial income
Direct subsidiaries									
Techno Sky S.r.l	26,897	0	0	387	99,562	5,465	72,662	33	0
IDS AirNav S.r.l.	4,322	6,558	0	0	3,170	2,708	3,071	0	163
ENAV Asia Pacific Sdn Bhd	123	0	0	0	0	241	0	0	0
ENAV North Atlantic LLC	0	3,756	0	0	0	0	0	0	90
D-Flight S.p.A.	1,418	0	0	0	301	532	200	0	0
External related parties									
Ministry of the Economy and Finance	12,506	0	0	0	56,151	12,501	0	0	0
Ministry of Infrastructure and Transpo	50,252	0	0	0	0	33,070	0	0	0
Enel Group	0	0	0	0	840	0	1,167	0	0
Leonardo Group	195	0	0	0	5,296	156	507	0	0
CDP Group	62	0	0	0	94	62	291	0	0
Other external related parties	0	0	0	0	9	40	135	24	0
Balance in financial statements	**381,931**	**10,482**	**246,692**	**598,200**	**347,633**	**934,323**	**204,473**	**901**	**9,728**
as % of balance in financial statement	**25.1%**	**98.4%**	**0.0%**	**0.1%**	**47.6%**	**5.9%**	**38.2%**	**6.3%**	**2.6%**

(thousands of euros)

	Balance at 31.12.2021								
Name	Trade receivables and other current and non-current	Current and non-current financial assets	Cash and cash equivalents	Financial debt	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating	Costs for leases and rentals	Financial income
Direct subsidiaries									
Techno Sky S.r.l	27,914	0	0	465	85,967	5,444	72,484	32	0
IDS AirNav S.r.l.	2,396	8,322	0	0	2,763	2,295	1,791	0	155
ENAV Asia Pacific Sdn Bhd	51	0	0	0	0	306	0	0	0
ENAV North Atlantic LLC	0	3,454	0	0	0	0	0	0	54
D-Flight S.p.A.	1,143	0	0	0	100	674	100	0	0
External related parties									
Ministry of the Economy and Finance	10,993	0	0	0	42,518	10,991	0	0	0
Ministry of Infrastructure and Transpo	64,654	0	0	0	0	34,308	0	0	0
Enel Group	0	0	0	0	57	0	5,205	0	0
Leonardo Group	339	0	0	0	12,737	411	505	0	0
CDP Group	56	0	0	0	1,245	11	624	0	0
Other external related parties	0	0	0	0	25	101	132	23	0
Balance in financial statements	**244,096**	**11,929**	**195,089**	**663,583**	**277,617**	**825,725**	**184,902**	**937**	**11,178**
as % of balance in financial statement	**44.1%**	**98.7%**	**0.0%**	**0.1%**	**52.4%**	**6.6%**	**43.7%**	**5.9%**	**1.9%**

(thousands of euros)

The nature of the main transactions with internal related entities, namely the subsidiaries of ENAV, and external related entities, namely the Ministry for the Economy and Finance (MEF) and the Ministry of Infrastructure and Transport (MIT) as well as entities subject to the control of the MEF is discussed below and detailed in the comments on the individual items of the financial statements in the notes to the financial statements:

- transactions with the subsidiary Techno Sky essentially involve the provision by the latter of services connected with the maintenance of flight assistance equipment, the maintenance of AVL equipment, as well as all maintenance activities connected with civil infrastructure not related to operational functions. Revenues from intercompany services provided on a centralised basis by ENAV are recognised under revenues in the income statement;
- transactions with IDS AirNav concern both the services that the subsidiary provides to ENAV and the centralised services performed by ENAV under the intercompany service contract between the parties in addition to the loan granted by the Parent Company;
- transactions with the subsidiary ENAV Asia Pacific mainly concern the pass-through of costs for seconded personnel and the pass-through of costs for activities performed by ENAV personnel for the subsidiary under a service contract;
- transactions with ENAV North Atlantic refer to the loan granted in 2017 to allow the subsidiary to meet the deadlines associated with the investment in Aireon. This loan, amounting to $3.5 million, falls due 31 December 2024 and bears an interest rate of 2%;
- transactions with D-Flight concern the intercompany services provided centrally by ENAV and the remuneration of the members of the Board of Directors, which is passed through to the parent company;
- transactions with the MEF mainly involve receivables and revenue streams connected with the refund of charges for services provided by the Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by the Company relating to the portion attributable to the Italian Air Force for en-route charges. Following approval of the ENAV Financial Statements, this payable is used to offset the receivable position;
- transactions with the Ministry of Infrastructure and Transport regard receivable and revenue relationships associated with both an operating grant intended to cover the costs incurred by the Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/2005, and capital grants as part of the Networks and Mobility NOP on the basis of agreements between the parties registered with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Leonardo Group mainly regard activities connected with ENAV investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with the Cassa Depositi e Prestiti Group regard activities connected with the Fincantieri Group, which in 2021 acquired IDS Ingegneria dei Sistemi S.p.A., with which ENAV has business relationships;
- transactions with other related parties contain residual positions.

Key management personnel comprise the ENAV CEO and four executives holding senior positions in the Company, appointed by the Board of Directors acting on a recommendation of the CEO, namely the Chief Financial Officer, the Chief Human Resources and Corporate Services Officer, the Chief Operating Officer and the Chief Technology Officer.

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

	2022	2021
Short/medium-term remuneration	2,186	2,175
Other long-term benefits	0	0
Share-based payments	1,057	962
Total	**3,243**	**3,137**
		(thousands of euros)

The remuneration of the ENAV's Board of Auditors for 2022 amounted to €95 thousand, consistent with the previous year, in compliance with the resolution of the Shareholders' Meeting of 3 June 2022 appointing the members of the Board of Auditors for 2022-2024.

For more details, please see the Remuneration Report prepared pursuant to Article 123 ter of the Consolidate Law.

In application of the national collective bargaining agreement, ENAV participates in the Prevaer Fund, which is the national supplementary pension fund for non-executive personnel working in the air transport and similar sectors. As provided for in Article 14 of the articles of association of the Prevaer Fund, the corporate bodies of the fund are the delegated shareholders' meeting, the board of directors, the chair and the vice chair and the board of auditors. Shareholder representation is based on the equal participation of workers' representatives and representatives of the participating businesses. The Fund's board of directors resolves, among other things, on the general criteria for risk sharing in investments as well as on investment policies, the selection of asset managers and the designation of the custodian bank.

31. Long-term share-based incentive plan

On 21 May 2020, ENAV'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 and 16 February 2022, marking the start of the first vesting cycle for 2020-2022. The Board of Directors' meeting held on 11 November 2021 marked the start of the second vesting cycle for 2021-2023 and the Board of Directors' resolution of 18 October 2022 marked the start of the third vesting cycle for 2022-2024 and updated the respecting Rules.

Of the previous cycle, which was approved by the Shareholders' Meeting of ENAV on 28 April 2017 for the years 2017-2019, the third vesting cycle referring to 2019-2021 was awarded to the Plan beneficiaries in July 2022.

The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. The target aggregates are cumulative EBIT, total shareholder return (TSR) and cumulative free cash flow, and, for the second long-term stock incentive plan, a corrective factor based on sustainability indicators having a maximum impact on the stock incentive of +/-10%, identified with a resolution of the Board of Directors on the start date of each vesting period. For the first vesting cycle for 2020-2022, the sustainability indicator is represented by obtaining certification of ENAV as carbon neutral by 31 December 2022. For the second vesting cycle for 2021-2023, the sustainability target will be obtaining a solicited ESG rating by 31 December 2023. The third vesting period provides for the ESG solicited rating to the maintained with different effects based on the difference in score compared to the baseline. The corrective factor for that indicator, which will have an impact on the stock incentive of +/-10%, will be applied as at the date of final determination of the performance achieved.

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

The performance targets are composed of the following indicators:

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

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

At 31 December 2022, the overall fair value of the first, second and third vesting cycles was equal to €1.1 million and takes account of the adjustment for the third vesting cycle (2019-2021), related to the first 2017-2019 performance plan, which underwent final determination and award in 2022. The details for each vesting cycle are provided below.

Third vesting cycle 2019-2021

The third vesting cycle was completed with the approval of the Annual Financial Report for 2021. In accordance with the Rules, 148,304 shares were awarded to the Plan beneficiaries in accordance with the determination of the performance achieved in the amount of €0.7 million.

First vesting cycle 2020-2022

The first vesting cycle for 2020-2022 envisaged 9 beneficiaries and assumed achievement of the target with 300,403 shares and a total fair value of €0.8 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.8 million.

Second vesting cycle 2021-2023

The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 305,522 shares and a total fair value of €1 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.7 million.

Third vesting cycle 2022-2024

The third vesting cycle for 2022-2024 envisaged 12 beneficiaries and assumed achievement of the target with 341,783 shares and a total fair value of €1 million. The cost recognised for 2022 was equal to €0.3 million, while the equity reserve amounted to €0.3 million.

32. Derivatives

During April 2019, ENAV 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 with Aireon 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 derivatives was a positive €169 thousand at 31 December 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 December 2022, as indicated in bank communications, are listed below:

Counterparty	Transaction type	Inception date	Expiration date	Notional (thousands of USD)	Forward exchange rate	Forward value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	4/2/2019	1/13/2023	1,392	1.2340	1,128	171.9
Total				**1,392**		**1,128**	**171.9**

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

Counterparty	Transaction type	Notional (thousands of USD)	Forward value (thousands of euros)	MtM	Credit Valuation Adjustment (CVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	169.1	(0.3)	168.8
Total		**1,392**	**1,128**	**169.1**	**(0.3)**	**168.8**

It was not possible to identify an active market for these instruments. The fair value was therefore calculated using a method consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. Although quotes on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market on which the measurements could be based.
Due to the substantive features of the derivatives, they are classified as hedging instruments. With reference to these instruments, shown below is the information required by IFRS International Accounting Standards, including maturity analysis, which shows a one-month value of €168.8 thousand, and the following sensitivity analysis.

Transaction type	Fair value (thousands of euros)	Delta equity Eur/FX +5% (euros/000)	Delta equity Eur/FX - 5% (euros/000)
Forward purchase (BNL)	153	282	40

33. Assets and Liabilities by Maturity

Assets and Liabilities by Maturity

	Within following year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	8,554	0	8,554
Deferred tax assets	0	15,440	0	15,440
Non-current tax receivables	0	50	0	50
Non-current trade receivables	0	583,057	23,718	606,775
Other non-current receivables	0	6,029	0	6,029
Total	**0**	**613,130**	**23,718**	**636,848**
Financial liabilities	432,405	77,016	88,776	598,197
Deferred tax liabilities	0	3,345	0	3,345
Other non-current liabilities	0	30,867	126,743	157,610
Non-current trade payables	0	73,695	0	73,695
Total	**432,405**	**184,923**	**215,519**	**832,847**

(thousands of euros)

Non-current trade receivables falling due after the 5th year refer to the portion of balances will be recovered through adjustments to unit rates as from 2023.
Financial liabilities falling due after the 5th year refer to bank loans. See note 36 for details.
Other non-current liabilities maturing in more than 5 years refer to the share of capital grants recognised in line with the depreciation of the investment projects to which they refer.

34. Guarantees and commitments

Guarantees refer to sureties given to third parties for €5,667 thousand (€2,343 thousand at 31 December 2021) and show an increase of €3,324 thousand mainly deriving from the surety issued in favour of the Qatar Civil Aviation Authority (€2,932 thousand) under the Air Traffic Control Services Provision Support contract, from the guarantee issued in favour of the Libyan Civil Aviation Authority and the guarantee issued in favour of Croatia Control Ltd for the radio assistance contract.

35. Transparency in the system of government grants

Article 1, paragraphs 125 and 126, of Law no. 124 of 4 August 2017 (Annual Market and Competition Act) introduced a number of measures to ensure transparency in the system of government grants. The provisions, most recently amended by Decree-Law no. 34 of 30 April 2019, envisage, among other things, the requirement to publish in the notes to the financial statements and the consolidated financial statements, where present, the amounts and information relating to subsidies, contributions or aid, in cash or in kind, received from public administration and the disbursements made.
In accordance with Assonime circulars no. 5 of 22 February 2019 and no. 32 of 23 December 2019, the criterion used in the information provided below was disbursements exceeding €10 thousand, made by the same disbursing party during 2022, even through multiple financial transactions and according to the earnings criterion.
The following table provides information on the government grants received in 2022 by ENAV:

Grantor	Date of receipt	Amount	Description
Ministry of Infrastructure and Transport	12/14/2022	30,000	Operating grant to offset costs incurred by Parent Company to ensure safety of its plant and operating safety pursuant to Article 11-septies of Law 248/05
Ministry of Infrastructure and Transport	1/11/2022	861	Infrastructure and Networks NOP 2014-2020
Ministry of Infrastructure and Transport	2/22/2022	7,990	Infrastructure and Networks NOP 2014-2020
Total Ministry of Infrastructure and Transport		**38,851**	
Overall total		**38,851**	

(thousands of euros)

36. Financial Risk Management

In conducting its business, the Company is exposed to various financial risks such as market risks (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The management of these risks is based on the oversight of specific internal committees, composed of the Company's top management, which are entrusted with providing strategic guidance and overseeing risk management and the policies that define the roles and responsibilities for the management processes, the structure of limits, the model of relationships and hedging and mitigation instruments.

Credit risk

ENAV is exposed to credit risk, which is the risk that one or more commercial counterparties may become unable to honour all or part of their payment obligations. This risk mainly appears in respect of current trade receivables relating to operating activities, and particularly in connection with receivables deriving from operations on the non-regulated market and with en-route services and terminal services, which represent the biggest exposure in the financial statements. These amounts mainly refer to receivables accrued in respect of Eurocontrol. In this context, the measurement of the credit risk in respect of Eurocontrol is directly correlated with the risk associated with the airline industry. More specifically, Eurocontrol does not assume any credit risk with regard to the possible insolvency of carriers and it only settles its liabilities with ENAV after it has collected the respective sums from the carriers. Eurocontrol will, however, take direct action to recover en-route receivables, initiating legal proceedings where necessary, and work in collaboration with the ENAV for terminal receivables.
A provision for doubtful accounts (expected credit loss allowance) is recorded in the financial statements against the risk of default by the Company's debtors in accordance with IFRS 9. It was specifically updated during the year, based on the deterioration of the credit standing of a basket of companies representing the air transport sector.

Liquidity risk

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

At 31 December 2022, ENAV had cash and cash equivalents of €246.7 million and short-term lines of credit amounting to €285 million. These include: i) €65 million in uncommitted lines of credit subject to revocation, which do not require compliance with either covenants or other contractual commitments, including €50 million held in the form of financial advances which can be drawn on without any constraints regarding their use and €15 million in export financing; and ii) committed lines of credit, including two obtained in May 2020 in the total amount of €150 million, falling due in May 2022, and three obtained in July 2021 in the total amount of €70 million, falling due in July 2023.

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

In compliance with the general guidelines established by top management and the policy approved by the Board of Directors, the Finance and Procurement unit defines the short- and medium/long-term financial structure and the management of the cash flows. The decisions were mainly aimed at: i) guaranteeing that adequate financial resources were available for planned short-term operating commitments, systematically monitored through cash planning activities; ii) maintaining a sufficient prudential liquidity buffer to deal with any unexpected commitments; iii) guaranteeing a minimum liquidity reserve level to ensure the coverage in full of short-term debt and the coverage of medium-/long-term debt falling due over a time horizon of 24 months, even in the event of restrictions on access to credit; iv) ensuring an adequate level of flexibility for the Company's medium/long-term development projects, relating to investment contracts for the technology and infrastructure modernisation of flight assistance systems.

ENAV's gross financial exposure at 31 December 2022 is €593.8 million and consists of medium/long-term bank loans, including €428,7 million repayable within twelve months.

The following table reports the due dates of the medium/long-term bank loans at the nominal value, excluding the effect of amortised cost measurement.

Lender	Type	Outstanding debt at 31.12.2022	<1 year	from 1 to 2 years	from 3 to 5 years	> 5 years
EIB - European Investment Bank	15-year loan	62,922	8,587	8,718	26,957	18,660
EIB - European Investment Bank	15-year loan	53,333	5,333	5,333	16,000	26,667
EIB - European Investment Bank	16-year loan	67,586	4,828	4,828	14,483	43,447
Intesa Sanpaolo	3-year loan	33,333	33,333	0	0	0
Mediobanca ESG	3-year loan	16,667	16,667	0	0	0
BNL BNP Paribas	2-year loan	90,000	90,000	0	0	0
Unicredit	2-year loan	45,000	45,000	0	0	0
Mediobanca	2-year loan	45,000	45,000	0	0	0
Bank pool	1-year loan	180,000	180,000	0	0	0
Total		**593,841**	**428,748**	**18,879**	**57,440**	**88,774**

(thousands of euros)

The above loan agreements include general commitments and covenants for the company, some of which have negative provisions, which, although in line with market practices for loan agreements for similar amounts and types, could restrict operations. Specifically, these agreements envisage certain early repayment scenarios if certain events of default occur where the company could be obliged to repay the loans immediately in full.

Specifically, note the following:

- the loan agreements between ENAV and the European Investment Bank (EIB) for €180 million in 2014 and €70 million in 2016, which were entered into in order to fund investment projects associated with 4-Flight and other projects and had been entirely used at 31 December 2021, have the following repayment plan: i) semi-annual instalments in arrears from December 2018 until December 2029, with a fixed interest rate of 1.515%, for the tranche of €100 million; ii) semi-annual instalments in arrears from June 2018 to December 2032 with a fixed interest rate of 1.01% for the tranche of €80 million; and iii) semi-annual instalments in arrears from August 2022 to August 2036 with a fixed interest rate of 0.638% for the tranche of €70 million.

  These agreements include:
  - a negative pledge clause, i.e. a commitment by the company not to establish or allow the establishment of encumbrances on any of its assets, where encumbrances refer to any agreement or transaction relating to goods, receivables or cash used as an instrument to obtain credit or fund the acquisition of an asset;
  - a cross-default clause, which gives the EIB the right to demand early repayment of the loan if the Company or any other Group company does not comply with the obligations under any loan or other financial transaction other than this loan agreement;
  - a change of control clause, which gives the EIB the right to demand early repayment of the loan if any party or group of parties acting in concert obtains control or ENAV, or if the Italian Republic no longer retains control of the Issuer.

  The loans also require compliance with several financial covenants, verified on an annual or half-yearly basis and calculated using the Group's consolidated data: i) a ratio of gross financial debt to EBITDA of less than 3; ii) a ratio of EBITDA to financial expense of at least 6. With regard to the first of the two covenants, a contractual amendment was agreed with the EIB in June 2021, providing for its replacement with a ratio of net financial debt to EBITDA of less than 4 times for the period between 30 June 2021 and 31 December 2024. As from 30 June 2025, the original covenant required by the agreement will apply once more. This contractual amendment did not entail additional charges for the Company;
- The two loan agreements between ENAV and Intesa Sanpaolo and Mediobanca, respectively of €100 million and €50 million, signed in October 2020, with a term of three years, provide for quarterly repayment starting from January 2021 with interest indexed to 3-month Euribor with further provision for price adjustment mechanisms linked to sustainability parameters (Environmental, Social and Governance). These loan agreements do not require compliance with financial covenants, but, in accordance with market practice, include negative pledge, cross-default and change of control clauses that would be triggered should the Ministry for the Economy and Finance cease to hold control of the ENAV;
- the three loan agreements between ENAV and BNL BNP Paribas, Mediobanca and UniCredit, of respectively €90 million, €45 million and €45 million, signed in July 2021, with a term of two years, provide for repayment at maturity and quarterly interest indexed to 3-month Euribor. These loan agreements do not require compliance with financial covenants, but adopt market practice in including negative pledge, pari passu, cross-default and change of control clauses;
- the syndicated loan agreement between ENAV and BNL, BNP Paribas, Intesa Sanpaolo and UniCredit, signed in July 2022 for a total amount of €180 million, with a term of one year and an option to extend for a further 6 months and full repayment at maturity, provides for a floating rate indexed to the 3-month

Euribor rate. This loan agreement does not require compliance with financial covenants but adopts market practice in including negative pledge, pari passu, cross-default and change of control clauses.

In previous years, ENAV has always complied with the covenants set out in each loan. At 31 December 2022, based on the figures for performance and financial position reported in the consolidated financial statements, it is felt that the covenants in the existing loan agreements have been complied with.

Interest rate risk

Fluctuations in interest rates affect the market value of the Company's financial assets and liabilities and the level of net financial expense. The occurrence of such variations could have an adverse impact on the performance and financial position of the ENAV.

At 31 December 2022, 31% of gross financial debt was fixed-rate, with the remainder being variable rate. For variable-rate loans, the reference macroeconomic context recorded a generalised rise in market rates with an impact on financial charges, especially in the second half of 2022. Accordingly, despite the short tenor of the existing loans, there is a risk that increases in interest rates would have a negative impact on the level of net financial expense reported in the income statement or on the value of future cash flows. In order to limit the potential adverse effects of interest rate fluctuations, ENAV implements policies designed to contain the cost of funding over time, limiting the volatility of its results. The company pursues this goal by systematically negotiating with leading banks in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, maturity and interest rate conditions (variable-rate/fixed-rate). In 2022, the average cost of bank debt was around 1.47% (1.06% in the previous year).

At present, ENAV does not hold financial instruments valued at fair value and as such exposed to adverse changes as a result of changes in the market level of interest rates.

To date, no derivative financial instruments have been used to manage interest rate risk.

Exchange risk

The Company's exposure to the risk of unfavourable changes in the current level of exchange rates due to its transactions in other currencies could have an adverse impact on its financial performance and the value of balance sheet items denominated in foreign currency. Although ENAV operates primarily in the Italian market, it does have an exposure to foreign exchange risk deriving mainly from cash flows from investments denominated in foreign currency, mainly the US dollar, as well as from the purchase of the equity interest of 10.35% in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, ENAV has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.

In particular, in April 2019, 5 forward foreign currency purchase transactions (dollars against euros) were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon. The total purchase of $4.5 million was made with a total sale of €3.8 million, with forward exchange rates (EUR/USD) negotiated for each expiry until January 2023. Of the 5 forward contracts signed, one remains with a residual overall notional value of $1.4 million. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks.

The fair value of foreign exchange derivatives is measured on the basis standard market algorithms and on market quotes/contributions provided by leading public information providers. Note, however, that the risk resulting from the conversion of the assets and liabilities of ENAV subsidiaries that prepare their financial statements in functional currencies other than the euro is not usually hedged, unless a specific different assessment has been performed.

Climate change risks

All potential direct impacts for ENAV linked to the effects of climate change translate into potential interruptions/deterioration in the provision of services due to damage to infrastructure or technological assets and a reduction in traffic flow, particularly due to the reduction in airport capacity in the long term and, therefore, in potential lost revenues and/or increases in operating costs.

The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular the Eurocontrol document "*Climate change risks for European aviation*" identifies five main types of weather events that may potentially have an impact on the aviation sector: 1) precipitation, meaning rain, snow and hail, which, if heavy, may require greater separation distances between aircraft and therefore have a direct impact on airport capacity. Furthermore, airport infrastructure, as well as electronic equipment, may be exposed to the risk of flooding; 2) temperature, the rise of which can have an impact on infrastructure, with a consequent increase in the related energy costs; 3) rising sea level and river flooding, with a risk concentrated around airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in an airport environment can have an impact on flight safety. This could make it necessary to change flight procedures and redesign the air space; 5) extreme events such as storms and hurricanes which could have an impact on flight delays.

In 2022, ENAV set up a special Working Group to assess in detail the effects of climate change on the provision of its services across the country and at airports in particular. The Working Group was supported by industry experts in order to assess the impacts of climate change over two distinct time horizons: medium term (2030) and long term (2050).

The study, which is ongoing, is showing that: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which is expected to affect an increasing number of airports over time; (ii) an increase of 1-1.5° in the medium term and 2-2.5° in the long term is expected for temperature; (iii) due to the rise in sea levels, the flood risk of infrastructure located in coastal areas remains almost unchanged; (iv) for wind, there do not seem to be any critical issues as the forecasts point to a decrease in average intensity.

The results of the analyses carried out will lay the foundations for monitoring the phenomena over time, providing for the climate scenarios to be updated every two-three years with the aim of processing new data needed to update information on the operational and financial impacts of the risks climatic.

No critical issues have been identified for 2030 in terms of territorial expansion of these phenomena compared to the current scenario.

In the long term, ENAV's ability to guarantee the pursuit of its business objectives, primarily by ensuring the continuity of the provision of its services, is definitely interdependent on the resilience of the entire air transport industry to the effects of climate change. In particular, the airport system involves a complex interaction between various actors (airport operators, carriers, land transport and road infrastructure management companies, utilities, etc.), meaning that long-term mitigation solutions may in some cases require a coordinated and agreed approach among all the actors involved in order to reduce the overall impact on the sector's activities.

Based on the above, ENAV has considered the effects of climate change in its business plan and no significant economic and cash flow impacts are expected.

Russia-Ukraine conflict

The Russian government's offensive against Ukraine has led to changes in the geopolitical balance, with inevitable repercussions on global macroeconomic conditions. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, ENAV took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.

During 2022, ENAV fully wrote down the open positions with customers belonging to the Russian Federation and has no further existing relationships with the nations involved in the conflict. The continuation of the conflict between Russia and Ukraine is having an impact globally on the supply of raw materials and considerable increases in energy prices and inflationary pressure are beginning to have the first significant effects on price increases in several different areas. In 2022, ENAV recorded a significant increase in costs associated with energy procurement; however, due to the company's business model and the European regulations to which it is subject which, in particular, allows any change in inflation with respect to the forecast data to be recovered through the balance mechanism, no significant risks are identified in terms of inflationary effects. Furthermore, with reference to the potential effects of a shortage of electronic components, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. Furthermore, ENAV holds an adequate stock of the materials necessary for the operating systems to support its business, such as to contain any delays in the supply chain. ENAV continues to monitor the impacts on its business and to adopt any appropriate initiative intended to guarantee full compliance with the sanction regime adopted by the Member States of the European Union and promptly identifying possible consequences for its current and prospective business in considering the ongoing critical and ever-evolving scenario.

With reference to the above, ENAV has no significant impacts on the main alternative performance indicators and no impacts are expected on cash flows as shown in the approved business plan.

Litigation risk

Litigation regarding taxation, administrative, civil or labour matters is handled by the competent functions of ENAV. For the purpose of preparing these financial statements, they have provided a comprehensive picture of the various civil, administrative and labour proceedings. ENAV has performed a detailed assessment of the risk of unfavourable rulings in that litigation, which determined the need to prudentially set aside specific provisions for disputes whose adverse outcome has been deemed probable and where the amount could be reasonably quantified. Pursuant to the regulations governing the preparation of financial statements, no specific provisions have been recognised for proceedings for which an unfavourable outcome was considered merely possible.

Currently, we do not believe that the pending litigation could result in significant charges for ENAV in excess of the amounts already provisioned for this purpose at 31 December 2022.

Civil and administrative litigation

The civil and administrative litigation includes: i) proceedings against suppliers, airport operators and carriers that are insolvent, in bankruptcy or undergoing other insolvency proceedings, initiated in connection with the recovery of receivables that could not be settled out of court, a number of which have been written down; ii) litigation involving defence against suits brought by suppliers or contractors and credit assignment companies that ENAV considered to be groundless, or the recovery of higher costs and/or losses that the Company incurred due to non-compliance of suppliers/contractors; iii) litigation involving claims on assets belonging to ENAV, claims for damages for the loss of assets transferred to the Company, or claims for payment or improvements to assets; iv) litigation relating to claims for losses caused by aeronautical accidents, for which the risk of an adverse outcome is normally borne by the insurers' of the Company; v) proceedings challenging the procedures and outcomes of public tenders; and vi) proceeding concerning access to administrative documentation connected with tenders.

Criminal proceedings

The criminal proceeding established following the lawsuit brought by the ENAV with regard to the illegal removal of goods and materials which were stored at a third-party warehouse has been settled on appeal. In this proceeding, the Company was a civil plaintiff against the director of the warehousing company for the criminal offence envisaged under Article 646 of the Criminal Code and, with a ruling handed down on 16 February 2015, the Court found the defendant guilty of, among other things, the offence pursuant to Article 646 and sentenced him for that, and other offences he was accused of, to 6 years and 6 months in prison and a fine of €3,000. The Court also issued an immediately provisional executive order for €1 million to be paid to the Company, referring the settlement of the losses incurred by Company to another forum. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor's Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding. The judgement, following the appeal lodged against the Court's ruling, is currently pending at the appeal stage.

Following a court order of discovery notified on 24 November 2016, the Company produced documentation concerning certain contracts involving the subsidiary ENAV North Atlantic. On the basis of available information, the investigation is pending before the Rome Public Prosecutor's Office, and the Company is not aware of any person under investigation or any official charge having been filed.

In response to an order of discovery, on 13 June 2018 ENAV produced documentation relating to the selection of a person related to the former Sole Director of the Company for the position of air traffic controller. On the basis of available information, the matter is being investigated by Public Prosecutor's Office of Rome.

37. Events after the reporting date

Events occurring after the end of the financial year include the refinancing operation carried out following the resolution of the Board of Directors of 20 February 2023, finalised on 14 March 2023, on a portion of the debt maturing in the short term. In particular, the financial solution identified by ENAV involved taking out a new Term Loan for €360 million with a pool of banks (Intesa Sanpaolo, UniCredit and BNL BNP Paribas) for a 3-year term, to be repaid in full on maturity. The proceeds of this refinancing operation will be allocated, in line with the ENAV's financial strategy, to the full repayment of (i) the Term Loan of €180 million taken out in July 2022, maturing in July 2023, and (ii) the Term Loan of €180 million taken out in 2021, maturing in July 2023. This funding solution further confirms the ENAV’s recognised and appreciated credit worthiness, allowing it to consolidate its financial structure in the medium term. As part of the same transaction, the committed credit lines for a total of €150 million were also renewed with the same banks, which will replace those expiring in May 2023.

38. Proposal to the ENAV S.p.A. Shareholders' Meeting

Dear Shareholders,

The Board of Directors invites you to:

- approve the financial statements of ENAV S.p.A. at 31 December 2022 showing a profit for the year of €92,400,895.23;
- allocate 5% of the profit for the year, equal to €4,620,044.76, to the legal reserve, as provided for under Article 2430, paragraph 1, of the Italian Civil Code, and in the amount of €87,768,168.68 to dividends to be distributed to the Shareholders, and €12,681.79 to the unrestricted reserve denominated "retained earnings";
- utilise €18,668,321.94 from the unrestricted "retained earnings" reserve in order to distribute, together with the profit for the year allocated to dividend, a total dividend amounting to €106,436,490.62, corresponding to a dividend of €0.1967 per share in circulation as at the ex-dividend date, excluding treasury shares held as at that date;
- pay that dividend of €0.1967 per share on 25 October 2023, with the ex-dividend date set for 23 October 2023 and record date set for 24 October 2023.

Rome, 15 March 2023

The Board of Directors

Attestation of the Chief Executive Officer and the Manager Responsible for Financial Reporting on the Separate Financial Statements

Attestation of ENAV SpA's separate financial statement for the year ended 31 December 2022 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999

1. The undersigned Paolo Simioni, as Chief Executive Officer, and Luca Colman as Manager responsible for ENAV SpA's financial reporting, having also taken into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
   - the adequacy with regard to the nature of the Company and
   - the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during the period from 1 January 2022 to 31 December 2022.
2. In this regard, it should be noted that:
   - the administrative and accounting procedures adopted in preparation of the ENAV SpA's separate financial statements for the year ended 31 December 2022 were drawn up, and their adequacy assessed, based on the regulations and methods adopted by ENAV SpA in accordance with the *Internal Control – Integrated Framework Model* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the separate financial statements for the year ended 31 December 2022:

   a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;

   b) are consistent with the underlying accounting books and records;

   c) give a true and fair view of the financial position and results of operations of the issuer.

3.2 the Directors' Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Rome, 15 March 2023

Chief Executive Officer	Manager responsible for financial reporting
Paolo Simioni	Luca Colman

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

Board of Auditors’ Report

REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING
(pursuant to Art. 2429(2) of the Italian Civil Code and Art. 153 of the Consolidated Law on Finance)

Shareholders,
During the financial year ending on 31 December 2022 (the "2022 Financial Year"), the Board of Statutory Auditors of ENAV S.p.A. ("ENAV" or the "Company") performed its institutional duties in compliance with the Italian Civil Code, Legislative Decree 39/2010, Legislative Decree 58/1998 ("Consolidated Law on Finance" or "TUF").
The supervisory activity required by law was also performed in accordance with the instructions of Consob, the provisions of the Code of Corporate Governance for listed companies (the "Code"), which the Company has adopted, and the Code of Conduct issued by the National Council of the Italian accounting profession. With reference to the provisions pursuant to Legislative Decree 39/2010, and Art. 19 in particular, the Board of Statutory Auditors also performed the function of Internal Control and Audit Committee ("ICAC").

Appointment and activities of the Board of Statutory Auditors
The Board of Statutory Auditors in office at the time of drafting this report was appointed by the Shareholders' Meeting held on 3 June 2022 and will remain in office until the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024. During the meeting held on 16 February #2023, the Board of Statutory Auditors carried out its annual self-assessment process and verified, with a positive outcome, that all members fulfilled the independence requirements set out in Art. 148(3) of the TUF and in the Code. The Board of Statutory Auditors then ascertained that its members were not ineligible or disqualified pursuant to Art. 2399 of the Italian Civil Code and Art. 148(3) of the TUF and the provisions of the Code, and verified that they complied with the limitation on the number of positions they may hold pursuant to Art. 144-*terdecies* of the Regulation adopted in Resolution No. 11971 of 14 May 1999 (the "Issuers' Regulation"), in accordance with the provisions of the Articles of Association and the internal rules of the Board of Statutory Auditors. During the self-assessment, the Board of Statutory Auditors also determined that its composition was adequate. The results of this self-assessment process were reported to the Board of Directors which, at its meeting on 20 February 2023, took note of the assessment of the supervisory body. This process is referenced in the Report on Corporate Governance and the Ownership Structure for the 2022 Financial Year.
The Board of Statutory Auditors carried out its activities in the 2022 Financial Year by means of periodic meetings, which were duly minuted, following a specific schedule adopted pursuant to its Rules of procedure.
The magistrate designated by the Italian Court of Auditors in charge of auditing the Company is always invited to attend the meetings of the Board of Statutory Auditors

pursuant to and for the purposes of Art. 12 of Law No. 259/1958, who can attend in person or appoint a proxy to do so.
The Board of Statutory Auditors took an active part in all the meetings organised by the Company as part of its induction programme for members of the corporate bodies and in the strategy sessions organised by senior executives with the contribution of management, in compliance with the recommendations of the Code, in order to improve its skills and familiarity with the business sectors in which the Company operates.
The work carried out by the Board of Statutory Auditors in the various areas in which it exercises its supervisory activities is illustrated below.

Compliance with the law and the Articles of Association

The Company's governance complies with the legislation and regulations applicable to listed issuers and with the Code of Corporate Governance, and takes account of best practice in this area. The Board of Statutory Auditors supervised compliance with the provisions of law and the Articles of Association, as well as with other relevant regulations, above all through participation in, and consequent acquisition of information, the Shareholders' Meeting, the meetings of the Board of Directors, the Remuneration and Appointments Committee, the Control, Risks and Related Parties Committee and the Sustainability Committee. Within the scope of its activities, the Board of Statutory Auditors also met with the Supervisory Body, the Chief Executive Officer, responsible for creating and maintaining the internal control and risk management system ("ICRMS"), the Internal Audit Officer, the Chief Financial Officer, the Financial Reporting Officer, the Audit Firm EY S.p.A. ("EY"), the heads of the various corporate departments, and the oversight bodies of the Italian subsidiaries.
In particular, during the 2022 Financial Year, the Board of Statutory Auditors met 15 times (of which six in its current configuration, as a result of the resolutions and appointments made at the aforementioned Shareholders' Meeting of 3 June 2022) and participated in 12 meetings of the Board of Directors (of which six in the composition of the Board of Statutory Auditors currently in office). In addition, almost always as a body, or at least in the person of the Chair and/or other Auditors, the Board of Statutory Auditors took part in 12 meetings of the Remuneration and Appointments Committee (of which six in the composition of the Board currently in office), 15 meetings of the Control, Risk and Related Parties Committee (of which seven in the composition of the Board currently in office) and 11 meetings of the Sustainability Committee (of which five in the composition of the Board of Auditors currently in office).
With regard to the supervision of the Company's administrative liability pursuant to Legislative Decree 231/2001, the Supervisory Body has constantly provided the Board of Statutory Auditors with information on the issues for which it is responsible, both through the participation of the head of the Internal Audit department in the meetings of the Board of Statutory Auditors, and through periodic meetings with the Supervisory Body, during which the Board of Statutory Auditors examined, inter alia, the Plan of Activities for 2022, the Plan of Activities for 2023 and Report on the activities carried out for 2021 and 2022 (also submitted to the Board of Directors). In these meetings, no significant risks or violations came to light which were not addressed with corrective measures. This

conclusion was also reached following the periodic meetings and following exchange of information with the Chief Executive Officer, responsible for creating and maintaining the ICRMS.

Based on the supervisory activity performed by the Board of Statutory Auditors, it can be asserted that the Company has complied with the requirements on regulated information, including those governing inside information.

Overall, the internal and external information flows described and those resulting from the continuous exchange of information and documentation, as also indicated in the minutes of the meetings of the Board of Statutory Auditors, appear to demonstrate that the organisational structure, internal procedures, company records and resolutions of the corporate bodies comply with the provisions of law, the Articles of Association and applicable regulations, as well as with the Code. Accordingly, we report no breach of law, the Articles of Association and regulations, or any comments worthy of note in this area.

None of the members of the Board of Statutory Auditors had any interest, whether on their own behalf or that of third parties, in any given transactions during the year or in the related conduct resulting therefrom.

Compliance with the principles of sound administration

The Board of Statutory Auditors acquired all the information required to perform its control and supervision duties by: i) attending the meetings of the Board of Directors, the Control, Risks and Related Parties Committee, the Remuneration and Appointments Committee and the Sustainability Committee; ii) meeting with the top management of the Company and with the heads of the Company departments; iii) meeting with the Audit Firm and with the Supervisory Body pursuant to Legislative Decree No. 231/2001; iv) meeting and exchanging information with the control and governing bodies of the subsidiaries; v) analysing information provided by corporate units.

On the basis of the information acquired, management decisions appear to have been inspired by the principle of correct information and reasonableness and the directors acted with an understanding of the risks and effects of the transactions conducted.

During the year, the Board of Statutory Auditors received information from the Chief Executive Officer and from the Chief Financial Officer, on a quarterly basis, regarding the general performance of operations and outlook. During the *ad hoc* sessions and various board meetings, the progress of the Business Plan, the Group's economic and financial scenario, and the annual budget were examined among other things. As seen from the financial report, no transactions were carried out in the 2022 Financial Year that could be qualified as major economic, financial and equity transactions.

The actions approved and implemented comply with the principles of sound administration and were not manifestly imprudent, reckless or in conflict with the resolutions passed by the Shareholders' Meeting or such that they would compromise the integrity of company assets, nor were any atypical or unusual transactions conducted with third parties, Group companies or related parties or, as noted previously, that would represent a conflict of interest.

Governance and adequacy of the organisational structure and the internal control system

The Company's governance is structured and in line with the Code and best market practices, also taking into account the entry into force of the regulatory amendments adopted by CONSOB in implementation of the primary legislation transposing Directive (EU) 2017/828 ("Shareholders' Directive II"), as well as the Code. The Board of Directors – appointed by the Shareholders' Meeting held on 21 May 2020, which will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022 – is currently made up of nine directors: Francesca Isgrò, as Chair, Paolo Simioni, Angela Stefania Bergantino, Laura Cavallo, Fabiola Mascardi, Giuseppe Lorubio, Fabio Pammolli, Carlo Paris and Antonio Santi.

The Board of Directors has delegated powers to Mr Paolo Simioni, and has also appointed him director in charge of the ICRMS. The Board – reserving to itself, inter alia, responsibility for setting corporate policy and strategies, approving the organisational macro-structure of the Company, the budget and the Company's strategic and multi-year industrial plans (where applicable also with reference to the Group), as well as other extraordinary corporate transactions, and for carrying out transactions of particular economic and financial significance – conferred powers to CEO Paolo Simioni for the ordinary and extraordinary management of the Company, including the power of legal representation, within the limits provided for in the award decision, except only for those reserved to the Board of Directors or to the Chair by law, by the Articles of Association or by the said Board resolution.

The Chair, who is responsible for overseeing corporate governance and coordinating the Secretary of the Board of Directors and, on its behalf, the activities of the committees, is granted the powers to coordinate internal auditing activities and handle national and international institutional relations and the Company's communication and its relations with the media (both domestic and foreign) together with the CEO.

The powers delegated appear to have been effectively exercised and the decision-making structure formally adopted by the Company corresponds to the structure that exists in practice, also with regard to the hierarchical reporting structure, the corporate decision-making and implementation process, the financial reporting process and the definition and the practical workings of the various levels of control.

Within the scope of the Board of Statutory Auditors' supervisory activities, no problems emerged with regard to the composition, size and operation of the Board of Directors and the Board Committees, with particular reference to the requirements for independent Directors, the determination of remuneration or the comprehensiveness of the disclosure and the expertise and responsibilities associated with each corporate unit.

Within the scope of its duties, the Board of Statutory Auditors acquired information and monitored the adequacy of the Company's organisational structure, compliance with the principles of sound administration and the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114(2) of the Consolidated Law, also by means of: i) direct acquisition of information from the heads of the competent corporate units; ii) meetings and discussions with the administrative bodies of the Group's main

subsidiaries; iii) meetings with the Audit Firm and the results of specific verification activities, also in relation to Italian and foreign subsidiaries.
The Board of Statutory Auditors also supervised the adequacy of the ICRMS: i) by examining the assessment of the Board of Directors, which expressed a positive opinion on the adequacy and effective operation of the ICRMS; ii) by examining the Report of the Financial Reporting Officer with regard to the administrative and accounting arrangements and to the internal control system for financial reporting, iii) by examining the reports and periodic information supplied by the Internal Audit function supporting the evaluation of the adequacy of the ICRMS according to the provisions of Art. 6 of the Code and the related Principles and Recommendations, in accordance with the Company's strategies, and their effectiveness; iv) by examining the Half-Year and Annual Financial Reports, the risk policies adopted by the said Board of Directors, as well as the Reports drawn up within the scope of Risk Management activities, which are aimed at representing the main risks of the Group and related plans for managing such risks; v) through the reporting provided for by internal procedures with regard to the notification of proceedings initiated by Italian government bodies/authorities; vi) by obtaining information from the heads of the corporate units; vii) by examining company documentation; viii) by liaising with the oversight bodies of the main subsidiaries pursuant to Art. 151(1) and (2) of the TUF; ix) by attending the proceedings of the Control, Risks and Related Parties Committee and, where necessary, the joint discussion of certain specific issues; and x) by implementing specific supervisory initiatives, including within meetings of the Board and through periodic requests for updates from the corporate units responsible for issues relevant to our supervisory activities.
The Internal Audit department assisted the activities of the Board of Statutory Auditors throughout 2022. The Internal Audit Officer is invited to the meetings of the Board of Statutory Auditors and attends regularly, and has guaranteed the exchange of information and alignment of our respective supervisory and audit activities, also in conjunction with the Control, Risks and Related Parties Committee.
Given the applicability of Regulation (EU) 2016/679 (“GDPR”), the position of Group Data Protection Officer has been created as part of the aforementioned Internal Audit department, who operates autonomously and independently using economic resources assigned by virtue of an independent annual budget and reporting directly to the Chief Executive Officer. The Internal Audit department received several reports through the Company's whistleblowing channels in 2022. All reports were addressed and managed in compliance with the Whistleblowing Regulation approved by the CEO on 21 December 2021 and with the internal Guidelines for management of whistleblowing reports. Again in terms of whistleblowing, the Board of Statutory Auditors monitored the regulatory procedure for the transposition of Directive (EU) 2019/193 on whistleblowing, paying attention to its provisions.
In carrying out its activities, the Board of Statutory Auditors took into account the duties of the corporate bodies for the prevention and management of the crisis, as provided for by Legislative Decree No. 14/2019 ("Crisis Code"), which came into force on 15 July 2022. The Board also considered the safeguards put in place by the Company for compliance purposes, inter alia, in the field of cybersecurity and Enterprise Risk

Management, including by means of constant dialogue with the structures directly involved and with those responsible for level 2 and 3 checks.
The Board of Statutory Auditors therefore deems that the ICRMS as a whole and in the individual operational areas is adequate in the light of the supervisory activity conducted over planning and the internal control environment, the corporate risk assessment system, the internal control activities, the reporting and communication procedures and mechanisms, as well as monitoring activities.

Adequacy of the administrative and accounting system and statutory auditing of the accounts

The Board of Statutory Auditors monitored the Company's administrative and accounting system and its reliability in correctly representing operational developments by using the information provided by the Chief Executive Officer, by the Chief Financial Officer – including in their role of Financial Reporting Officer – and by the other heads of the competent departments, by reviewing the documentation drawn up by the Company, and by analysing the activities conducted by the Audit Firm.
Specifically, the Board of Auditors noted that in 2022 the Financial Reporting Officer confirmed the evaluation of the adequacy and effective implementation of the administrative and accounting procedures pursuant to Art. 154-*bis* of the TUF. This confirmation allowed the Financial Reporting Officer to certify that the financial statements complied with the applicable international accounting standards and were capable of providing a true and fair representation of the performance and financial position of the Company and that of the companies included in the scope of consolidation.
With regard to the activity carried out, on the basis of the information acquired, the declarations, procedures and attestations put in place and/or issued by the Financial Reporting Officer on 15 March 2023 are complete, in accordance with the model indicated in Art. 81-*ter* of Consob Regulation No. 11971/1999,

The administrative and accounting procedures for the drafting of the Company's financial statements are deemed adequate and this assessment is also supported by the results of the testing activities conducted by the competent internal structure, and the examination of these results, including at the meeting of the Control, Risk and Related Parties Committee. Partly on the basis of this activity, which found no significant issues to report, the Board of Statutory Auditors also deemed the internal control system for financial reporting to be appropriate.
The Board of Statutory Auditors met regularly with the team of the Audit Firm EY, in order to exchange relevant data and information pursuant to Art. 150(3) of the TUF and Art. 19(1) of Legislative Decree No. 39/2010, receiving updates on the audit activity and on the results of the checks carried out. During the meetings and exchanges of information with the officers of the independent audit firm, no facts or situations emerged calling for special attention.
On these occasions, information was acquired also regarding the assessments made of the implications of the crisis triggered by the Covid-19 pandemic and the macroeconomic trends relating to the repercussions on ENAV.

Within the scope of its duties the Board of Statutory Auditors evaluated and supervised the financial reporting process as well as the effectiveness of the administrative and accounting control systems and their reliability in providing an accurate representation of operational developments through: i) the regular exchange of information with the CEO and the Financial Reporting Officer in compliance with the provisions of Art. 154-*bis* of the TUF; ii) the examination of the reports drawn up by the Internal Audit department and the outcomes of any corrective actions undertaken following the audits; iii) the acquisition of information by the heads of corporate units; iv) liaison with the control and administrative bodies of subsidiaries pursuant to Art. 151(1) and (2) of the TUF; v) participation in the work of the Control, Risks and Related Parties Committee, often in joint sessions to maximise interactions for the sake of each other's supervisory functions; vi) close examination of key audit matters and other issues that emerged during the exchange of information with the Audit Firm, which also illustrated its strategy, areas of focus, checks performed and the related findings without identifying significant shortcomings concerning internal control over the financial reporting process, also in light of Consob emphasis of matters of 7 and 18 March 2022 and of 19 May 2022 concerning the impact of the war in Ukraine. During the 2022 Financial Year, the Board also examined the response made by the Company to the request for information pursuant to Art. 115(1a) of the TUF, submitted by CONSOB, which did not result in any specific findings or critical issues.

The Board of Statutory Auditors also verified the formal and substantive evaluation process of ENAV's equity investments in Techno Sky, IDS AirNav, D-Flight, ENAV Asia Pacific, ENAV North Atlantic, and – through the latter – in Aireon LLC, by analysing the method applied and the respective results. Moreover, the Board of Statutory Auditors found that the methodology and the procedure used for the impairment testing of Techno Sky and IDS AirNav and the measurement of the investment in Aireon LLC were consistent and appropriate, as presented in the Financial Report, also in light of with similar assessments performed by the Board of Directors, supported by the Control, Risks and Related Parties Committee and taking account of the dialogue with the Audit Firm.

In light of its supervisory activity and also taking account of the Board of Directors' findings on 15 March 2023 that the organisational, administrative and accounting arrangements of the Company were appropriate, the Board of Statutory Auditors, within the scope of its duties, believes that this system is essentially adequate and reliable in fairly representing operational developments.

The Audit Firm EY, pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation (EU) 537/2014, today issued audit reports on the financial statements and the consolidated financial statements for the year ended 31 December 2022, in which it:

- issued an opinion concluding that the Group's financial statements and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2022, its performance and cash flows for the year ended at that date, in compliance with the International Financial Reporting Standards endorsed by the European Union and the provisions issued in implementation of Art. 9 of Legislative Decree No. 38 of 28 February 2005;

- issued a consistency opinion concluding that the Report on Operations which accompanies the financial statements and consolidated financial statements at 31 December 2022 and the information in the Report on Corporate Governance and the Ownership Structure indicated in Art. 123-*bis*(4) of the TUF, are consistent with the financial statements and have been drawn up in compliance with the law;
- issued an opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815, based on the 700B audit procedures (SA Italia) pursued, after which the Audit Firm concluded that the financial statements were prepared in XHTML format in compliance with the provisions of the Delegated Regulation, that the Consolidated Financial Statements were prepared in XHTML format and were marked, in all significant aspects, as in compliance with the provisions of the aforementioned Regulation, including on the basis of the recent guidelines issued by Assirevi (doc. no. 252 of 6 March 2023);
- confirmed that the opinion on the separate financial statements and the consolidated financial statements expressed in the aforementioned Reports is consistent with the additional Report for the Board of Statutory Auditors, in its role as ICAC, drawn up pursuant to Art. 11 of Regulation (EU) 537/2014.

The Audit Firm's reports also include the key matters such as identified in the audit of the Company's financial statements and the Group's consolidated financial statements and the respective declarations, made pursuant to Art. 14(2e) of Legislative Decree 39/2010, that no material errors were found in the contents of the Report on Operations. Furthermore, also on the same day, the Audit Firm EY submitted to the Board of Statutory Auditors, in its capacity as ICAC, the "additional report" required under Art. 11 of Regulation (EU) 537/2014, from which it emerges that there are no significant deficiencies in the internal control system for the financial reporting process which need to be brought to the attention of the governance bodies. Finally, the Audit Firm included, within the separate and consolidated financial statements for the year ending 31 December 2022, the declaration of independence as required under Legislative Decree 39/2010, and the said Regulation, which contains no evidence of situations potentially compromising the required independence. The Audit Firm also published on its website the 2022 transparency report. With further regard to the Audit Firm's independence assessment, the Board of Statutory Auditors, in its capacity as ICAC pursuant to Art. 19 of Legislative Decree No. 39/2010, verified that the total fees in 2022 for audit-related services paid to the Audit Firm EY and entities within its network by the Company and its subsidiaries complied with the limits pursuant to Art. 4(2) of Regulation (EU) 537/2014. For this purpose, the nature of these engagements was evaluated in the light of the provisions concerning prohibited services pursuant to Art. 5 of this Regulation, finding that the Audit Firm did not perform prohibited non-audit services. Please find below a summary table of the fees pertaining to 2022 for audit services and for non-audit services supplied by Audit Firm EY S.p.A. and by entities included within its network:

Type of service	Entity providing the service	2022
ENAV		
Audit	EY S.p.A.	489
Certification services	EY S.p.A.	60
Other services	EY S.p.A.	0
SUBSIDIARIES		
Audit	EY S.p.A.	195
	Rete EY S.p.A.	10
Certification services	EY S.p.A.	5
Other services	EY S.p.A.	0
Total		**759**

(thousands of euros)

With regard to non-audit assignments and the related fees, the Board of Statutory Auditors deemed them to be adequate in relation to the magnitude and complexity of the works carried out and thus commensurate with the statutory auditing assignment, there being no matters to report such as to affect the criteria of independence of the statutory Audit Firm.

Financial statements and consolidated financial statements

The Board examined the draft financial statements for the year ended 31 December 2022, which reported a profit for the year of €92,400,895.23 and, as far as the Board of Statutory Auditors is aware, there are no derogations from statutory rules.

As highlighted and set out in the management report and in the explanatory notes to which reference is made, despite being impacted by various exogenous factors, such as the COVID-19 pandemic emergency especially in the first quarter, the Russian-Ukrainian conflict from February onwards and the increase in the inflation rate and interest rates in the markets, 2022 was characterised by a strong recovery in air traffic, with recorded volumes almost in line with pre-pandemic levels, with higher peaks in August and October compared to the corresponding periods of 2019. This increase, intense and constant in all quarters, made it possible to end 2022 in a position of recovery, in terms of service units, 95.2% compared to 2019. This is reflected in the 2022 economic/financial data, which see, among other things, the closure of the 2022 financial year with a profit of € 92.4 million, up by 50%, compared to the previous year, in which it amounted to € 61.6 million, and a consolidated profit of € 104.5 million, which therefore confirms the trend that emerged during the year of a full recovery of activities; net financial debt at 31 December 2022 shows a balance of € 407.8 million, an improvement of € 75.7 million compared to 31 December 2021.

It should also be noted that the Group has short-term committed and uncommitted credit lines not used at 31 December 2022, totalling €294 million. Events since the end of the financial year include ENAV having taken out a new loan in the form of a Term Loan for a total of €360 million, at a variable interest rate indexed to EURIBOR, a term of 3 years from subscription and repayment forecast at maturity. As part of the same transaction and with the same banks, committed credit lines of the Revolving Credit Facility (RCF) type were also entered into, totalling €150 million, to replace the expiring lines available to the Company.

As the Board of Statutory Auditors is not required to perform the statutory audit, it monitored the general approach adopted with the financial statements and their compliance with the law as far as their formation and structure are concerned, without finding any issues that would need to be reported. The Board of Statutory Auditors also verified compliance with the laws concerning the drafting of the Report on Operations, again finding no issues to report in this case. In the Financial Report, the Directors discussed the items that contributed to the financial result and the events giving rise to that performance. The separate financial statements of ENAV at 31 December 2022 were drawn up in compliance 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 with Regulation (EC) No. 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law. The accounting policies adopted reflect ENAV's ongoing operations in the foreseeable future, having adopted the assumption that the Company is a going concern, and comply with those applied in the preparation of the financial statements for 2021, except for the latest adopted principles referred to in paragraph 6 of the Explanatory Notes to the financial statements. It should be noted, inter alia, that the figures relating to net financial debt incorporate the provisions of the Guidelines on disclosure obligations pursuant to the Prospectus Regulation issued by ESMA on 4 March 2021 in force since 5 May 2021 and implemented by CONSOB with Emphasis of Matter No. 5/2021 of 29 April 2021.

The Board checked that the Directors had specified information concerning the conflict in Ukraine, including in accordance with the matters indicated by Consob in the aforementioned Emphases of Matter dated 18 March 2022 and 19 May 2022.

Specifically, with regard to the provisions of CONSOB Emphasis of Matter No. 3 of 19 May 2022, in turn referring to previous provisions, in the context of the impact of the current conflict between Russia and Ukraine, to the previous CONSOB Emphasis of 18 March 2021 and to the ESMA declaration of 13 May 2022 on the 2022 half-year financial reports, the Board examined the information on the impact of the aforementioned conflict on ENAV's business, on its economic, equity and financial position and on the prospects. The impact with reference to the business and investment plans were also examined, as well as on the estimates of results, including with regard to the Company's considerations and determinations with respect to the relevant receivables and relationships.

As noted previously, ENAV's 2022 financial statements were audited by the Audit Firm, which, pursuant to Art. 14 of Legislative Decree No. 39/2010, issued an opinion without findings or qualifications. The Audit Firm also issued their report on audit of the 2022 financial statements of the subsidiaries Techno Sky, IDS AirNav and D-Flight.

With regard to the provisions of Articles 15 et seq. of the Regulation adopted in Resolution No. 11971 of 14 May 1999 ("Markets Regulation"), on the issue of accounting transparency, the adequacy of the organisational structure and the internal control system of non-EU subsidiaries, as at 31 December 2022, the Board of Statutory Auditors notes that the relevant subsidiaries for the purposes of these provision are correctly included within the scope of the internal control system for financial reporting, in relation to which no significant shortcomings have been reported. In this respect, in approving the draft financial statements for 2022, on 15 March 2023 the Board of Directors of the Company, following appropriate checks conducted by the Control, Risks and Related Parties Committee and having consulted the Board of Statutory Auditors, also confirmed compliance with the regulatory framework referred to above.

Without prejudice to the fact that the Board of Statutory Auditors has no obligation to report or express formal opinions on the consolidated financial statements, which is the responsibility of the Audit Firm, it was acknowledged that the year ended with a consolidated profit of €104,496,925 and that the specific EY report, drawn up pursuant to Art. 14 of Legislative Decree 39/2010, did not include any findings or emphasis of matters. In any case, the Company has declared that it has drawn up the 2022 consolidated financial statements of the ENAV Group in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations (IFRIC and SIC), endorsed by the European Union with Regulation (EC) No. 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law. The main relationships with subsidiaries are discussed below in the specific section of this report.

In accordance with the provisions of European Commission Delegated Regulation No. 2019/815 ("ESEF Regulation") and of Art. 154-*ter* of the TUF, in 2022 the consolidated financial statements and a set of personal details for the Parent Company were marked on the basis of the IFRS taxonomy according to a detailed mark-up and, in accordance with what was already done in 2021, extending such marking for 2022 also to the information contained in the notes that were tagged according to the block marking method applied to the sections of the notes, as required by current regulations. The Annual Financial Report has been published in the single electronic format of communication required by the ESEF Regulation in addition to the usual format. For this purpose, the Company also adopted an information system (tool Amana XBRL Tagger) which ensures adequate mapping of the risks and controls connected to this new process. The progress in the control system relating to this profile, as reflected in the related internal procedure, was examined by the Board of Statutory Auditors; the Control and Risks Committee and the Audit Firm also acknowledged it.

With reference to the XHTML format and mark-up, the Audit Firm has certified compliance with the provisions of the Delegated Regulation, albeit with the clarifications made on the basis of the recent indications of ASSIREVI (Research Document No. 252 of 6 March 2023).

Covid-19 public health emergency

The Board of Statutory Auditors supervised the steps taken by the Company including with a view to the future, and their proper representation in both financial and non-financial reporting, while monitoring regulatory developments together with the relevant departments. In accordance with the recommendation in Consob Emphasis of Matter No. 1/21, the Board of Statutory Auditors continued in the 2022 Financial Year with its in-depth analyses on the impact of the pandemic on the business, holding periodic meetings with the Board of Directors and the board committees, the Audit Firm and the Supervisory Body. As part of the activities specifically aimed at overseeing the impacts of COVID-19, the Board also verified the adequacy of the organisational, administrative and accounting structure in promptly detecting any critical issues with potential impacts on business continuity, as part of the Enterprise Risk Management integrated risk monitoring system.

Supervision of non-financial information

The Company, already compliant with Legislative Decree No. 254/2016 regarding non-financial reporting, produces a Sustainability Report that includes the consolidated non-financial statements pursuant to the aforementioned Legislative Decree, based on a structured system for collecting qualitative and quantitative information. Referring, for further details, to the Sustainability Report published in accordance with the law, the following are highlighted among the main initiatives concerning non-financial reporting in compliance with Regulation (EU) No. 2020/852 of 18 June 2020 (“Taxonomy Regulation”), which defines the criteria to establish whether an economic activity can be considered “sustainable” in order to identify the level of eco-sustainability of an investment. The Sustainability Report has been subject to "limited review" by EY, except as reported in the “EU Taxonomy” section and in the "TCFD Recommendations" table, in accordance with the International Standard on Assurance Engagements (ISAE 3000 Revised). The Board of Statutory Auditors, pursuant to Art. 3(7) of Legislative Decree 254/2016, monitored compliance with the provisions contained in the said decree on the consolidated non-financial statements and, in this regard, found that the Company fulfilled the obligations required by law for the drafting of the said statement as set out in the Sustainability Report, in compliance with Articles 3 and 4 of the aforementioned Decree, as well as Art. 5 of the Consob Regulation adopted in Resolution No. 20267 of 18 January 2018 and in CONSOB Emphasis of Matter No. 1/2021 and the information provided in Art. 8 of the Taxonomy Regulation. As such, the Board of Statutory Auditors assessed the process adopted by the company regarding the eligibility and alignment of its business activities with the EU taxonomy, drafted in compliance with the principles and methodologies set out in the GRIs “in accordance with” selected by the Company. The information of the Task Force on climate-related Financial Disclosure and the Group's business model were also considered, without highlighting significant impacts of climate change on ENAV business. The Sustainability Report and Consolidated Non-Financial Statements for 2022, approved by the Board of Directors on 15 March 2023, is accompanied by EY’s limited review report, issued today.

Corporate governance rules

The Company has adopted the Corporate Governance Code, considering that the alignment of its governance with Italian and international best practice (on which the Code is based) is a key prerequisite for achieving the Company’s objectives and its sustainable success, and therefore works to ensure that its corporate governance rules are consistent with those provisions. The Board of Statutory Auditors verified that the Report on Corporate Governance and Ownership Structure for the 2022 Financial year – drawn up in accordance with the instructions in the Rules for the markets organised and operated by Borsa Italiana S.p.A. and pursuant to Art. 123-*bis* of the TUF, as approved by the Directors on 15 March 2023 – provides a description of the corporate governance system. The Board of Statutory Auditors deems that the Report complies with primary and secondary legislation, as well as with the provisions of the Code and that, based on the findings of the supervisory activity carried out, the said provisions were applied effectively and correctly, as also confirmed within the said Report, which takes account of the latest format made available by Borsa Italiana, providing precise references to the principles and recommendations of the Code that have a bearing on the governance practices described. The Board of Statutory Auditors also checked the correct application of the assessment criteria and procedures used by the Board of Directors to assess the independence of directors, based on an *ad hoc* policy adopted by the Board on 18 February 2021 and applied in the last audit carried out by the Governing Body on 20 February 2023. The Board of Statutory Auditors verified that the Report on the Remuneration Policy and Remuneration Paid, drawn up pursuant to Art. 123-*ter* of the TUF and Art. 84-*ter* of the Issuers' Regulation, has been approved by the Board of Directors after obtaining the opinion of the Remuneration and Appointments Committee; the said Report will be submitted to the Shareholders at their Meeting called for 28 May 2023 to decide on: (i) the first section on remuneration policy with a binding vote; and (ii) the second section on remuneration paid during 2022 with a non-binding vote.

Relationships with the Parent Company and with the subsidiaries

At 31 December 2022, the Italian Ministry for the Economy and Finance ("MEF") owned 53.28% of ENAV, 46.65% was owned by institutional and individual shareholders, including the portion of treasury shares owned by the Company amounting to 0.07% of its capital.

As far as relations with the MEF are concerned, the Company is subject to the golden power rules pursuant to Legislative Decree No. 21 of 15 March 2012, which inter alia introduced the amendments under Legislative Decree No. 21 of 21 March 2022, converted with amendments by Law No. 51 of 20 May 2022.

The Board of Statutory Auditors met with the supervisory bodies of the main subsidiaries in order to exchange the necessary information. The Group has adequate controls in relation to Law 231, as Techno Sky, IDS AirNav and D-Flight have their own Management and Control Model and autonomous Supervisory Bodies. Level 3 controls operating over all Group companies are assigned to the Internal Audit department of the Parent Company, based on the mandate assigned by the Board of Directors and on an inter-company agreement.

Related-party transactions

The Company has adopted rules that ensure the transparency and the substantive and procedural fairness of related-party transactions, in accordance with the general principles indicated by Consob, as set out in the Report on Operations accompanying the 2022 Financial Statements. Specifically, on 21 June 2016 and with effect from the listing date, the ENAV Board of Directors approved the "Procedure for related-party transactions", pursuant to Art. 2391-*bis* of the Italian Civil Code and the Regulation adopted by Consob in Resolution 17221/2010 ("RPT Regulation") as amended. This procedure, having obtained the favourable opinion of the Control, Risks and Related Parties Committee and having consulted the Board of Statutory Auditors, was also most recently updated by the Board of Directors on 1 July 2021 in order to adapt it in relation to the changes resulting from the legislative and regulatory actions adopted at the time of assimilation of Shareholders' Directive II. The Board of Statutory Auditors found that the activity conducted by the Control, Risks and Related Parties Committee and the information provided by the Board of Directors in the Report on Operations with regard to inter-company and related-party transactions was appropriate. The 2022 Financial Statements provide information on related-party transactions in accordance with the provisions of IAS 24. The extent of relations of a commercial and other nature and those of a financial nature with related parties is adequately reported in the notes to the Financial Statements, which we invite the reader to consult for information on the type of such transactions and the related financial effects. These transactions, identified by IAS 24, mainly regard the exchange of goods, the provisions of services and the supply and use of financial resources. The notes to the Financial Statements also discuss the procedures adopted to ensure that related-party transactions are conducted in compliance with the criteria of transparency and procedural and substantive fairness. Note that the transactions indicated were implemented in compliance with the approval and execution methods set out in the above procedure and described in the Report on Corporate Governance and Ownership Structure for 2022.

Omissions and censurable actions Complaints filed and opinions provided

In the course of performing its supervisory activity, the Board of Statutory Auditors found no omissions by the Directors or censurable actions, meaning that there are no irregularities that would require reporting to Consob pursuant to Art. 149(3) of the TUF.

During the year and to date, the Board of Statutory Auditors received no complaints pursuant to Art. 2408 of the Italian Civil Code or any reports.

In 2022, the Board of Statutory Auditors was called upon to express the following opinions, all of which were favourable, with regard to:

i) the approval of the Internal Audit Activity Plan for 2023, with the related budget;

ii) the adequacy assessment of: *(i)* the organisational, administrative and accounting arrangements of the Company pursuant to Art. 2381(3) of the Italian Civil Code and the Code; *(ii)* powers and resources at the disposal of the Financial Reporting Officer for the performance of the duties assigned thereto by law, pursuant to Art. 154-*bis*(4) of the TUF; *(iii)* the ENAV ICRMS with respect to the characteristics of the company and the risk profile it has assumed, as well as its effectiveness pursuant to and for the purposes of the recommendations of the Code;

iii) remuneration pursuant to Art. 2389(3) of the Italian Civil Code paid to Directors holding special offices and, specifically, to the Chief Executive Officer on account of the powers conferred thereto, for the short- and long-term variable component;

iv) updating of the ICRMS guidelines;

v) additional services and integration of the fees of the Audit Firm for 2022.

Finally, it should be noted that during the 2022 Financial Year, the Board also examined the proposal to update and amend the Regulations of the Financial Reporting Officer, and did not find any critical issues in relation to the approval thereof.

Conclusions

Based on the activities performed as described above, and taking account of the considerations reported above, the Board of Statutory Auditors finds no grounds for impeding the approval of the Financial Statements as at 31 December 2022 nor the proposals of the Board of Directors.

28 March 2023

Dario Righetti – Chair

Giuseppe Mongiello – Statutory Auditor

Valeria Maria Scuteri – Statutory Auditor

Independent Auditor's Report
on the Financial Statements

Enav S.p.A.

Financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014
(*Translation from the original Italian text*)

To the Shareholders of
Enav S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enav S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Key Audit Matter	Audit Response
Recoverability of the investments The Investments in subsidiaries as at December 31, 2022 amount to Euro 186 million, of which Euro 99 million referred to the Techno Sky S.r.l. and 41 million referred to the IDS AirNav S.r.l.. At least once a year, the management assess the existence of impairment indicators for the investments and, if they occur, investments are subjected to impairment test. In the case, considering that carrying amount of the aforementioned investments exceeds the corresponding equity portion, the impairment test has been performed. The identification of impairment indicators as well as the processes and methodologies for assessing and determining the recoverable amount of the investments are based on assumptions, sometimes complex that due to their nature require Directors' judgment, particularly with reference to the forecasted future cash flows for the period covered by the business plans, considering budget for 2023, the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows. Because of the judgement required and the complexity of the assumptions used to estimate the recoverable amount of the investments, we identified this area as a key audit matter. The disclosures related to the assumptions and estimates used by the management are included in the note "Use of estimates and management judgements ", while the disclosures related to the process for determining the recoverable value of the investments are included in note "7. Investments".	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the process for the valuation of the investments; • assessment of the criteria adopted to identify impairment indicators; • assessment of the forecasted future cash flows, the verification of the consistency of the forecasted future cash flows of the investments resulting from the business plans; • assessment of Directors' ability to make accurate projections, through the comparison of the actual results with the previous forecast; • assessment of the long-term growth rates and discount rates. In performing our procedures, we leveraged the assistance of our experts in valuation techniques, who performed an independent recalculation and sensitivity analysis of the key assumptions that could have a significant effect on the valuation of the recoverable value. Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Building a better working world

Recoverability of the investment in Enav North Atlantic LLC	
The investment in the Enav North Atlantic LLC subsidiary, owned for the investment in the non-controlling interest Aireon Holdings LLC (Aireon) is accounted, as at December 31, 2022, for a net amount of Euro 45,7 million. Management, as a result of the fair value decrease of Aireon, tested for impairment the investment in Enav North Atlantic LLC, recognizing an impairment loss of Euro 1,8 million. The processes and methodologies used for determining the recoverable value of the investment are based on the fair value measurement of the investment in Aireon, performed in the consolidated financial statements. Because of the judgment required to the Directors and the complexity of the assumptions applied for the estimate of the recoverable amount of the investment, we identified this area as a key audit matter. The disclosures related to the valuation of the investment in Enav North Atlantic LLC are included in the note "Use of estimates and management judgements" while the disclosures related to the criteria of execution of the impairment test are included in the note "7. Investments".	Our audit procedures in response to the key audit matter concerned, among others, the analysis of the future cash flows, the assessment of the long-term growth rate and discount rate. In performing our procedures, we leveraged the assistance of our experts in valuation techniques, in order to verify the methodology used in the process, the mathematical accuracy of the model and the reasonableness of the assumption used by the management for the determination of the recoverable amount. Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Recognition and measurement of revenues – *Balance*

Revenues from contracts with customers as at December 31, 2022 amount to Euro 880 million including *Balance* adjustment for an amount of negative Euro 15 million.

Revenues from en-route and terminal services include a positive or negative revenue adjustment recognized at the year-end in order to reflect the effective performance for the period. Such revenue adjustment, achieved through the *Balance* mechanism, is regulated through specific tariff mechanisms applied over the years following the concerned fiscal year.

The processes and methodologies for measuring such revenue adjustment are based on complex calculation algorithms and assumptions that for their nature require Directors' judgement, in particular with reference to the expectations about settlement date and the determination of the discount rate applied for.

Because of the mentioned complexities that characterize this measurement, we identified this area as a key audit matter.

The disclosures related to the revenues accounting policy and measurement criteria resulting from the *Balance* mechanism are included in notes "3. Accounting policies" and "Use of estimates and management judgements ".

Our audit procedures in response to the key audit matter concerned, among the others:

- the assessment and understanding of the applicable regulations;
- the assessment of the process for the determination of the *Balance*;
- the assessment of the discount process applied;
- the verification of the arithmetic correctness of the calculations performed by the Directors.

Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 , and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee (Collegio Sindacale) is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Enav S.p.A., in the general meeting held on April 29, 2016, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Enav S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enav S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the financial statements of Enav S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Enav S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, March 28, 2023

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

The accompanying financial statements of Enav S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Legal information and contacts

Registered office

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Legal information

Share capital: €541,744,385.00 fully paid-up
Tax ID and enrolment number in the Company Register
of Rome 97016000586
VAT Registration No. 02152021008

Investor Relations

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