

**Consolidated
Interim Financial
Report at 30 June 2023**



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Interim report on operations

ENAV Group in figures

Performance	1st Half 2023	1st Half 2022	Change	%
Total revenues	436,581	412,107	24,474	5.9%
EBITDA	94,704	97,010	(2,306)	-2.4%
EBITDA margin	21.7%	23.5%	-1.8%	
EBIT	33,015	37,686	(4,671)	-12.4%
EBIT margin	7.6%	9.1%	-1.5%	
Profit for the period attributable to shareholders of the Parent Company	18,690	28,001	(9,311)	-33.3%

(thousands of euros)

Financial position	30.06.2023	31.12.2022	Change	%
Net capital employed	1,531,982	1,614,742	(82,760)	-5.1%
Consolidated equity	1,116,516	1,206,894	(90,378)	-7.5%
Net financial debt	415,466	407,848	7,618	1.9%

(thousands of euros)

Other indicators	1st Half 2023	1st Half 2022	Change	%
En-route service units	4,718,483	4,068,151	650,332	16.0%
Terminal service units Charging Zone 1	91,659	67,430	24,229	35.9%
Terminal service units Charging Zone 2	160,993	142,906	18,087	12.7%
Terminal service units Charging Zone 3	206,627	193,637	12,990	6.7%
Free cash flow (thousands of euros)	(3,227)	(19,568)	16,341	-83.5%
Headcount at end of period	4,328	4,218	110	2.6%

Corporate Bodies

BOARD OF DIRECTORS (*)

(2023-2025 term)

CHAIRMAN	Alessandra Bruni
CHIEF EXECUTIVE OFFICER	Pasqualino Monti
DIRECTORS	Carla Alessi
	Stefano Arcifa
	Rozemaria Bala
	Franca Brusco
	Carlo Paris
	Antonio Santi
	Giorgio Toschi

CONTROL, RISKS AND RELATED PARTIES COMMITTEE (**)

CHAIRMAN	Antonio Santi
MEMBERS	Stefano Arcifa
	Franca Brusco

REMUNERATION AND APPOINTMENTS COMMITTEE (**)

CHAIRMAN	Giorgio Toschi
MEMBERS	Stefano Arcifa
	Rozemaria Bala

SUSTAINABILITY COMMITTEE (**)

CHAIRMAN	Alessandra Bruni
MEMBERS	Carla Alessi
	Carlo Paris

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

Tammaro Maiello

BOARD OF STATUTORY AUDITORS

(2022-2024 term)

CHAIRMAN	Dario Righetti
STANDING AUDITORS	Giuseppe Mongiello
	Valeria Maria Scuteri
ALTERNATE AUDITORS	Roberto Cassader
	Flavia Daunia Minutillo

SUPERVISORY BODY

(2022-2024 term)

CHAIRMAN	Maurizio Bortolotto
MEMBERS	Domenico Gullo
	Marina Scandurra

AUDIT FIRM

(2016-2024)

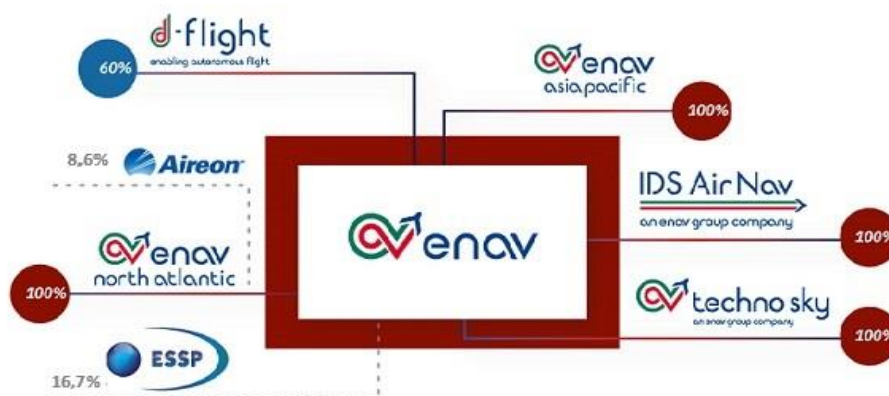
EY S.p.A.

(*) The Shareholders' Meeting held on 28 April 2023 appointed ENAV's Board of Directors for the three-year period 2023-2025, expiring on the date of the Shareholders' Meeting to be convened to approve the financial statements at 31 December 2025;

(**) The Committees were reconstituted by the Board of Directors on 28 April 2023 following the Shareholders' Meeting.

Business and Structure of the ENAV Group

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 currently holds 8.60% (pre-redemption) of the share capital of Aireon LLC, which will rise to 10.35% post redemption. Aireon built 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 of aircraft that fall within the Unmanned Aerial Vehicles Traffic Management (UTM) category.

Information on ENAV's stock in the first half of 2023

During the first half of 2023, the stock registered a slight decline, starting from an opening price at the beginning of the year of €3.96 and closing on June 30 at a price of €3.91, an easing of 1.4%.

At 30 June, the company's market capitalisation was about €2.12 billion, an increase of 18.4% compared with about €1.79 billion at the time of the company's listing.

In the first half of the year, the stock reached a low on 28 March, when it closed at €3.75, and a high on 6 February, when it closed at €4.37.



Market and air traffic developments

The economic recovery slowed significantly in the second quarter of 2023 as a result of inflationary tensions and widespread price increases, following a first quarter of 2023 characterised by a growing GDP, driven by a recovery in household expenditure and an expansion in investment. Nevertheless, despite general unpredictability and a substantial increase in the price of airline tickets, tourist recreational services are exhibiting significant growth, where the travel propensity, already observed in the first quarter of 2023, confirms its positive impact on the air transport sector in the second quarter of the same year.

In the first six months of 2023, the air traffic market for Eurocontrol member states confirmed the gradual recovery of volumes, with a +18.1% increase in Service Units (SUs) compared to the same period in 2022, and a +13.1% increase in the number of assisted flights.

During the first six months of 2023, en-route SUs (*) associated with Italy increased by +16.0%, a rate comparable to that of the majority of countries in the so-called comparator group of continental Europe, namely: Spain (+17.2%), the Great Britain (+15.9%), France (+14.4%) and Germany (+9.2%).

Comparing the first six months of 2023 to the first six months of 2019, the number of en-route SUs in Italy increased by a greater percentage than the European average, at +4.2%, and remained above the pre-pandemic levels.

Terminal SUs registered in Italy during the first six months of 2023 also recorded an increase of +13.7% compared with the same period of 2022, showing a trend in line with that observed for en-route. All major Italian airports recorded higher traffic levels than in the same period in 2022.

Total en-route traffic service units (**)				Change	
	1st Half 2023	1st Half 2022	no.	%	
France	9,626,331	8,416,672	1,209,659	14.4%	
Germany	6,412,530	5,873,439	539,091	9.2%	
Great Britain	5,594,740	4,827,031	767,709	15.9%	
Spain	5,769,625	4,921,742	847,883	17.2%	
Italy (***)	4,717,155	4,066,632	650,523	16.0%	
EUROCONTROL	71,486,384	60,508,544	10,977,840	18.1%	

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

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

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

En-route traffic

Total en-route traffic in Italy in the first six months of 2023 increased by +16.0% in the number of SUs reported by Eurocontrol (the same increase even with the residual category *Exempt not reported to Eurocontrol* is included) and by +13.7% in the number of flights handled (+13.4% including the residual category *Exempt not reported to Eurocontrol*).

The positive trend of traffic flows in the current year in terms of SUs coincides with the recovery and improvement of volumes prior to the outbreak of the health emergency, as shown by the comparison with the figure for the same period in 2019 (+4.2%). However, with regard to the number of flights handled, there is still a minimal deviation from the values for the same period in 2019 of -1.2%.

During the period under review, the Russian-Ukrainian crisis persisted, resulting in the blocking of both flights to and from the countries in question as well as flights operated by Russian companies. However, the impact was minimal, as these flights represent a negligible portion of the Parent Company's revenue. The closure of Russian-Ukrainian airspace led to a new planning of traffic flows at a European level with a different reshuffling of flights on alternative routes to the canonical ones, which are no longer usable. The Italian airspace routes have also benefited from this scenario, particularly those relating to overflight, in terms of both frequency of use and distance covered.

The analysis of the routes that affected the domestic airspace in the first six months of 2023, classified according to the distance travelled, compared to the first six months of 2022 reveals an increase in utilisation for each distance band (low, medium, and high). Compared to the same period in 2019, however, it is only the routes with high mileage on the domestic airspace (>700 Km, i.e. the most profitable for the Company because they have the highest SU coefficient per kilometre) that have seen a significant increase in utilisation (+12%).

En-route traffic (number of flights)	1st Half 2023	1st Half 2022	Change no.	%
Domestic	136,307	132,767	3,540	2.7%
International	442,794	374,278	68,516	18.3%
Overflight	317,399	274,784	42,615	15.5%
Paying total	896,500	781,829	114,671	14.7%
Military	16,644	18,885	(2,241)	-11.9%
Other exempt	9,503	10,536	(1,033)	-9.8%
Total exempt	26,147	29,421	(3,274)	-11.1%
Total reported by Eurocontrol	922,647	811,250	111,397	13.7%
Exempt not reported to Eurocontrol	9,503	10,925	(1,422)	-13.0%
Overall total	932,150	822,175	109,975	13.4%

En-route traffic (service units)	1st Half 2023	1st Half 2022	Change no.	%
Domestic	878,212	879,481	(1,269)	-0.1%
International	1,785,641	1,467,396	318,245	21.7%
Overflight	1,987,246	1,648,199	339,047	20.6%
Paying total	4,651,099	3,995,076	656,023	16.4%
Military	59,225	63,714	(4,489)	-7.0%
Other exempt	6,831	7,842	(1,011)	-12.9%
Total exempt	66,056	71,556	(5,500)	-7.7%
Total reported by Eurocontrol	4,717,155	4,066,632	650,523	16.0%
Exempt not reported to Eurocontrol	1,328	1,519	(191)	-12.6%
Overall total	4,718,483	4,068,151	650,332	16.0%

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

- **international commercial traffic**, the category of flights departing or arriving at an airport in Italy, posting a gain of +21.7% in terms of SUs and one of +18.3% in flights handled in the first six months of 2023. Comparing the first six months of 2023 to the same period in 2019, managed air traffic recovered by 96.2%, whereas all other types of traffic completely recovered their flows in the first six months of 2019. As regards the mileage of international traffic routes (low, medium and high mileage on domestic airspace) during the period under review, all flight categories experienced significant increases in terms of SUs compared to the same period in 2022. With regard to flight routes by continent, the first six months of 2023 saw a consistent increase of over +50% in SUs for connections between Italy and Africa and the American continent, and an increase of over +40% for connections to Asia. Flights to the remainder of Europe, which account for approximately 81% of total international traffic, increased by approximately 15%. Compared to the first six months of 2019, the traffic routes between Italy and Africa show the largest rebound (+8% SUs);
- **commercial overflight traffic**, a category that includes flights that only cross through domestic airspace, registering an increase in SUs (+20.6%) and in the number of assisted flights (+15.5%) in the first six months of 2023. Also for this traffic route, the SUs figure for the reviewed period compared to the same period in 2019 indicates a total recovery of +13.3%. During the period under review, all air routes experienced significant increases in the volume of traffic handled in terms of SUs, particularly for the high mileage segment, which saw a 20% increase. In the first six months of 2023, intra-European aircraft accounted for 52% of the total number of overflight SUs on the major traffic routes, a trend that was very

positive for all connections. Compared to the first six months of 2019, intra-European traffic routes have increased by 10% in terms of SUs, while flights between Europe and Africa have increased by 20%. Routes involving the American continent also registered sharp gains, especially in comparison with the first six months of 2019;

- in the first six months of 2023, **domestic commercial traffic** experienced a minor decrease in SUs (-0.1%) and an increase in the number of assisted flights (+2.7%). The figure for SUs, which is lower than those for other categories of traffic, depends on the positive trend in domestic traffic flows in the first six months of 2022, which allowed a total recovery of SUs developed in the same period of 2019 (+3.6%). With regard to flights by distance, in the first half of 2023 the longer-distance flights (>700 km), which includes flights connecting destinations in the North with the South of the country, representing around 51% of the total domestic SUs, recorded a decrease of -3% in terms of SUs. Compared to the same time period in 2019, the volume on high-mileage routes increased by 15%;
- **exempt traffic** is divided into: i) *exempt traffic reported by Eurocontrol*, which decreased by -7.7% in terms of service units and by -11.1% in terms of the number of assisted flights. The performance of this category is impacted by developments in military flights (-0.7% in SUs), which represent about 90% of exempt traffic; and ii) *exempt traffic not reported to Eurocontrol*, which accounts for only a residual proportion of revenues, posted a decrease of -12.6% in SUs and one of -13% in the number of assisted flights. Exempt traffic accounted for just 1.4% of SUs in the first six months of 2023.

With regard to carriers, in the first six months of 2023 the flight operations of the low-cost segment progressively remain central to the air traffic volumes produced in the Italian airspace, with **Ryanair**, **Wizz Air** and **Easyjet** ranked among the top five airlines by number of SUs developed in the first six months of 2023. During that same period, the flight activity of the low-cost segment remained central to the volume of air traffic produced in Italian airspace. **Ryanair** is the dominant carrier in Italy in terms of traffic volumes, with a market share of 21% of the total for the first six months of 2023 and increases of 6.7% and 37% in comparison to the same periods in 2022 and 2019. Compared to the first six months of 2022, the carrier **Wizz Air** also saw improvements of +21.4% and an Italian market share of 5.9%. Middle Eastern airlines such as **Turkish Airlines** (+21.6% SUs), **Emirates** (+50.5% SUs), and **Qatar Airways** (+11.8% SUs) saw increases among the traditional carriers. **Air France** (+1.4% SUs), **Lufthansa** (+6.5% SUs), and **Air Malta** (+42.5% SUs) performed well in the first six months of 2023 compared to the first six months of 2022, among the major European airlines. In the first six months of 2023, the new Italian airline **ITA** (Italia Trasporto Aereo) recorded a +44% increase in SUs, ranked as the second company in terms of volumes produced, with a market share of 7% of the total SUs in the first six months of 2023.

Terminal traffic

In the first six months of 2023, terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, expanded by +13.7% in terms of SUs and +11.5% in terms of the number of assisted flights. Air traffic volumes recovered 95.4% of the level registered in the same period of 2019.

Terminal traffic (number of flights)	1st Half 2023	1st Half 2022	no.	Change %
Domestic				
Chg. Zone 1	17,237	14,573	2,664	18.3%
Chg. Zone 2	32,121	31,452	669	2.1%
Chg. Zone 3	82,589	82,170	419	0.5%
Total domestic flights	131,947	128,195	3,752	2.9%
International				
Chg. Zone 1	42,798	31,480	11,318	36.0%
Chg. Zone 2	86,546	73,495	13,051	17.8%
Chg. Zone 3	90,734	80,645	10,089	12.5%
Total international flights	220,078	185,620	34,458	18.6%
Paying total	352,025	313,815	38,210	12.2%
Exempt				
Chg. Zone 1	44	120	(76)	-63.3%
Chg. Zone 2	441	440	1	0.2%
Chg. Zone 3	9,686	10,367	(681)	-6.6%
Total exempt flights	10,171	10,927	(756)	-6.9%
Total reported by Eurocontrol	362,196	324,742	37,454	11.5%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	106	196	(90)	-45.9%
Chg. Zone 3	5,754	5,938	(184)	-3.1%
Total exempt flights not reported to Eurocontrol	5,860	6,134	(274)	-4.5%
Total by Charging Zone				
Chg. Zone 1	60,079	46,173	13,906	30.1%
Chg. Zone 2	119,214	105,583	13,631	12.9%
Chg. Zone 3	188,763	179,120	9,643	5.4%
Overall total	368,056	330,876	37,180	11.2%

Terminal traffic (Service Units)	1st Half 2023	1st Half 2022	no.	Change %
Domestic				
Chg. Zone 1	22,390	19,202	3,188	16.6%
Chg. Zone 2	39,811	39,610	201	0.5%
Chg. Zone 3	97,648	97,925	(277)	-0.3%
Total domestic SUs	159,849	156,737	3,112	2.0%
International				
Chg. Zone 1	69,192	47,930	21,262	44.4%
Chg. Zone 2	120,972	103,096	17,876	17.3%
Chg. Zone 3	104,903	91,401	13,502	14.8%
Total international SUs	295,067	242,427	52,640	21.7%
Paying total	454,916	399,164	55,752	14.0%
Exempt				
Chg. Zone 1	77	298	(221)	-74.2%
Chg. Zone 2	201	184	17	9.2%
Chg. Zone 3	3,665	3,887	(222)	-5.7%
Total exempt SUs	3,943	4,369	(426)	-9.8%
Total reported by Eurocontrol	458,859	403,533	55,326	13.7%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	9	16	(7)	-43.8%
Chg. Zone 3	411	424	(13)	-3.1%
Total exempt SUs not reported to Eurocontrol	420	440	(20)	-4.5%
Total by Charging Zone				
Chg. Zone 1	91,659	67,430	24,229	35.9%
Chg. Zone 2	160,993	142,906	18,087	12.7%
Chg. Zone 3	206,627	193,637	12,990	6.7%
Overall total	459,279	403,973	55,306	13.7%

Overall, performance in the first half of 2023 compared with the same period of the previous year shows an increase in operations in terms of service units in all charging zones, albeit to varying degrees due to a divergent trend in the first six months of 2022. More specifically:

- **Charging Zone 1**, represented by Rome Fiumicino airport, experienced an increase in traffic in the first six months of 2023 of +35.9% in terms of service units and +30.1% in the number of assisted flights, bearing in mind the low level of traffic in the first six months of 2022. Compared to the same period in 2019, a volume recovery of 81.5% can be observed. However, compared to the first six months of 2022, both domestic and international air traffic increased significantly. This pricing area is notably impacted by the domestic airline ITA, which recorded a +58.2% increase in SUs during the period under review compared to the same period in 2022, with a 30% impact on the total number of flights at Rome Fiumicino airport, approaching the figure held by the former Alitalia, which stood at 26% in 2019;
- **Charging Zone 2**, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted an increase for the period under review in terms of SUs (+12.7%) and assisted flights (+12.9%), with reference mainly to international traffic (+17.3% in SUs). Due to the figure that arose in the international traffic component, the volume of traffic increased by 97.5% compared to the same period in 2019. Among the airports in this Charging Zone, a strong performance was posted by all including Milano Malpensa (+8% in SUs) and Venice Tessera (+21.2% in SUs). In comparison to the same period in 2019, only Bergamo Orio al Serio airport has a positive result (+8% SUs);

- **Charging Zone 3**, which includes all other Italian airports, recorded gains both in terms of SUs (+6.7%) and the number of assisted flights (+5.4%). The increase in international traffic in the first six months of 2023 led to a positive result of 14.8% SUs. Compared to the corresponding period in 2019, this charging zone recovered fully its traffic volumes, reaching 1.5% compared to the same period in 2019, with domestic traffic exceeding pre-pandemic levels by 5.6%. The main airports in this charging one achieved significant increases in terms of SUs compared to the first six months of 2022 and some fully recovered the values registered in 2019, including Naples (+10.1% SUs), Bologna (1.0% SUs), Palermo (+8.4% SUs) and Bari (+16% SUs).

Performance and financial position of the ENAV Group

Definition of alternative performance measures

To illustrate the ENAV Group's economic, equity and financial results, management-prepared reclassified statements distinct from the Interim Condensed Consolidated Financial Statement but consistent with the international accounting standards adopted by the Group have been prepared. These reclassified schedules contain alternative performance indicators differing from those drawn directly from the financial statements, which are used by management to monitor the performance of the Group and represent 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 dated 3 December 2015, which transposed the guidelines (No. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA) no 2015/1415. 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, 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, intangible fixed assets, 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 financial receivables and non-current trade payables, and cash and cash equivalents. Net financial debt is determined in accordance with the provisions of Guideline no. 39 issued by ESMA and in line with Warning Notice no. 5/21 issued by CONSOB on 29 April 2021;
- **Free cash flow:** the sum of the cash flow generated or absorbed by operating activities and the cash flow generated or absorbed by investing activities.

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

Reclassified consolidated income statement

Compared to the same period of the previous year, the first six months of 2023 of the ENAV Group reflect the increase in assisted air traffic, which in terms of SUs was +16% for en-route and +13.7% for terminal. Positive values were also registered compared to the SUs recorded in the first six months of 2019, a pre-pandemic year, with a full recovery of air traffic, which for en-route was +4.2%. It should be noted that the first six months of 2023 include a number of effects that were not present in the first six months of 2022. These are primarily attributable to the renewal of the economic part of the national collective bargaining agreement for the Parent Company and the subsidiary Techno Sky, which went into effect on 1 January 2023, as well as the formalisation of certain maintenance contracts for the Parent Company and the effect of the rise in interest rates, which began to take effect in the second half of 2022.

The good performance of air traffic in the first six months of 2023, along with the Group's activities in the non-regulated market, resulted in a 12.8% increase in revenues from operating activities, which fully offset the negative €27.2 million change in the balance component due to the recovery of balance recognised in the combined period 2020-2021.

Due to the aforementioned events, operating costs increased by 8.5%, resulting in an EBITDA of 94.7 million euros, a minor decrease of 2.4% compared to the same period in 2022.

Depreciation and amortisation for the period, combined with the utilisation of provisions for risks and the writedown of receivables, resulted in an EBIT of €33 million, down €4.7 million, compared to the first six months of 2022.

Financial operations had a negative impact of €6.6 million, primarily due to the rise in interest rates, which increased the average debt rate from 0.99% per annum in the first six months of 2022 to an estimated 3.71% per annum in the current half year.

The dynamics described above are reflected in the result for the period, a profit of €18.4 million, hence down €9.3 million compared to the comparative period's profit of €27.7 million.

	1st Half 2023	1st Half 2022	Amount	Change %
Revenues from operations	442,668	392,481	50,187	12.8%
Balance	(24,141)	3,084	(27,225)	n.a.
Other operating income	18,054	16,542	1,512	9.1%
Total revenues	436,581	412,107	24,474	5.9%
Personnel costs	(279,586)	(258,507)	(21,079)	8.2%
Capitalised costs	13,197	13,704	(507)	-3.7%
Other operating expenses	(75,488)	(70,294)	(5,194)	7.4%
Total operating costs	(341,877)	(315,097)	(26,780)	8.5%
EBITDA	94,704	97,010	(2,306)	-2.4%
EBITDA margin	21.7%	23.5%	-1.8%	
Net amortisation of investment grants	(58,115)	(58,010)	(105)	0.2%
Writedowns, impairment (reversal of impairment) and provisions	(3,574)	(1,314)	(2,260)	n.a.
EBIT	33,015	37,686	(4,671)	-12.4%
EBIT margin	7.6%	9.1%	-1.5%	
Financial income/(expense)	(6,595)	2,267	(8,862)	-390.9%
Income before taxes	26,420	39,953	(13,533)	-33.9%
Income taxes for the period	(8,053)	(12,232)	4,179	-34.2%
Consolidated profit/(loss) for the period	18,367	27,721	(9,354)	-33.7%
Profit/(loss) for the period pertaining to shareholders of the Parent Company	18,690	28,001	(9,311)	-33.3%
Profit/(loss) for the period pertaining to non-controlling interests	(323)	(280)	(43)	15.4%

(thousands of euros)

Revenues from operations amounted to €442.7 million, an increase of €50.2 million compared to the same period of the previous year, and were comprised of €424.7 million in revenues from the Parent Company's core business (+€44.8 million compared to the first six months of 2022) and €18 million from activities carried out by the Group on the non-regulated market, an increase of €5.4 million primarily due to the activities carried out by the Parent Company in Qatar for the performance of air navigation support services. The increase in revenues from core business is closely related to the return to normality in air transport activities, thus overcoming the traffic restrictions highlighted in prior years, and also showing positive values in comparison with the first six months of 2019, the pre-pandemic period, with +4.2% growth in en-route service units and a recovery of +95.4% for the terminal.

The balance component, which is also part of the operating activities of the Parent Company, had a negative impact of €24.1 million, whereas it had a positive impact of €3.1 million in the same period of the previous year. This effect is primarily attributable to the utilisation of the en-route and terminal balance recognised in the 2020-2021 combined period in unit rate recovery commencing 2023, and in the four years thereafter, in accordance with Regulation (EU) 2020/1627, which amounted to €45.7 million for the period under review. This negative change was partially offset by the recognition of the inflation-related balance in the amount of €15.1 million, the balance for traffic risk of the Charging Zone 1 in the amount of €1.4 million, having generated 13.46% fewer service units than anticipated, and the positive balance of the Charging Zone 3 recognised in accordance with the cost recovery method in the amount of €6.5 million. With regard to en-route, there is no balance for traffic risk, resulting in a final balance of +0.078% compared to the performance plan.

Compared to the same period of the previous year, total operating costs increased by 8.5%, to €341.9 million, and included higher personnel costs of +8.2%, other operating costs of +7.4% and lower capitalisation for internal work relating to activities performed by personnel employed in investment projects under execution of -3.7%.

With regard to **personnel costs**, which amounted to €279.6 million, there was an increase of €21.1 million compared to the first six months of 2022. This was primarily attributable to the renewal of the economic part of the national collective labour agreement of the Parent Company and Techno Sky, which was signed with the trade unions in November 2022 and which, among other things, provided for an increase in salary items revalued in consideration of the contractual grace period (years 2019 - 2022), determining a new salary base applied commencing 1 January 2023 and thus absent from the period under comparison. Higher personnel costs were also impacted by the variable component of remuneration for overtime in the operational line of Air Traffic Control personnel due to the increased volume of air traffic managed, as well as the increase in Group headcount, which amounted to +110 actual employees and +106 average employees compared to the same period in 2022, with the first six months of 2023 ending with an actual Group headcount of 4,328 employees (4,218 actual Group headcount in the first six months of 2022).

Other operating expenses amounted to €75.5 million, an increase of €5.2 million, compared to the same period of the previous year, due to higher building maintenance costs following the definition of new contracts that were not present in the comparative period, to the Eurocontrol contribution, which increased by €3 million, and to costs related to travel for Group employees linked both to the training of operating personnel and activities related to sales orders. These effects were partially offset by the €2.4 million decrease in costs related to utilities and telecommunications as a consequence of the decrease in electricity prices and the measures implemented by government institutions in this area, including in relation to system charges.

These values influenced the estimation of **EBITDA**, which is €94.7 million, a decrease of €2.3 million or -2.4% compared to the first six months of 2022.

EBIT was impacted by depreciation and amortisation, net of grants on investments, which tended to be stable compared to the same period in the previous year, and the writedown of receivables, which had a negative impact of €3.6 million, net of the utilisation of the provision for risks due to the successful resolution of certain disputes. These occurrences led to an EBIT of €33 million, a decrease of €4.7 million, or -12.4%, compared to the first six months of 2022.

Financial income and expense showed a negative balance of €6.6 million, compared to a positive balance of €2.3 million in the first six months of 2022. This was primarily due to higher interest expenses on variable-rate loans and the different composition of financial debt, which in the first six months of 2022 included the bond loan, which matured in August 2022 and on which fixed-rate interest accrued. This negative effect was partially mitigated by the positive financial component associated with the discounting of balance receivables and bank interest on current account deposits, which became profitable again following the zero growth rates of previous years.

Taxes for the period showed a balance of €8.1 million, down by €4.2 million compared to the first half of 2022, due to the lower taxable base and deferred tax dynamics.

As a result of the foregoing, **profit pertaining to shareholders of the Parent Company** for the period was €18.7 million, a decrease of €9.3 million compared to the same period in the previous year.

The share pertaining to non-controlling interests was a loss of €0.3 million.

Reclassified consolidated statement of financial position

	30.06.2023	31.12.2022	Amount	Change %
Property, plant and equipment	812,782	847,440	(34,658)	-4.1%
Right-of-use assets	4,476	4,252	224	5.3%
Intangible assets	181,679	180,418	1,261	0.7%
Investments in other entities	36,150	36,310	(160)	-0.4%
Non-current trade receivables	568,330	606,775	(38,445)	-6.3%
Other non-current assets and liabilities	(145,514)	(151,156)	5,642	-3.7%
Net non-current assets	1,457,903	1,524,039	(66,136)	-4.3%
Inventories	60,846	61,082	(236)	-0.4%
Trade receivables	399,354	333,568	65,786	19.7%
Trade payables	(106,817)	(140,096)	33,279	-23.8%
Other current assets and liabilities	(259,359)	(142,070)	(117,289)	82.6%
Net working capital	94,024	112,484	(18,460)	-16.4%
Gross capital employed	1,551,927	1,636,523	(84,596)	-5.2%
Employee benefit provisions	(39,676)	(40,869)	1,193	-2.9%
Provisions for risks and charges	(10,807)	(11,443)	636	-5.6%
Deferred tax assets net of liabilities	30,538	30,531	7	0.0%
Net capital employed	1,531,982	1,614,742	(82,760)	-5.1%
Shareholders' equity pertaining to Parent Company shareholders	1,115,499	1,205,554	(90,055)	-7.5%
Shareholders' equity pertaining to non-controlling interests	1,017	1,340	(323)	-24.1%
Shareholders' equity	1,116,516	1,206,894	(90,378)	-7.5%
Net financial debt	415,466	407,848	7,618	1.9%
Total funding	1,531,982	1,614,742	(82,760)	-5.1%

(thousands of euros)

Net capital employed at 30 June 2023 was €1,531.9 million, a decrease of €82.8 million from 31 December 2022, with 72.9% covered by consolidated shareholders' equity and 27.1% covered by non-controlling interests.

Net non-current assets amounted to €1,457.9 million, a net decrease of €66.1 million compared to 31 December 2022. This is mainly due to: i) a €34.6 million decrease in property, plant and equipment as a result of the recognition of higher depreciation and amortisation compared to the investments made in the first six months of the year; ii) a €38.4 million net decrease in non-current trade receivables as a net effect of the new balance receivables being recognised in the first six months of 2023 and the reclassification of balance receivables to current receivables to be included in the 2024 unit rate.

Net working capital decreased by €18.5 million from 31 December 2022 to €94 million. The principal changes concerned: (i) the net increase in trade receivables for €65.8 million, referred for €52.1 million to the higher receivable from Eurocontrol reflecting the invoicing of increased flight volumes for May and June, which have not yet fallen due, compared to the last two months of 2022; for €15 million to the higher receivable from the Ministry of Infrastructure and Transport for the contribution for plant safety and operational safety recognised on an accrual basis at 30 June 2023; (ii) a €33.3 million decrease in trade payables, of which €15.4 million related to lower payables to suppliers and €18 million related to the reduction in payables for balance

related to the portion recognised in the income statement and in the unit rate in the first six months of 2023; iii) the change in other current assets and liabilities that resulted in a net effect of higher payables in the amount of €117.3 million, mainly due to the increase in payables to personnel for accruals in the first six months of 2023, and higher other liabilities to the Italian Air Force and ENAC for the portion recognised in the first six months of the year in the amount of €32.1 million, corresponding to their share of collections of en-route and terminal credits accrued during the period, and the recognition of the liability of €106.4 million to shareholders in respect of the dividend authorised by the Shareholders' Meeting on 28 April 2023, which will be paid in October. These effects were partially offset by an increase in tax receivables from current taxes for the payment of the balance and first payment on account of taxes in excess of the tax burden for the half-year, and by an increase in prepaid employee expenses, which primarily referred to the 14th month's salary paid in June for the portion pertaining to subsequent months.

Net capital employed of €1,532 million was also affected by the provision for employee benefits of €39.7 million, down by €1.2 million during the reporting period due to settlements paid out and the actuarial gain recognised at 30 June 2023, the provisions for risks and charges of €10.8 million, which decreased by €0.6 million, and deferred tax assets and liabilities of €30.5 million.

Consolidated shareholders' equity totalled €1,116.5 million, a net decrease of €90.4 million compared to 31 December 2022. The change mainly relates to the €106.4 million dividend that was approved by the Shareholders' Meeting on 28 April 2023 and will be paid out in October 2023, and is therefore reclassified under other liabilities. This decline was partially offset by the recognition of profit for the period, which totalled €18.4 million, and by the actuarial gain on the reserve for employee benefits, which net of tax effects amounted to €0.5 million.

Net financial debt amounted to €415.5 million at 30 June 2022, an increase of €7.6 million compared with 31 December 2022.

	30.06.2023	31.12.2022	Amount	Change %
Cash and cash equivalents	270,463	267,732	2,731	1.0%
Current financial receivables	0	169	(169)	-100.0%
Current financial debt	(90,111)	(431,651)	341,540	-79.1%
Current lease liabilities ex IFRS 16	(2,444)	(2,009)	(435)	21.7%
Net current financial debt	177,908	(165,759)	343,667	n.a.
Non-current financial receivables	0	0	0	0.0%
Non-current financial debt	(514,787)	(165,094)	(349,693)	n.a.
Non-current lease liabilities ex IFRS 16	(2,161)	(2,570)	409	-15.9%
Non-current trade payables	(76,426)	(74,425)	(2,001)	2.7%
Non-current financial debt	(593,374)	(242,089)	(351,285)	n.a.
Net financial debt	(415,466)	(407,848)	(7,618)	1.9%

(thousands of euros)

The negative change in net financial debt is due to the effect of the dynamics of collections and payments related to ordinary operations, which generated a negative cash flow, as it does not yet reflect receipts for flights in the busiest months of the first half,, such as May and June, and includes, in addition to the collections of projects financed in the European sphere for a total of €5.3 million, also the higher payments to personnel due to the renewal of contracts. In addition to ordinary operations, the period under review

included the payment of an Italian Air Force debt totalling €8.9 million, the purchase of treasury shares totalling €2.2 million and the payment of the balance and first payment on account of current taxes totalling €31.9 million.

At 30 June 2023, the Group had unused short-term credit lines totalling €214 million, of which committed lines of €165 million and uncommitted lines of €49 million.

Consolidated statement of cash flows

	1st Half 2023	1st Half 2022	Change	%
Cash flow generated/(absorbed) by operating activities	29,470	16,194	13,276	82.0%
Cash flow generated/(absorbed) by investing activities	(32,697)	(35,762)	3,065	-8.6%
Cash flow generated/(absorbed) by financing activities	6,021	(30,502)	36,523	n.a.
Cash flow for the period	2,794	(50,070)	52,864	n.a.
Cash and cash equivalents at the beginning of the year	267,732	225,310	42,422	18.8%
Exchange rate difference on cash	(63)	293	(356)	n.a.
Cash and cash equivalents at end of period	270,463	175,533	94,930	54.1%
Free cash flow	(3,227)	(19,568)	16,341	-83.5%

(thousands of euros)

Cash flows from operating activities

Cash flow generated from operating activities in the first half of 2023 amounted to €29.5 million, an increase of €13.3 million compared to the same period in 2022. This positive flow was determined by the following factors: i) the net increase in current and non-current trade receivables by 27.3 million, primarily connected with the increase in the receivable from Eurocontrol as a result of the higher billing of flights in May and June that has not yet fallen due, as well as for lower receivables for balance registered in the combined period 2020-2021, for which unit rate recovery will begin in 2023 in accordance with Regulation (EU) 2020/1627; in the six months of the previous year, the increase in trade receivables was higher, as the recovery of these balance had not begun yet; ii) the increase in tax receivables of €6 million related to current taxes, where in the first six months of 2022 there was a tax payable for the higher tax burden that emerged in the period; iii) the net increase in other current assets and liabilities of €16.4 million is attributable to both the net decrease in other current assets following the collection of certain projects financed under the Connecting Europe Facility (CEF) for €5.3 million, which weighed €17.3 million in the first half of 2022, and to other liabilities, which increased due to both personnel provisions and the portion of payables due to the Italian Air Force and ENAC for their share of en-route and terminal collections that emerged in the period. The first half of 2021 showed a lower increase due to the payment of the debt to the Ministry of Economy and Finance in the amount of €16.2 million; iv) the decrease in current and non-current trade payables in the amount of €28.9 million due to the lower invoicing that emerged in the period and the ensuing lower payments to suppliers for operating activities carried out in the first half of 2023; v) the lower result for the period amounting to €9.4 million.

Cash flows from investing activities

Cash flow absorbed by investing activities in the first half of 2023 amounted to €32.7 million, a decrease of €3.1 million compared to the figure for the same period in 2022. In the presence of Capex of €30.3 million, a

decrease of €1.2 million compared to the same period in the prior year, this change is attributable to a slight reduction in payments made to suppliers for investment projects and the cancellation of the debt owed to IDS S.p.A. for the purchase of the shareholding in IDS AirNav, in which there were outstanding items to be defined and which was completely paid off in the first half of 2022.

Cash flows from financing activities

Cash flow generated by financing activities in the first half of 2023 was €6 million, up €36.5 million compared to the corresponding period of the previous year, which showed a cash absorption of €30.5 million. This change is associated with liquidity from the subscription in March 2023 of a Term Loan with a pool of banks for €360 million with a term of three years to be repaid in full at maturity. The proceeds from this transaction were allocated to the early repayment of the Term Loan of €180 million subscribed in July 2022 and maturing in July 2023 and two Term Loans totalling €135 million subscribed in July 2021 with a term of 24 months. During the period under review, the quarterly/half yearly instalments of existing loans were paid in accordance with the contractual amortisation schedules in the amount of €34.4 million and the purchase of treasury shares in the amount of €2.2 million.

Free cash flow was negative €3.2 million, a €16.3 million improvement compared to the same period of the prior year, when it was negative €19.5 million due to the cash flow from operations not covering the cash flow consumed by investing activities.

Human resources

At 30 June 2023, the ENAV Group had a workforce of 4,328 employees, an increase of 110 actual employees compared to the first six months of 2022 when the actual headcount stood at 4,218.

The Group is present throughout Italy for the provision of flight assistance services, the maintenance of operating facilities and the marketing activities of AIM software solutions. It is also engaged in aeronautical consulting activities in Malaysia.

As regards industrial relations, it should be noted that during the first six months of 2023 negotiations with social partners focused on sharing the initiatives necessary to ensure the better management of changes in the operating scenario and the organisational model of certain plants.

More specifically, negotiations were concluded to revise the contractual regulation of working time for H35 operational staff through the signing of an agreement with the trade unions, which had two main lines: introducing measures for flexibility and to combat summertime absenteeism.

In terms of the working hours system, the most significant structural innovations include the ability to plan a variable amount of overtime based on operational requirements and the introduction of more shift start times.

The combination of these measures will enable improved monthly (through overtime planning) and daily (through the new shift patterns) planning of attendance, which will have predictable positive effects on service performance.

In addition to these measures, in order to manage the summer season as effectively as possible, an Attendance Premium similar to the one implemented in 2022 and tied to regular shift attendance has been planned to combat absenteeism. In light of this, an innovative measure allowing beneficiaries of leave under

Law 104/1992 to utilise welfare services in order to reconcile their caregiving responsibilities with their employment obligations was also included.

In order to support the digitalisation of operations, a further agreement was reached with the trade unions on the establishment of an indemnity to be paid to air traffic controllers of plants whose activities are transformed by the introduction of new digital technologies. At present, this indemnity is only paid to the staff of the Brindisi plant, where the first digital tower was implemented, but it will be extended to the other plants in the future when their activities are digitised, and to all Regional plant employees beginning 1 January 2025.

A number of strikes took place during the six-month period under review: the four-hour strike on 2 April, in which approximately 80% of the staff expected to be on duty took part, was of domestic significance, while the local strikes did not have a particularly significant impact on operations.

Other information

2020-2024 Performance Plan

Following the COVID-19 pandemic, which had a significant impact on the air transport sector, the 2020-2024 Performance Plan was subject to regulation by the European Commission with EU Regulation 2020/1627. This provided for new timeframes for the revision of Performance Plans for the 2020-2024 period (RP3), the introduction of the so-called combined period (2020-2021) for the purposes of performance and balance revenue enhancement, as well as the issuance of new European cost efficiency targets, formalised in Decision No. 891 of 2 June 2021, as shown here below:

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

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. The maximum number of authorised shares to be purchased within eighteen months of the resolution is 1,300,000.

In January and February 2023, 500,000 treasury shares were purchased at an average price of €4.32 per share for a countervalue of approximately €2.2 million.

Between 12 and 14 June, beneficiaries of the second long-term incentive plan 2020-2022 referring to the first vesting cycle 2020 - 2022 were granted 236,915 treasury shares with an equivalent of approximately €1 million.

At 30 June 2023, ENAV held 633,604 treasury shares worth a total of €2.7 million, hence 0.12% of the share capital.

Transactions with Related Parties

The term related parties refers 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 the first six months of 2023 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 Interim Condensed Consolidated Financial Statements.

In conformity with the provisions of Article 2391 bis of the Italian 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, 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, the Parent Company established 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 the first half of 2023, no transactions of high importance were carried out. It should be noted, for information purposes only, that in January 2023 a contract was signed between the Parent Company and the subsidiary Techno Sky relating to *"the supervision, technical management and maintenance activities of the systems, plants and equipment in use by ENAV for the performance of air navigation services"* for the four-year period 2023-2026 with a total value of €279.2 million, a transaction classified as exempt for the purposes of the procedure as it was entered into with a subsidiary.

Finally, there were no transactions subject to disclosure obligations because they qualify as exempt cases under the procedure or transactions that had a significant impact on the consolidated financial position or the consolidated results for the year.

Risk management

ENAV Group's institutional and commercial activities expose it to risks that, if not effectively monitored, managed and mitigated, could have a negative impact on its economic and financial results. In this regard, consistent with the architecture of its internal control and risk management system, the Group has 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 (Risk Appetite) approved by the Board of Directors. In addition, the Group has established a policy and procedure for delineating responsibilities, coordination mechanisms and primary control activities.

Below is an assessment of the Group's most significant risks, as defined in the Corporate Risk Profile, based on the scenarios outlined in the Group's strategic lines of development.

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 is the consequence of the unwavering dedication of our employees to maintaining high standards of protection and prevention in our operations. ENAV promotes the development of a safety culture so that the importance and commitment to safety are reflected in individual and organisational attitudes.

Safety performance is monitored constantly 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.

In addition, the Parent Company has a Safety Policy and a Just Culture Policy that place individuals at the centre of its operations. The continuous development of safe operations requires awareness of critical issues and the ability to communicate them through immediate and transparent channels.

ENAV 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 goals specified for safety performance 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.

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 own 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

On the basis of a comprehensive Business Impact Analysis, the Group has defined and routinely tests specific Business Continuity and Disaster Recovery plans, including appropriate procedures to be implemented in the event that something occurs and leads to a significant deterioration or interruption of services, all with a view to maintaining continuity in the 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 preventive 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 even further 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, the rapid pace of technological development, the ever-increasing frequency and severity of cyber attacks and the propensity to target critical infrastructures and strategic industrial sectors all point to the possibility that, in extreme circumstances, normal business operations may be disrupted.

The Group utilises a "risk-based" and a "security by design" methodology for IT security risk management. Parallel to this, it leverages the finest market-available technologies while also acting on the *human factor* through initiatives designed to increase cyber security awareness and knowledge among individuals.

A dedicated organisational structure, the Security Operation Centre (SOC), and the administration of a certified ISO/IEC 27001:2014-compliant Security Management System, are also utilised to manage information security.

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. In addition, there are training and coordination activities with the competent

civil and military authorities for the protection of operational data, as well as collaborations with CSIRT Italia (Computer Security Incident Response Team) and CNAIPIC (National Cybercrime Centre for Critical Infrastructure Protection).

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 such information (so-called internal dealing). In this regard, the Compliance Model implemented in accordance with Legislative Decree 231 of 8 June 2001 includes market abuse offences, for the prevention of which 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

The ENAV Group operates in a highly regulated market, and alterations to the rules, including their requirements and obligations, can have an impact on the Group's operations and results.

The Parent Company continuously monitors potential risks arising from the evolution of applicable legislation in order to ensure prompt compliance, in accordance with best practises and the applicable legal and regulatory framework, taking care to adjust governance and control responsibilities, processes and organisational systems on a continuous basis.

Trade Compliance

Concerning the management of potential risks associated with the pursuit of commercial activities and business opportunities, the ENAV Group has extended the provisions of its policy on commercial risks to the area of trade compliance in an effort to bolster the compliance safeguards with regard to regulations on trade restrictions.

Privacy

As regards exposure to risks associated with the protection of personal data (risks that may manifest as a loss of confidentiality, integrity and availability of personal data of customers, employees, and third parties), the ENAV Group adopts a dedicated organisational structure to manage and mitigate this risk, ensuring compliance with applicable regulatory requirements. In addition, a Group Data Protection Officer (DPO) was appointed, as required under Regulation (EU) 679/2016 (GDPR), whose duties include monitoring compliance with the Regulation and advising the Data Controller and Data Subjects with regard to compliance with applicable laws.

Anti-Fraud and Anti-Corruption

The ENAV Group has consolidated specific anti-corruption safeguards, including ENAV's Management System for the Prevention of Corruption, which is certified according to UNI ISO 37001:2016, and a structured system for due diligence on individuals and legal entities using a dedicated software.

Health & Safety

ENAV Group and contractor personnel are primarily exposed to health and safety hazards as a result of operational activities at Group sites.

Breaches of applicable health and safety laws, regulations and procedures may result in hazards to the health and safety of employees, workers and stakeholders, as well as the possibility of administrative or judicial sanctions, as well as financial and reputational consequences.

The ENAV Group has implemented an Occupational Health and Safety Management System (OHSMS) certified to the ISO 45001 standard in order to manage and mitigate potential hazards. The main health and safety risks are assessed thoroughly at each company site.

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

Special attention is paid to measures that ensure the health and safety of workers operating abroad in countries at risk (also known as “travel security”). To this end, workplace health and safety assessments are carried out in advance on individual assignments with the issuance of specific recommendations, contingency plans are drawn up for assignments in countries with non-low risk and, finally, training and information sessions are provided for workers and emergency response services are provided. The ENAV Group has also continued to adopt all the measures required by the COVID Protocols in force, as well as the measures recommended by the competent authorities, such as the Ministry of Health and the Istituto Superiore di Sanità.

Environment

In recent years, there has been an increase in public awareness of the dangers associated with development models that have negative effects on environmental quality. In this context, companies are expected to take on a greater level of commitment and responsibility in identifying and employing innovative and sustainable technical solutions and development models, as they become increasingly aware that environmental risks also have economic consequences. For this reason, the ENAV Group has adopted an Environmental Management System (EMS) compliant with ISO 14001:2015, which ensures the presence of structured policies and procedures for the identification and management of environmental risks and opportunities associated with each business activity. The implementation of the EMS, and the existence of a centralised organisational control system, ensure 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 controls carried out by line. 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 individuals are required to ensure compliance with Legislative Decree 152/2006.

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

Deviations in air traffic trends relative to forecasts can have an effect on the ENAV Group's capacity to create value, primarily in terms of changes in the parameters that determine revenues from institutional activities with regard to the estimates used to establish unit rates. The current regulatory framework already encompasses compensation mechanisms for revenue shortfalls compared with planned levels. Indeed, a revenue stabilisation system (so-called traffic risk sharing) based on risk sharing with airspace users (airlines) is in place, with the potential to limit losses exceeding 2% caused by declines in demand.

In line with existing performance scheme, the Parent Company is required to provide its services in compliance with the capacity targets set out in the national Performance Plan, applying a symmetric no-claims bonus incentive system to foster high levels of operational performance.

More specifically, in the third reference period (2020-2024), 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).

With regard to the increases in inflation, it should be noted that the EU regulation to which ENAV is subject permits the recuperation of the deviation thereof from the figure forecast via the balance mechanism.

Climate change risks

In order to support strategic and industrial planning and the evaluation of investments and extraordinary operations during the first six months of 2023, a specialised study was completed to assess in depth the effects of climate change in the delivery of ENAV's services in Italy and in particular at airports.

The research was carried out by a special internal Working Group supported by industry experts in order to assess the impacts of climate change on two different time horizons (2030 and 2050) and two different climate scenarios used by the IPCC (Intergovernmental Panel on Climate Change). The first scenario (SSP8.5),

the most highly pessimistic, assumes that by 2100 atmospheric CO₂ concentrations will triple or quadruple (840/1120 ppm) compared to pre-industrial levels (280 ppm). This scenario is characterised as energy-intensive, as total consumption continues to increase to more than three times current levels by the end of the century.

Comparing the impacts of these phenomena to the current scenario, the study revealed that, in the medium term (2030), no significant criticalities were identified as regards the effects of these phenomena.

The results of the analyses conducted will serve as the foundation for monitoring the phenomena under study over time, with the scenario analyses required to assess the operational and financial impacts of climate risks being routinely updated every few years.

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

During the first half of 2023, the ENAV Group did not record any operational, commercial or economic-financial impacts directly related to the Russian-Ukrainian conflict. Any business still open with customers from the Russian Federation was already written off during the 2022 financial year and there are no other relationships outstanding with sanctioned parties. ENAV Group 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.

The energy price reached maximum levels in the fourth quarter of 2022, with a subsequent return to normal levels in the second quarter of 2023. Finally, with reference to the potential effects of a shortage of electronic components, 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.

Outlook for operations

Following the growth in air traffic to even higher rates than in the same period of 2019, the pre-Covid benchmark year, the first half of 2023 saw a consolidation of the trend already noted in the first three months of the year, with a sustained recovery in the technical-operating activities of ENAV Group companies.

This scenario is supported not only by the number of service unites recorded in Italy during the review period, but also by the most recent projections made by Starfor Eurocontrol, which predict a 6% increase in en-route service unites for Italy by the end of 2023 compared to 2019.

As far as unit rate issues are concerned, tables are being created in preparation for the subsequent regulatory period 2025-2029 (referred to as RP4). ENAV will be involved in the process of defining and negotiating the RP4 Performance Plan for the four performance areas of Capacity, Cost efficiency, Health & Safety and Environment in the coming months.

Interim Condensed Consolidated Financial Statements at 30 June 2023

Consolidated Financial Statements

Interim consolidated statement of financial position

ASSETS

<i>(euros)</i>	Notes	30.06.2023	of which related parties (Note 32)	31.12.2022	of which related parties (Note 32)
Non-current assets					
Property, plant and equipment	7	817,257,837	0	851,692,420	0
Intangible assets	8	181,678,466	0	180,417,452	0
Investments in other entities	9	36,150,469	0	36,309,550	0
Non-current financial assets	10	344,319	0	344,319	0
Deferred tax assets	11	35,886,582	0	36,320,924	0
Non-current tax receivables	12	52,099	0	59,712	0
Non-current trade receivables	13	568,330,426	0	606,775,456	0
Other non-current assets	15	6,086,897	6,048,773	6,077,387	6,028,651
Total non-current assets		1,645,787,095		1,717,997,220	
Current assets					
Inventories	14	60,846,371	0	61,082,490	0
Current trade receivables	13	399,354,431	51,814,054	333,567,855	44,098,349
Current financial assets	10	0	0	168,761	0
Tax receivables	12	11,919,688	0	5,877,327	0
Other current assets	15	45,112,233	14,223,668	32,562,187	14,223,668
Cash and cash equivalents	16	270,463,113	0	267,731,584	0
Total current assets		787,695,836		700,990,204	
Total assets		2,433,482,931		2,418,987,424	

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>(euros)</i>	Notes	at 30.06.2023	of which related parties (Note 32)	at 31.12.2022	of which related parties (Note 32)
Shareholders' equity					
Share capital	17	541,744,385	0	541,744,385	0
Reserves	17	472,509,812	0	470,077,409	0
Retained earnings/(loss carryforward)	17	82,555,461	0	88,728,283	0
Profit/(loss) for the period	17	18,689,182	0	105,004,115	0
Total Group shareholders' equity	17	1,115,498,840	0	1,205,554,192	0
Non-controlling interests		1,339,994	0	1,847,184	0
Profit/(loss) attributable to non-controlling interests		(322,982)	0	(507,190)	0
Total shareholders' equity attributable to non-controlling interests		1,017,012	0	1,339,994	0
Total shareholders' equity	17	1,116,515,852		1,206,894,186	
Non-current liabilities					
Provisions for risks and charges	18	1,504,553	0	1,456,200	0
Severance pay and other employee benefits	19	39,675,938	0	40,869,231	0
Deferred tax liabilities	11	5,348,950	0	5,789,746	0
Non-current financial liabilities	20	516,948,622	0	167,663,966	0
Non-current trade payables	21	76,426,148	7,490	74,424,661	51,462
Other non-current liabilities	22	151,997,220	0	157,637,417	0
Total non-current liabilities		791,901,431		447,841,221	
Current liabilities					
Short-term portion of provisions for risks and charges	18	9,302,465	0	9,986,574	0
Current trade payables	21	106,817,416	3,801,101	140,096,489	8,930,154
Tax and social security payables	23	56,768,200	0	56,824,683	0
Current financial liabilities	20	92,555,370	0	433,660,816	0
Other current liabilities	22	259,622,197	123,878,091	123,683,455	56,165,617
Total current liabilities		525,065,648		764,252,017	
Total liabilities		1,316,967,079		1,212,093,238	
Total shareholders' equity and liabilities		2,433,482,931		2,418,987,424	

Interim consolidated income statement

<i>(euros)</i>	Notes	1st Half 2023	of which related parties (Note 32)	1st Half 2022	of which related parties (Note 32)
Revenues					
Revenues from operations	24	442,667,808	6,465,880	392,480,704	7,551,139
Balance	24	(24,140,753)	0	3,084,358	0
<i>Total revenues from contracts with customers</i>	24	418,527,055		395,565,062	
Other operating income	25	23,086,346	17,011,307	20,832,596	16,965,712
Total revenues		441,613,401		416,397,658	
Costs					
Costs for raw materials, supplies, consumables and goods	26	(2,926,284)	(362,662)	(2,371,610)	(361,008)
Costs for services	26	(69,927,981)	(3,337,494)	(65,645,036)	(1,604,195)
Personnel costs	27	(279,586,023)	0	(258,506,921)	0
Costs for leases and rentals	26	(786,766)	(21,315)	(813,449)	(16,975)
Other operating expenses	26	(1,847,953)	0	(1,463,129)	0
Capitalised costs	28	13,197,161	0	13,703,876	0
Total costs		(341,877,846)		(315,096,269)	
Depreciation and amortisation	7 and 8	(63,146,933)	0	(62,301,373)	0
Writedowns/(writebacks) for impairment of receivables	13	(3,624,591)	0	(1,695,393)	0
Writedowns/(writebacks) for impairment of property, plant and equipment and intangible assets	7	0	0	0	0
Provisions	18	50,886	0	381,000	0
Operating income		33,014,917		37,685,623	
Financial income and expense					
Financial income	29	4,232,329	0	5,135,365	0
Financial expense	29	(10,379,266)	0	(3,504,116)	0
Exchange rate gains (losses)	29	(448,462)	0	636,198	0
Total financial income and expense		(6,595,399)		2,267,447	
Income before taxes		26,419,518		39,953,070	
Income taxes	30	(8,053,318)	0	(12,231,744)	0
Profit/(loss) for the period		18,366,200		27,721,326	
<i>attributable to Parent Company shareholders</i>		<i>18,689,182</i>		<i>28,001,668</i>	
<i>attributable to non-controlling interests</i>		<i>(322,982)</i>		<i>(280,342)</i>	
Basic earnings/(loss) per share	36	0.03		0.05	
Diluted earnings/(loss) per share	36	0.03		0.05	

Interim consolidated statement of other comprehensive income

<i>(euros)</i>	Notes	1st Half 2023	1st Half 2022
Profit/(loss) for the period	17	18,366,200	27,721,326
<i>Other comprehensive income recyclable to profit/(loss):</i>			
- Differences arising from the translation of foreign financial statements	17	(1,251,625)	5,720,604
- Fair value of derivative financial instruments	10 and 17	(168,761)	25,771
- Tax effect of the valuation at fair value of derivative financial instruments	11 and 17	40,503	(6,185)
<i>Total other comprehensive income recyclable to profit or loss</i>		(1,379,883)	5,740,190
<i>Other comprehensive income not recyclable to profit or loss:</i>			
- Fair value measurement of investments in other entities	9	474,548	13,830,264
- Actuarial gains/(losses) on employee benefits	17 and 19	672,373	4,490,209
- Tax effect of actuarial gains/(losses) on employee benefits	11 and 17	(267,665)	(3,982,005)
<i>Total other comprehensive income not recyclable to profit or loss</i>		879,256	14,338,468
Comprehensive income		17,865,573	47,799,984
attributable to Parent Company shareholders		18,188,555	48,080,326
attributable to non-controlling interests		(322,982)	(280,342)

Interim consolidated statement of changes in shareholders' equity

	Share capital	Legal reserve	Sundry reserves	Reserves Reserve for actuarial gains/(losses) for employee benefits	Cash flow hedge reserve	Total reserves	Retained earnings/(loss carryforward)	Profit/(loss) for the period	Total	Non-controlling interests	Total shareholders' equity
(euros)											
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	0	0	0	0	0	0	0	0	0
Currency translation difference reserve	0	0	5,720,604	0	0	5,720,604	0	0	5,720,604	0	5,720,604
Long-term incentive plan	0	0	420,081	0	0	420,081	0	0	420,081	0	420,081
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	10,925,909	3,412,559	19,586	14,358,054	0	0	14,358,054	0	14,358,054
- Profit/(loss) for the period	0	0	0	0	0	0	0	28,001,668	28,001,668	(280,342)	27,721,326
Balance at 30 June 2022	541,744,385	42,650,396	457,111,690	(8,997,574)	2,092,881	492,857,393	88,624,128	28,001,668	1,151,227,574	1,566,842	1,152,794,416
Balance at 1 January 2023	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
Allocation of net profit from the previous year	0	4,620,045	0	0	0	4,620,045	100,384,070	(105,004,115)	0	0	0
Dividend distribution	0	0	0	0	0	0	(106,436,491)	0	(106,436,491)	0	(106,436,491)
(Purchase)/award of treasury shares	0	0	(1,152,527)	0	0	(1,152,527)	0	0	(1,152,527)	0	(1,152,527)
Currency translation difference reserve	0	0	(1,251,625)	0	0	(1,251,625)	0	0	(1,251,625)	0	(1,251,625)
Long-term incentive plan	0	0	(534,488)	0	0	(534,488)	(120,401)	0	(654,889)	0	(654,889)
Comprehensive income, of which:											
- Profit (loss) recognised directly in equity	0	0	368,253	511,003	(128,258)	750,998	0	0	750,998	0	750,998
- Profit/(loss) for the period	0	0	0	0	0	0	0	18,689,182	18,689,182	(322,982)	18,366,200
Balance at 30 June 2023	541,744,385	47,270,441	430,956,645	(7,674,446)	1,957,172	472,509,812	82,555,461	18,689,182	1,115,498,840	1,017,012	1,116,515,852

Explanatory notes to the Interim Condensed Consolidated Financial Statements

1. General information

ENAV S.p.A. (hereinafter also the “Company” or the “Parent Company”), was established in 2001 following the transformation with Law 665/1996 of the “Ente Pubblico Economico denominato Ente Nazionale di Assistenza al Volo” (the National Agency for Flight Assistance), a public enterprise, that was formerly known as the “Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale” (A.A.A.V.T.A.G.) (Autonomous Company providing Flight Assistance for General Traffic) and has its registered office in Via Salaria 716, Rome, 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 30 June 2023, 53.28% the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.60% by institutional and individual shareholders, with 0.12% 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 and the provision of services in the field of Unmanned Aerial Vehicles Traffic Management (UTM). The measurement and presentation of operations is broken down into four operating sectors, namely, *air navigation services*, *maintenance services*, *AIM software solutions* and a remaining sector defined as *other sectors*.

These Interim condensed consolidated financial statements cover the six months ending 30 June 2023 and have been drafted in euro, the functional currency of the Group.

Publication of these Interim Condensed Consolidated Financial Statements was authorised by the Directors on 3 August 2023 and is subject to a review by the external auditor EY S.p.A.

2. Form and content of the Interim Condensed Consolidated Financial Statements

The Interim condensed consolidated financial statements at 30 June 2023 of ENAV S.p.A. and its subsidiaries (hereinafter also the “Group”) have been prepared in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002, as well as Legislative Decree 38 of 28 February 2005, which regulates the application of the IFRS under the scope of Italian law.

In particular, these Financial Statements, which have been drafted on a going-concern basis, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and Article 154-ter, paragraph 3 of the Consolidated Law on Finance. In application of the option granted by IAS 34, the disclosures contained in the Interim condensed consolidated financial statements are less complete than those provided in complete annual financial statements, as they are aimed at providing an update on the activities, facts and circumstances that occurred in the reference period, as well as some minimum supplementary information expressly requested by the standard, thus omitting information, data and notes already presented and discussed in the consolidated financial statements of the ENAV Group as at 31 December 2022. Consequently, the interim condensed consolidated financial statements at 30 June 2023 should be read in conjunction with the Group's Consolidated Financial Statements for the year ended 31 December 2022, which readers are encouraged to consult for a more complete understanding of the information disclosed in this document.

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

With regard to the method for presenting the financial statements, it should be noted that, for the *statement of financial position*, the distinction between current and non-current assets and liabilities has been adopted. The *income statement* has been prepared by classifying operating costs according to their nature, whereas and the *statement of cash flows* has been prepared using the indirect method.

In accordance with Consob Resolution No. 15519 of 27 July 2006, the statement of financial position, income statement and statement of cash flows show the amounts referring to items or transactions with related parties in order to ensure an understanding of the financial position, performance and cash flows.

3. Scope and basis of consolidation

The consolidation principles used to prepare the Interim Condensed Consolidated Financial Statements at 30 June 2023 are consistent with those adopted in preparing the Condensed Consolidated Financial Statements at 31 December 2022, approved on 28 April 2023 and available on the website www.enav.it at the following address: <https://www.enav.it/sites/public/en/InvestorRelations/Financial-Statements-and-Reports.html>.

The scope of consolidation in the first half of 2023 did not change compared to 31 December 2022.

There were no significant transactions or unusual events in the first half of 2023.

Translation of financial statements of foreign companies

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

	1st Half 2023		31.12.2022		1st Half 2022	
	6-month average	at 30 June	12-month average	at 31 December	6-month average	at 30 June
Malaysian ringgit	4.8181	5.0717	4.6292	4.6984	4.6704	4.5781
US dollar	1.0811	1.0866	1.0539	1.0666	1.0940	1.0387

4. New accounting standards and interpretations

The accounting standards adopted in the preparation of the Interim condensed consolidated financial statements at 30 June 2023 are consistent with those used in the preparation of the Consolidated Financial Statements at 31 December 2022, which readers are invited to consult for a more detailed discussion, with the exception of the adoption of new standards, amendments and interpretations in force as from 1 January 2023, which had no impact on the Interim condensed 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, amendments and interpretations applicable from 1 January 2023 that did not affect the Group's Interim condensed consolidated financial statements.

Following is a list of the new accounting standards, amendments and interpretations applicable to the Group at 1 January 2023, but having no effect on the Group's Interim condensed consolidated financial statements.

- *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. The amendment clarifies how certain transactions, such as leasing and decommissioning obligations, that may generate assets and liabilities of equal quantities are to account for their deferred taxes. The modifications had no effect on the Interim condensed consolidated financial statements of the Group;
- *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 and the 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 are changes in accounting estimates if they do not result from the correction of prior period error. The modifications had no effect on the Group's Interim condensed consolidated financial statements.
- *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 decisions making about the disclosure of accounting standards. The modifications had no effect on the Group's Interim condensed consolidated financial statements.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2023 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 the 2023 financial year. The Group will assess the expected impact of their first-time adoption:

- *Amendment to IAS 1: Classification of Liabilities as Current or Non-current* – issued on 23 January 2020, with deferral of initial application issued on 15 July 2020. With this amendment, the IASB published modifications to IAS 1 to specify the classification requirements for current and non-current liabilities. 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, i.e. 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.

- *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 measure subsequently the liability arising from a leaseback so as not to recognise any amount of gain or loss relating 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 changes to have any impacts.
- *Amendment to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules* – issued on 23 May 2023, pending approval. *The Pillar Two Global anti-Base Erosion rules (GloBE or Pillar Two Rules)*, issued by the OECD, represent the first substantial review of international tax regulations and propose four new mechanisms under which multinational companies would pay a minimum level of tax. In accordance with IAS 12, a new tax law becomes effective in accordance with IAS 12 when it is enacted or substantially enacted in a particular jurisdiction. In all jurisdictions where they operate through wholly or partially owned subsidiaries, joint ventures, pass-through entities or permanent establishments, multinational enterprises (MNEs) should track regulatory developments pertaining to the implementation of the GloBE Rules. The IASB proposed a mandatory exemption from the requirement to account for deferred taxes resulting from the implementation of the GloBE Rules for entities affected by these rules. The mandatory exception will become effective immediately upon publication of the amendments. Therefore, entities with operations in jurisdictions where these rules have been enacted or substantially enacted should take the amendments into consideration when drafting interim financial statements. Further considerations are contained in *IFRS Developments, ISSUE 218 May 2023, "Amendments to IAS 12: International Tax Reform Pillar Two Model Rules"*. The Group does not expect the aforesaid changes to have any impacts.
- *Amendment to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements* – issued on 25 May 2023, pending approval. Changes have been made to the disclosure requirements related to reverse factoring agreements, requiring disclosure of terms and conditions related thereto, the amounts of liabilities covered by such agreements, and an indication of the liability item in which the liabilities are shown on the balance sheet, as well as other information. The amendments will take effect for annual periods beginning on 1 January 2024, subject to approval. The Group does not expect the aforesaid changes to have any impacts.

5. Use of accounting estimates and management judgements

The preparation of the Interim condensed consolidated financial statements requires management to make accounting estimates based on overall and/or subjective judgements, evaluations, as well as on historical experience, and assumptions that are deemed reasonable and realistic under the circumstances and based on information available at the time the estimate is made. 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. For the purposes of preparing these Interim condensed consolidated financial statements, estimates were used for the same cases for which estimates were made in preparing the annual financial statements.

For a more detailed description of the most relevant valuation processes for the Group, reference should be made to section 5 "*Use of estimates and management judgements*" in the Consolidated Financial Statements at 31 December 2022.

6. Seasonal effects

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

Specifically, revenues level, which is linked to the performance of air traffic, is not uniform throughout the year and tend to peak in the summer months, while costs of operations tend to be more linear over the year. As a result the interim performance of the Group does not contribute uniformly to economic and financial position for the year as a whole.

Notes to the Interim Consolidated Statement of Financial Position

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 30 June 2023 compared with 31 December 2022.

	Land and buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
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
Increases	2,163	7,157	1,477	1,283	21,744	33,824
Disposals - cost	0	(83)	(37)	(2,104)	0	(2,224)
Disposals - accumulated depreciation	0	78	37	2,099	0	2,214
Reclassification	0	(255)	(114)	0	(11,549)	(11,918)
Depreciation	(10,715)	(36,832)	(3,574)	(5,209)	0	(56,330)
Total changes	(8,552)	(29,935)	(2,211)	(3,931)	10,195	(34,434)
Cost	566,942	2,016,723	275,596	341,767	270,451	3,471,479
Accumulated depreciation	(310,926)	(1,784,016)	(243,769)	(315,510)	0	(2,654,221)
Net amount at 30.06.2023	256,016	232,707	31,827	26,257	270,451	817,258

(thousands of euros)

Property, plant and equipment in the half of 2023 decreased by a net €34,434 thousand, reflecting:

- depreciation for the period of €56,330 thousand (€56,123 thousand in the first six months of 2022), including €1,117 thousand in respect of rights of use;
- increases in property, plant and equipment of €33,824 thousand, including €12,080 thousand relating to investments in different categories that were completed and entered into service during the period. These include: i) the modernisation of the current system for the management of satellite connectivity on different company sites; ii) the modernisation of the Land-Board Radio (TBT) systems on different company sites; iii) the Cronos system for the management of NOTAMs (NOTices To AirMen), useful information for flight plans, integrated with EAD (European Aeronautical information services Database), Eurocontrol's centralised reference database for the Quality Assurance of aeronautical information that enables Service Providers to retrieve AIS data in real time. The increases of €21,744 thousand refer to tangible assets under construction relating to the progress 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 the SESAR operational concepts and taking the Coflight system as a basic component. This flight data processing system support air traffic controllers in calculating the expected flight trajectories and was developed in collaboration with the French provider DSNA; ii) the program for transferring approach radar control stations from the current dedicated rooms at airports to the higher-level Area Control Centres; iii) the modernisation of radio aid systems; iv) the new tower and technical block for Treviso airport; v) 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.
- decreases for reclassifications totalling €11,918 thousand mainly regards to investment projects concluded and entered into service in the first half of 2023, and for €370 thousand to the reclassification of certain operating system components to spare parts inventories.

It should be noted 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 is equal to €5,032 thousand (€4,291 thousand at 30 June 2022).

8. Intangible assets

As shown in the table below, at 30 June 2023, intangible assets totalled €181,679 thousand, an increase of €1,261 thousand compared to year-end 2022.

	Industrial patent and intellectual property rights	Other intangible assets	Assets under development	Goodwill	Total
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
Increases	7,581	0	8,611	0	16,192
Disposals	0	0	0	0	0
Reclassification	0	0	(8,113)	0	(8,113)
Amortisation	(6,293)	(525)	0	0	(6,818)
Total changes	1,288	(525)	498	0	1,261
Cost	211,557	12,333	60,452	93,472	377,814
Accumulated amortisation	(189,593)	(6,542)	0	0	(196,135)
Net amount at 30.06.2023	21,964	5,791	60,452	93,472	181,679

(thousands of euros)

The change in the period is mainly attributable to amortisation for the period, which amounted to €6,818 thousand (€6,178 thousand in the first six months of 2022), increases in intangible assets totalling €16,192 thousand, of which €7,581 thousand related to assets completed and entered into service during the first half-year, mainly concerning software for management systems, such as those related to personnel management system applications and software based on VMware virtualisation technology. The remainder of the €8,611 thousand increase is attributable to the progress of numerous projects, including the implementation of the Group ERP.

Decreases due to reclassifications totalling €8,113 thousand mainly regarded the completion of investment projects in the first six months of the year, which entered into service with classification under their own heading, netting the amounts reclassified within property, plant and equipment.

With regard to intangible assets, including goodwill, it should be noted that, at 30 June 2023, there were no internal and/or external impairment indicators that would require verification of the recoverability of assets in accordance with IAS 36 *Impairment of assets*, including with regard to the impact of the Russian-Ukrainian conflict. Consequently, the results of the 2022 Financial Report are confirmed.

More specifically, goodwill amounted to €93,472 thousand and includes €66,486 thousand in respect of the positive difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets at fair value, and is representative of future economic benefits. This value is entirely allocated to the *Maintenance*

Services Cash Generating Unit (CGU), coinciding with the legal entity Techno Sky S.r.l. It should be noted that, except for goodwill, no other intangible assets with an infinite useful life were assigned to this CGU.

The residual amount 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 during the purchase price allocation process, is entirely allocated to the *AIM Software Solutions* CGU, coinciding with the legal entity IDS AirNav.

9. Investments in other entities

Equity investments in other companies amounted to €36,150 thousand and, compared to 31 December 2022, posted a decrease of €159 thousand referring exclusively to the 8.6% equity investment in Aireon LLC held through Aireon Holding Company (Hold Co). This investment will amount to 10.35% after exercising the redemption clause, recognised at fair value without the possibility of reclassification to the income statement, due to the adjustment of the value of the investment to both its fair value and exchange rate at the end of the first half of 2023.

As economic and financial projections remained unchanged at 30 June 2023, the Parent Company revised its estimate of the investment's fair value using the same inputs as in the financial statements for the year ended 31 December 2022. Specifically, reference is made to the flows related to the Long Term Operating Plan (LTOP) updated by Aireon's management in February 2023 and already used in the financial statements for the year ended 31 December 2022, with a period that covers 2023 – 2033 and takes into account the revision of estimates on new core business contracts, the delay in implementing the new investment in Commercial Data Services (CDS), and the increase in operating costs, official stock market prices and historical and forecast sector economic-financial data and the average market price of US government bonds. As a consequence of the valuation, the fair value of the investment in Aireon at 30 June 2023 is estimated to be €35.9 million (€36.1 million at 31 December 2022), equivalent to US\$39.1 million, a decrease of €0.1 million due to the fluctuating euro/dollar exchange rate.

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. There were no changes in hierarchy during the period.

This evaluation model is founded on the following hypotheses: 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 calculated based on the assumption of a sustainable cash flow at a long-term average nominal growth rate (g-rate); iii) the discount rate used is the Cost of Capital (Ke) of 15.20% (14.57% in the year 2022), calculated using the CAPM (Capital Asset Pricing Model) method and increasing marginally from the value used on 31 December 2022.

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 2.6% and assuming a Ke of 14.70%, the value of the investment would increase by about \$1 million. If the discount rate were to increase by 0.5%, the estimated value of the holding would decrease by approximately \$1.6 million.

10. Current and non-current financial assets

Non-current financial assets totalled €344 thousand and remained unchanged from 31 December 2022, whereas current financial assets were reduced to zero due to the maturity of the €169 thousand derivative financial instrument extant in the balance at 31 December 2022.

11. Deferred tax assets and deferred tax liabilities

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

	31.12.2022		Incr./decr. through profit or loss		Incr./decr. through OCI		Exchange differences	30.06.2023	
	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	37,391	8,972	3,529	847	0	0	0	40,920	9,819
Writedown of inventories	9,484	2,276	10	3	0	0	0	9,494	2,279
Discounting of receivables	18,721	4,494	(2,907)	(698)	0	0	0	15,814	3,796
Tax effect of IFRS conversion	296	91	0	0	0	0	0	296	91
Discounting employee severance pay	316	94	0	0	0	0	0	316	94
Non-deductible portion of severance pay	89	22	498	119	0	0	0	587	141
Fair value of derivatives	4	1	0	0	0	0	0	4	1
Fair value of investment	20,827	4,465	0	0	(506)	(106)	(83)	20,321	4,276
Other	64,948	15,906	(1,183)	(334)	0	0	(182)	63,765	15,390
Total	152,076	36,321	(53)	(63)	(506)	(106)	(265)	151,517	35,887
Deferred tax liabilities									
Other	7,823	1,878	(181)	(43)	0	0	0	7,642	1,835
Discounting on debts	1,094	263	(500)	(120)	0	0	0	594	143
Tax effect of IFRS conversion	1,504	470	(153)	(37)	0	0	0	1,351	433
Discounting employee severance pay	407	98	0	0	672	161	0	1,079	259
Fair value of derivatives	2,749	660	0	0	(169)	(41)	0	2,580	619
Purchase Price Allocation (PPA)	0	2,421	0	(361)	0	0	0	0	2,060
Total	13,577	5,790	(834)	(561)	503	120	0	13,246	5,349

(thousands of euros)

Changes in deferred tax assets and deferred tax liabilities for the period, which at 30 June 2023 showed a balance of €35,887 thousand and €5,349 thousand, respectively, are to be attributed to the following effects:

- the use of the deferred tax liabilities associated with the discounting of receivables and payables for balance following recognition of the share pertaining to the period through the income statement, net of new amounts recognised at 30 June 2023;
- 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 employee severance pay in accordance with the actuarial method, which produced an actuarial profit recognised in other comprehensive income;
- 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 business plan approved by the Board of Directors on 12 May 2022 can be recovered.

12. Current and non-current tax receivables

Non-current tax receivables were €52,000 down slightly by €8,000 compared to the figure at 31 December 2022.

Current tax receivables amounted to €11,920 thousand and showed a net increase of €6,043 thousand, compared to the figure at 31 December 2022, for IRES (corporate income tax) and IRAP (regional business tax) receivables, as a result of the difference between tax advances paid in June and taxes recognised on an accrual basis in the first six months of 2023. Another change is represented by the utilisation of the tax credits registered for charges incurred for the purchase of energy products during the third and fourth quarters of 2022 for a total of €2.6 million.

13. Current and non-current trade receivables

Current trade receivables amounted to €399,354 thousand and non-current trade receivables amounted to €568,330 thousand, with changes in the first six months of 2023 compared with 31 December 2022 indicated in the following table:

	30.06.2023	31.12.2022	Change
Current trade receivables			
Receivables from Eurocontrol	208,158	156,052	52,106
Receivables from the Ministry for the Economy and Finance	5,760	12,506	(6,746)
Receivables from the Ministry of Infrastructure and Transport	45,000	30,000	15,000
Receivables from customers	51,032	43,714	7,318
Balance receivables	133,565	131,804	1,761
	443,515	374,076	69,439
Provision for doubtful accounts	(44,161)	(40,508)	(3,653)
Total	399,354	333,568	65,786
Non-current trade receivables			
Receivables from customers	0	0	0
Balance receivables	568,330	606,775	(38,445)
Total	568,330	606,775	(38,445)

(thousands of euros)

Receivables from Eurocontrol related to the fees in respect of en-route and terminal revenues not yet collected at 30 June 2023, most of which had not yet fallen due, amounting to €148,920 thousand (€109,289 thousand at 31 December 2022) and €59,238 thousand (€46,763 thousand at 31 December 2022), respectively, gross of the provision for doubtful accounts. The overall increase of 52,106 thousand euros is mainly attributable to the increased revenue generated during the months of May and June 2023 compared to the last two months of 2022, due to the air transportation connection recovery. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €175,476 thousand (€129,133 thousand at 31 December 2022).

Receivables from the Ministry for the Economy and Finance (MEF) of €5,760 thousand are entirely accounted for by the en-route and terminal exemptions recognised in the first six months of 2023. The receivable at 31 December 2022 amounting to €12,506 thousand was offset, following the approval of the 2022 financial statements, against the payable to the Italian Air Force for collections related to the en-route unit rate in the amount of €56,152 thousand, resulting in a payable to the MEF of €43,646 thousand recognised under other liabilities.

Receivables from the Ministry of Infrastructure and Transport includes the operating grant intended to offset the costs incurred by the Parent Company to guarantee the safety of its plant and operational safety, as

provided for by Article 11-septies of Law 248/05, increased by €15 million for the amount accruing in the first six months of 2023.

The provision for doubtful accounts amounted to €44,161 thousand, with changes in the first six months of 2023 broken down as follows:

	31.12.2022	Increases	Decreases		30.06.2023
			Utilisation	Cancellations	
Provision for doubtful accounts	40,508	4,674	(1,021)	0	44,161

(thousands of euros)

The increase in the provision for doubtful accounts for the period includes items subject to total writedown due to the insolvency of some airlines, the application of the valuation model adopted to account for the deterioration in creditworthiness, and specific write-downs on specific credit items.

The decreases in the provision for doubtful accounts refer entirely to receivables that were prudentially written down in previous years and collected in the first six months of 2023.

Net of the effect of discounting, the Balance receivable was €701,895 thousand (€738,579 thousand at 31 December 2022), of which €113,565 thousand was classified as current receivables. The net change in the balance item is due to the difference between the balance recognised in the first six months of 2023, which amounted, net of the financial component, to €22,714 thousand, primarily referring to the inflation balance, the traffic risk balance of the terminal Charging Zone 1, and the cost recovery balance of Charging Zone 3. The receivable is reduced by the portion of the balance charged to the income statement in the amount of €63.1 million related to balance recognised in the combined period 2020-2021 and recoverable in the unit rate beginning in 2023 in accordance with Regulation (EU) 2020/1627.

14. Inventories

Inventories, which are mainly represented by spare parts, amounted to €60,846 thousand (€61,082 thousand at 31 December 2022) net of the allowance for inventory writedown and recorded a net decrease of €236 thousand, compared to year-end 2022. This was mainly due to the higher use of spare parts in operating systems compared to acquisitions made during the period.

15. Other current and non-current assets

Other non-current assets totalled €6,087 thousand, broadly unchanged with respect to year-end 2022 (€6,078 thousand at 31 December 2022).

Other current assets amounted to €45,112 thousand (€35,562 thousand at 31 December 2022) and showed a net increase of €12,550 thousand, attributable to the recognition of prepaid expenses on personnel costs relating to subsequent months and referring to the 14th month's salary paid to employees in June and suspended in prepaid expenses for the portion not relating to the period. This change was partially offset by a €5.3 million decrease in receivables related to projects financed as a consequence of the collection of Connecting European Facility (CEF) projects.

16. Cash and cash equivalents

Cash and cash equivalents totalled €270,463 thousand, a net increase of €2,731 thousand compared with 31 December 2022. In the presence of the dynamics of collections and payments related to ordinary operations,

which, as it does not yet reflect the higher collections resulting from the summer months, produced a slightly negative cash flow, this change is also associated with: i) the repayment of the quarterly and half-yearly instalments of existing loans according to the contractual amortisation schedules totalling €34.4 million; ii) the purchase of treasury shares in the amount of €2.2 million; iii) the payment to the Italian Air Force of the portion of terminal collections for the second half of 2022 totalling €8.9 million; iv) the payment of the balance and first payment on account of taxes amounting to approximately €31.9 million. In March 2023, a refinancing transaction was completed with the subscription of a €360 million term loan and the concomitant prepayment of €315 million in maturing debt.

17. Shareholders' Equity

Consolidated shareholders' equity at 30 June 2023 amounted to €1,116,517 thousand and breaks down as follows.

	30.06.2023	31.12.2022	Change
Share capital	541,744	541,744	0
Legal reserve	47,270	42,650	4,620
Other reserves	425,510	425,674	(164)
Translation reserve	8,863	10,115	(1,252)
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(7,674)	(8,185)	511
Cash flow hedge reserve	1,957	2,085	(128)
Reserve for treasury shares	(2,688)	(1,535)	(1,153)
Retained earnings/(loss carryforward)	82,555	88,728	(6,173)
Profit/(loss) for the period	18,689	105,004	(86,315)
Total Group shareholders' equity	1,115,499	1,205,553	(90,054)
Non-controlling interests	1,341	1,848	(507)
Profit/(loss) attributable to non-controlling interests	(323)	(507)	184
Total shareholders' equity attributable to non-controlling interests	1,018	1,341	(323)
Total shareholders' equity	1,116,517	1,206,894	(90,377)

(thousands of euros)

On 28 April 2023, during the Ordinary Shareholders' Meeting called to approve the Financial Statements at 31 December 2022, a resolution was passed to allocate profit for the year in the amount of €4,620 thousand to the legal reserve, pursuant to Article 2430, paragraph 1 of the Italian Civil Code, €87,768 thousand as a dividend to be distributed to shareholders, and €13 thousand to retained earnings. In addition, a resolution was passed to withdraw €18,668 thousand from the available retained earnings in order to distribute, together with the profit for the year allocated to dividend, a total dividend of €106,436 thousand, corresponding to €0.1967 for each share outstanding on the ex-dividend date.

At 30 June 2023 share capital consisted of 541,744,385 ordinary shares with no par value.

Among reserves, the reserve for treasury shares included the increase of €1,153 thousand, which is the net effect of the purchases of treasury shares in the first quarter of 2023 and the allocation to the beneficiaries of the share incentive plan in June 2023. The reduction in the reserve for employee benefits as a result of the actuarial gain that emerged at 30 June 2023, net of the tax effect, in the amount of €511 thousand, and the reserve for translation of financial statements in foreign currencies referring to exchange rate differences generated by the translation into euros of the financial statements of companies operating in currencies other than the functional currency denominated in euros, in the amount of €-1.2 million, were recorded as negative amounts.

18. Provisions for risks and charges

Provisions for risks and charges amounted to €10,807 thousand, of which the portion classified as current liabilities amounted to €1,505 thousand, and decreased by €635 thousand in the first six months of 2023 due to the favourable resolution of certain disputes and the partial utilisation of the provision for other charges related to the Isopensione fund for the payment of the portion pertaining to employees whose employment terminated at the end of 2022.

	31.12.2022	Increases	To profit or loss	Decreases	30.06.2023
Provisions for disputes with personnel	712	0	(6)	(37)	669
Provisions for other pending litigation	133	37	(81)	(14)	75
Other risk provisions	883	0	0	0	883
Provisions for other charges	9,714	0	0	(534)	9,180
Total provisions for risks and charges	11,442	37	(87)	(585)	10,807

(thousands of euros)

At 30 June 2023 the total value of legal claims relating to outstanding disputes for which Group legal counsel has deemed the risk of a loss to be possible was €0.8 million.

19. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €39,676 thousand (€40,869 at 31 December 2022), 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 the provision for severance pay and other employee benefits during the first six months of the year break down as follows:

	30.06.2023	31.12.2022
Liabilities for employee benefits at the beginning of the period	40,869	47,896
Interest cost	987	894
Actuarial (gains)/losses on defined benefits	(672)	(5,559)
Advances, benefit payments and other variations	(1,508)	(2,362)
Liabilities for employee benefits at the end of the period	39,676	40,869

(thousands of euros)

The interest cost component of the provision, equal to €987 thousand, was recognised under financial expense. The utilisation of €1,508 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 observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). At 30 June 2023 this calculation generated actuarial gains of €672 thousand.

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 IFRS 16 accounting standard.

The values of these items at 30 June 2023 compared with those at 31 December 2022 and the associated changes are shown below:

	30.06.2023			31.12.2022			Change		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Bank loans	90,111	514,787	604,898	431,652	165,094	596,746	(341,541)	349,693	8,152
Lease liabilities ex IFRS 16	2,444	2,161	4,605	2,009	2,570	4,579	435	(409)	26
Total	92,555	516,948	609,503	433,661	167,664	601,325	(341,106)	349,284	8,178

(thousands of euros)

Bank loans at 30 June 2023 registered a net increase of €8,152 thousand as a combined effect of new borrowing and the repayment of instalments on outstanding loans, reflecting the effects of amortised cost measurement. Specifically, the following should be noted: i) a refinancing transaction of a portion of the short-term debt, which provided for the signing of a new Term Loan of €360 million with a pool of banks (Intesa Sanpaolo, Unicredit and BNL BNP Paribas) for a term of three years to be repaid in full at maturity, formalised on 14 March 2023 and destined simultaneously for the full repayment of the Term Loan of €180 million, signed in July 2022 with maturity in July 2023, and two loans for a total of €135 million with maturity in July 2023; ii) the repayment of the two quarterly instalments of the loan with Intesa San Paolo for a total of €16.667 thousand; iii) the repayment of the two quarterly instalments of the loan with Mediobanca for €8,333 thousand; iv) the six-monthly instalment of the loan with EIB for an initial €80 million for an amount of €2,667 thousand; v) the six-monthly instalment of another loan with the EIB of an initial €100 million amounting to €4,277 thousand; vi) the repayment of a six-monthly instalment of the loan of an initial €70 million for a total of €2,414 thousand.

The instalments of loans falling due by the first six months of 2024 in line with the repayment plans are recognised under current liabilities in the total amount of €90,111 thousand, which includes the effect of amortised cost measurement.

At 30 June 2023, the Group had a total of €214 million in non-used committed and uncommitted short-term credit lines.

The estimated average annual interest rate on bank loans during the reporting period is 3.71%, up from both the rate on 31 December 2022 (1.06%) and the rate on 30 June 2022 (0.99% per annum).

In relation to the disclosure required under IFRS 7, the fair value of bank loans at 30 June 2023 was estimated to be €589.3 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.

Lease liabilities under IFRS 16 include a total of €4,606 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 first six months of the year, the difference between payments made and new entries resulted in a net increase of €26 thousand.

The following table reports the composition of net financial debt at 30 June 2023 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.

	30.06.2023	of which with related parties	31.12.2022	of which with related parties
(A) Cash	270,463	0	267,732	0
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	270,463	0	267,732	0
(E) Current financial receivables	0	0	0	0
(F) Current financial debt	0	0	0	0
(G) Current portion of non-current debt	(90,111)	0	(431,652)	0
(H) Other current financial debt	(2,444)	0	(2,009)	0
(I) Current financial debt (F)+(G)+(H)	(92,555)	0	(433,661)	0
(J) Net current financial debt/liquidity (D)+(E)+(I)	177,908	0	(165,929)	0
(K) Non-current bank loans	(514,787)	0	(165,094)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current debt	(2,161)	0	(2,570)	0
(N) Non-current trade payables	(76,426)		(74,425)	
(O) Non-current financial debt (K)+(L)+(M)+(N)	(593,374)	0	(242,089)	0
(P) Total net financial debt as per ESMA guidelines (J)+(O)	(415,466)	0	(408,018)	0
(Q) Current and non-current derivative instruments	0	0	169	0
(R) Non-current financial receivables	0	0	0	0
(S) Total ENAV Group net financial debt (P)+(Q)+(R)	(415,466)	0	(407,849)	0

(thousands of euros)

21. Current and non-current trade payables

At 30 June 2023, current trade payables amounted to €106,817 thousand, a decrease of €33,279 thousand compared to 31 December 2022, while non-current trade payables amounted to €76,426 thousand, an increase of €2,001 thousand due to the changes in the following items:

	30.06.2023	31.12.2022	Change
Current trade payables			
Payables to suppliers	83,410	98,800	(15,390)
Payables for advances received for projects with EU financing	3,224	3,109	115
Balance payables	20,183	38,187	(18,004)
Total	106,817	140,096	(33,279)
Non-current trade payables			
Payables to suppliers	480	730	(250)
Balance payables	75,946	73,695	2,251
Total	76,426	74,425	2,001

(thousands of euros)

Payables to suppliers of goods and services necessary for the Group's operations show a net decrease of €15,390 thousand, mainly related to lower invoices received from suppliers during the first six months of 2023.

Eurocontrol balance payables amounted to €96,129 thousand, of which the part classified under current payables came to €20,183 thousand, which corresponds, on the one hand, to the amount that will be taken to profit or loss in 2023 in conformity with the adjustment of rates and, on the other, to the debt that will be reimbursed to air lines through unit rates in 2024. The overall net decrease in the balance payable of €15,753 thousand was attributable to the lower negative balance recognised in the first six months of the year, amounting to €1,155 thousand, primarily relating to the balance for traffic risk in return to carriers for the Charging Zone 2 of the terminal, compared to the €17.4 million portion recognised in the income statement for the first six months of the year.

22. Other current and non-current liabilities

Other current and non-current liabilities showed an overall increase of €130,299 thousand compared with 31 December 2022 as a result of the changes in the items reported in the following table:

	30.06.2023			31.12.2022			Change		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Payments on account	37,341	0	37,341	70,337	0	70,337	(32,996)	0	(32,996)
Other payables	211,889	0	211,889	43,600	0	43,600	168,289	0	168,289
Deferred income	10,392	151,997	162,389	9,746	157,637	167,383	646	(5,640)	(4,994)
Total	259,622	151,997	411,619	123,683	157,637	281,320	135,939	(5,640)	130,299

(thousands of euros)

Payments on account amounted to €37,341 thousand and include €26,884 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in 2023 for en-route and terminal services amounted to €30,116 thousand and for €7,225 thousand to the debt to the Italian Civil Aviation Authority (ENAC) for collections accrued for the same services. During the period, the IAF was paid its accrued share for terminal services in the total amount of €8,974 thousand and IAF payments on account for en-route services registered at 31 December 2022 were offset against the receivable due from the Ministry for the Economy and Finance (MEF), which produced a payable of €43,646 thousand, recognised under other payables.

Other payables, in the amount of €211,889 thousand, recorded a net increase of €168,289 thousand compared to 31 December 2022, attributable not only to the recognition of the payable to the MEF, as previously mentioned, but also to the recognition of the payable to Shareholders for the dividend determined by the Ordinary Shareholders' Meeting held on 28 April 2023, which will be paid in October 2023 for a total amount of €106,436 thousand.

Accruals and deferrals mainly refer 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. The change in the period is mainly due to the recognition through the income statement of the share of grants for specific funded investment projects for which amortisation has begun.

23. Tax and social security payables

Tax and social security payables amounted to €56,768 thousand (€56,825 thousand at 31 December 2022) and were unchanged if compared with the data at 31 December 2022, with different trends in the individual payables as shown in the table below:

	30.06.2023	31.12.2022	Change
Tax payables	20,392	30,604	(10,212)
Social security payables	36,376	26,221	10,155
Total	56,768	56,825	(57)

(thousands of euros)

Tax payables were decrease by a total of €10,212 thousand as the net effect of lower current tax payables and the higher withholdings on personal income tax that emerged in the first six months of 2023.

Social security payables increased by €10,155 thousand as the net effect of higher social security charges paid in July and recognised on the payment of the fourteenth month's salary paid to employees in June, in addition to the increase in social security charges that became effective beginning in 2023.

Notes to the Interim Consolidated Income Statement

24. Revenues from contracts with customers

Revenues from contracts with customers, comprised of revenues from operating activities and the balance adjustment component, totalled €418,527, an increase of €22,962 thousand compared to the first six months of 2022, due to the increase in air traffic handled in the first six months of the year under review, which fully offset the negative impact of the balance component and the Group's increased activities in the third-party market. Specifically, core business revenues of €424.7 million, an increase of €44.8 million compared to the first six months of 2022, revenues from activities in the non-regulated market of €18 million, an increase of €5.4 million compared to the first six months of 2022, and a negative balance component of €24.1 million were posted.

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

	1st Half 2023	1st Half 2022	Change	%
En-route revenues	308,379	274,764	33,615	12.2%
Terminal revenues	110,529	98,647	11,882	12.0%
En-route and terminal exemptions	5,760	6,453	(693)	-10.7%
Revenues from non-regulated market	18,000	12,617	5,383	42.7%
Total revenues from operations	442,668	392,481	50,187	12.8%
Balance	(24,141)	3,084	(27,225)	n.a.
Total revenues from contracts with customers	418,527	395,565	22,962	5.8%

(thousands of euros)

En-route revenues amounted to €308,379 thousand, up by €33,615 thousand compared to the same period of the previous year as a result of the higher service units generated during the period, which amounted to +16.4% (+166.1% 1H2022 vs 1H2021, affected by the Covid emergency) and showed positive values even when compared to the first six months of 2019, a pre-pandemic year, with a +4.3% growth in en-route service units. This result is reflected in revenues, despite the fact that the unit rate applied in 2023 is 3.14% less than the one applied in 2022 (€72.28 in 2023 vs. €75.42 in 2022), a reduction of -12.06% if only the unit rate net of balance is considered.

Including the component of exempt flights, which fell by 11.3% mainly due to the lower service units developed in the period to -7.7% and the adjustment component for Balance, en-route revenues totalled €290.1 million, an increase of €11.2 million, broken down as follows:

	1st Half 2023	1st Half 2022	Change	%
En-route revenues	308,379	274,764	33,615	12.2%
En-route exemptions	4,497	5,072	(575)	-11.3%
Subtotal revenues	312,876	279,836	33,040	11.8%
En-route balance for the period	12,969	(8,177)	21,146	n.a.
Discounting of balance for the period	(445)	48	(493)	n.a.
Change in balance	(517)	3,254	(3,771)	n.a.
Use of en-route balance n-2	(34,784)	3,914	(38,698)	n.a.
Subtotal balance	(22,777)	(961)	(21,816)	n.a.
Total en-route revenues with balance	290,099	278,875	11,224	4.0%

(thousands of euros)

The en-route balance for the period has a positive impact of €12.9 million, which is primarily attributable to the inflation balance of €13 million. This reflects the increase in inflation at the end of 2022 compared to the figure forecast in the performance plan. In the period under review, there was no balance from traffic risk, despite the fact that marginally more service units were generated than anticipated in the performance plan (+0.078%), whereas in the same period the change was +15.09% with an 8-million-euro balance in return. The balance item is also affected by that of Eurocontrol costs, which has a negative value of €0.5 million, as well as the utilisation in the income statement of the balance recorded in the 2020-2021 combined-period for the half-yearly portion and in recovery in the unit rate from 2023 and for the subsequent four years in accordance with Regulation (EU) 2020/1627.

Commercial terminal revenues amounted to €110,529 thousand and recorded an increase of €11,882 thousand, compared to the first six months of 2022, due to the positive performance of the service units generated at the individual airports broken down by charging zones, which totalled 13.7% (+170.1% 1H2022 vs 1H2021). The increase in activities in the air traffic sector was also reflected in the outstanding results obtained, which recorded an overall recovery of 95.4% compared to the corresponding period of 2019, a pre-pandemic figure, with the Charging Zone 3 making a full recovery, determining a +1.5% in terms of service units.

Charging Zone 1, represented by Rome Fiumicino airport, saw assisted air traffic, expressed in service units, by +36.4% compared to the corresponding period of 2022 (+181.6% 1H2022 vs 1H2021) with particularly positive results for international air traffic. The terminal rate in 2023 increased by 0.52% to €183.56 (compared with €182.61 in 2022).

Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted an increase in assisted air traffic, expressed in service units, of +12.7% compared to the first six months of 2022 (+144.2% 1H2022 vs 1H2021). The terminal unit rate for 2023 is €214.16, a slight decrease on the rate applied in 2022 which stood at €214.89.

Charging Zone 3, comprising 40 medium- and low-traffic airports, recorded a higher value in air traffic handled, expressed in service units, of +7.0% compared to the corresponding period of 2022 (+189.0% 1H2022 vs 1H2021) and was due mainly to international traffic. The terminal unit rate applied in 2023 is €334.08, a slight decrease on the rate applied in 2022 (€334.24).

Considering terminal revenue in conjunction with revenue from exempt flights, which was down by 8.5% compared to the same period of the previous year due to the lower number of service units operated in the first six months of 2023 (-9.3%), and the adjustment component for balance, terminal revenue totalled €110,428 thousand, up by €6,355 thousand compared to the first six months of 2022, as shown below:

	1st Half 2023	1st Half 2022	Change	%
Terminal revenues	110,529	98,647	11,882	12.0%
Terminal exemptions	1,263	1,381	(118)	-8.5%
Subtotal	111,792	100,028	11,764	11.8%
Terminal balance for the period	9,949	2,147	7,802	n.a.
Discounting of balance for the period	(356)	(21)	(335)	n.a.
Change in balance	0	0	0	n.a.
Use of terminal balance n-2	(10,957)	1,919	(12,876)	n.a.
Subtotal	(1,364)	4,045	(5,409)	n.a.
Total terminal revenues with balance	110,428	104,073	6,355	6.1%

(thousands of euros)

The terminal balance for the period had a positive impact of €9.9 million, up €7.8 million compared to the first six months of 2022, due not only to the recognition for the first and second pricing band of the inflation balance for a total of €2.1 million (which reflects the inflation increase at the end of 2022 compared to the forecast figure reported in the performance plan), but also the balance for traffic risk of the first pricing band in the amount of €1.4 million, having generated final service units that are -13.46% lower than the forecast, and the balance of the third pricing band calculated according to the cost recovery method, which has a positive impact of €6.5 million. The total value of terminal balance was affected by the utilisation in the income statement of the balance recognised in the combined-period 2020-2021 for the portion of the six-month period and recovered in the unit rate starting from 2023 and for the following four years in accordance with Regulation (EU) 2020/1627, with the exception of the balance of the third terminal band, which will be recovered in seven years starting from the year under review.

Revenues from the non-regulated market amounted to €18,000 thousand an increase of €5,383 thousand compared to the same period of the previous year, primarily due to revenues related to activities carried out in favour of the Qatar Civil Aviation Authority for support in the Performance of Air Navigation Support Services, the supply of Aeronautical Information Management (AIM) system licences to the Indian Service Procurement Organisation and the provision of Flight Procedure Design & Airspace Management (FPDAM) software for the design of flight procedures to the Service Provider of the Czech Republic. Also ongoing are the modernisation and installation of systems at Libyan airports, flight inspection and aeronautical consulting activities, as well as maintenance and associated measures in relation to existing contracts with customers around the world.

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

	1st Half 2023	1st Half 2022	Change	%
Revenues from non-regulated market				
Sale of licenses and provision of services	8,329	8,188	141	1.7%
Flight inspection	573	804	(231)	-28.7%
Aeronautical consulting	5,533	595	4,938	n.a.
Technical and engineering services	1,819	1,755	64	3.6%
Unmanned aerial vehicle services	310	275	35	12.7%
Training	47	36	11	30.6%
Other revenues	1,389	964	425	44.1%
Total revenues from non-regulated market	18,000	12,617	5,383	42.7%

(thousands of euros)

25. Other operating income

Other operating income amounted to €23,086 thousand and show an increase of €2,253 thousand compared to the first six months of 2022, mainly due to the recognition of the contribution deriving from the tax credit for electricity and gas for €1.1 million and the higher grants for plant charged to the income statement, amounting to €741 thousand, commensurate with the depreciation generated by the assets to which the grants refer. This item also includes the €15 million operating grant awarded to the Parent Company pursuant to Article 11-septies of Law 248/2005, commensurate to the half-year period, in order to offset costs incurred to ensure the safety of plants and operations.

The following table provides a breakdown of total revenues for first half of 2023 and the same period of 2022 by geographical area.

Revenues	1st Half 2023	% of revenues	1st Half 2022	% of revenues
Italy	426,276	96.5%	406,321	97.6%
EU	3,765	0.9%	4,424	1.1%
Non-EU	11,572	2.6%	5,653	1.3%
Total revenues	441,613		416,398	

(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 €75,488 thousand, an increase of 5,194 thousand on the same period of 2022, breaking down as indicated in the following table:

	1st Half 2023	1st Half 2022	Change	%
Costs for the purchase of goods	2,926	2,372	554	23.4%
Costs for services:				
Maintenance costs	11,615	10,014	1,601	16.0%
Costs for Eurocontrol contributions	21,606	18,572	3,034	16.3%
Costs for utilities and telecommunications	13,919	16,312	(2,393)	-14.7%
Costs for insurance	1,789	1,639	150	9.2%
Cleaning and security	2,644	2,650	(6)	-0.2%
Other personnel-related costs	6,569	5,167	1,402	27.1%
Professional services	6,892	6,029	863	14.3%
Other costs for services	4,893	5,262	(369)	-7.0%
Total costs for services	69,927	65,645	4,282	6.5%
Costs for leases and rentals	787	813	(26)	-3.2%
Other operating expenses	1,848	1,464	384	26.2%
Total	75,488	70,294	5,194	7.4%

(thousands of euros)

Costs for the purchase of goods showed a net increase of €554 thousand, mainly connected with the increased use of spare parts in the flight-handling systems taken from stock in the face of lower purchases of spare parts in the first six months of 2023.

Costs for services registered a net increase of €4,282 thousand, compared to the corresponding period of the previous year, mainly associated with: i) higher maintenance costs especially related to contracts for the maintenance of buildings effective at January 2023 and therefore not present in the corresponding period of the previous year; ii) the Eurocontrol contribution, up €3,034; iii) other personnel costs for higher travel costs of Group employees for training carried out for operating personnel and for activities related to sales orders; iv) professional services associated both with sales orders and for specialised support on Group activities. This incremental change was partly offset by the reduction in costs for utilities and telecommunications, which decreased overall by €2.4 million due to the reduction in the price of electricity and the measures implemented in this area by the government, including on system charges at 1 January 2023.

27. Personnel costs

Personnel costs amounted to €279,586 thousand, an increase of €21,079 thousand compared to the first six months of 2022, mainly due to the renewal of the economic conditions of the national collective agreement that the Parent Company and Techno Sky signed with the trade unions in November 2022 and which, among other things, provided for an increase in salary items revalued in consideration of the grace period (years 2019-2022) and forming a new salary base applied at 1 January 2023, and therefore not present in the same period of the previous year.

	1st Half 2023	1st Half 2022	Change	%
Wages and salaries, of which:				
Fixed remuneration	152,893	144,109	8,784	6.1%
Variable remuneration	42,746	38,364	4,382	11.4%
Total wages and salaries	195,639	182,473	13,166	7.2%
Social security contributions	65,230	60,074	5,156	8.6%
Employee severance pay	13,078	12,132	946	7.8%
Other costs	5,639	3,828	1,811	47.3%
Total personnel costs	279,586	258,507	21,079	8.2%

(thousands of euros)

In particular, fixed remuneration rose by €8,784 thousand due to both the higher base salary linked to the renewal of the economic part of the national collective agreement not present in the first six months of 2022, and to the increase in Group headcount, which recorded +110 actual employees and +106 average employees, with respect to the corresponding period of 2022, closing the first six months of 2023 with an actual Group headcount of 4,328 (4,218 actual Group employees in the first six months of 2022). Variable remuneration recorded an increase of €4,382 thousand, which, in addition to the effect of the renewal of the contract, is associated with the greater volume of air traffic handled resulting in greater overtime in the operational line for air traffic control personnel, a greater allocation in the results bonus associated with the SUs generated, and an increase in the number of Group personnel trips for the training of operations of personnel and for activities related to sales orders.

Social security costs increased by €5,156 thousand due to the higher tax base and the effect of the social security reform that provided for a contribution for extraordinary wage subsidies to be borne by the Parent Company starting from the end of 2022 (in a reduced amount) and from 2023 (in the full amount with a company rate of 0.60%). Other personnel costs amounted to €5,639 thousand, an increase of €1,811 thousand compared to the same period of the previous year, due to the redundancy incentive in the first six months of the year and the health insurance of the Group's personnel, the cost of which was higher than in the first six months of 2022, reflecting the different market conditions between the periods under comparison.

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

	1st Half 2023	1st Half 2022	Change
Executives	54	51	3
Middle managers	407	415	(8)
Office staff	3,867	3,752	115
Workforce at period end	4,328	4,218	110
Average workforce	4,305	4,199	106

28. Capitalised costs

Capitalised costs amounted to €13,197 thousand and recorded a decrease of €507 thousand compared to the same period of the previous year, primarily due to lower levels of activities performed by the subsidiary Techno Sky on the internal realisation of investment projects.

29. Financial income and expense

Financial income and expense had a negative balance of €6,595 thousand compared to a positive amount of €2,267 thousand in the first six months of 2022, mainly affected by the higher cost of interest expense on loans as a result of the increase in interest rates from the second half of 2022, in addition to the different composition of debt as compared to 30 June 2022, with a higher incidence of variable rate loans. This item included financial income of €4,232 thousand, financial expenses of €10,379 thousand and foreign exchange losses of €448 thousand.

The following table provides a breakdown of financial income:

	1st Half 2023	1st Half 2022	Change	%
Income from investments in other entities	0	667	(667)	-100.0%
Financial income from discounting of balance and receivables	3,231	4,019	(788)	-19.6%
Other interest income	1,001	449	552	n.a.
Total financial income	4,232	5,135	(903)	-17.6%

The net decrease in financial income of €903 thousand is attributable not only to the lack of the portion of the dividend paid by the minority-owned subsidiary ESSP in July as compared to June 2022, but also to the financial component of receivables from the statements of financial position, recognised in the income statement for the portion pertaining to the half year, which had a lower impact than in the first six months of months of 2022. These negative changes were partly offset by higher interest income accrued on bank accounts and late payment interest on collections compared to the corresponding period of the previous year.

	1st Half 2023	1st Half 2022	Change	%
Interest expense on bank loans	9,334	1,476	7,858	n.a.
Interest expense on bonds	0	1,723	(1,723)	-100.0%
Interest expense on employee benefits	987	253	734	n.a.
Interest expense on lease liabilities	54	51	3	5.9%
Other interest expense	4	1	3	n.a.
Total financial expense	10,379	3,504	6,875	n.a.

The financial expenses increased by €6,875 thousand for the first six months of 2023 in connection with the growth in interest rates applied to variable rate debt, which also has a different composition than the corresponding first half of the previous year, where the bond loan accrued fixed interest expenses at 1.93%, which matured and was repaid in August 2022, and new variable rate financing lines. This trend is also confirmed by that of the average interest rate on bank loans, which went from 0.99% on an annual basis in the first six months of 2022 to 3.71% on an annual basis in the first six months of 2023. This development is also reflected in the Group's interest expense on employee benefits as a result of the higher discount and inflation rates used to determine the present value of the provision and as a result of changes in market conditions.

30. Income taxes

Income taxes for the period amounted to €8,053 thousand, a decrease of €4,179 thousand on the first six months of 2022, reflecting the fall in current taxes associated with the reduction in taxable income and the negative impact of deferred taxes, which in the first six months of 2022 had generated a positive effect.

	1st Half 2023	1st Half 2022	Change	%
IRES (corporate income tax)	6,669	9,348	(2,679)	-28.7%
IRAP (regional business tax)	1,882	1,875	7	0.4%
Total current taxes	8,551	11,223	(2,672)	-23.8%
Deferred tax assets	(561)	1,315	(1,876)	n.a.
Deferred tax liabilities	63	(306)	369	n.a.
Total current tax and deferred tax assets and liabilities	8,053	12,232	(4,179)	-34.2%

(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.** the core business of which 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 Services:** the operating segment corresponds to the subsidiary **IDS AirNav S.r.l.**, which focuses on the development of software solutions in the fields of aeronautical information and air traffic management, as well as the provision of related commercial and maintenance services for products provided to a wide range of customers in Italy, Europe and around the world.

In addition, the column Other segments includes the Group's remaining activities that are not categorised in the other two segments subject to monitoring.

No operating segment has been aggregated to create the operating segments subject to reporting indicated below for the first six months of 2023 and the first six months of 2022.

First six months 2023

	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/reclassification	ENAV Group
Revenues from third parties	431,344	1,460	8,362	447	0	441,613
Intersegment revenues	4,522	44,052	2,442	73	(51,089)	0
Total revenues	435,866	45,512	10,804	520	(51,089)	441,613
Personnel costs	(243,264)	(31,429)	(4,893)	0	0	(279,586)
Other net costs	(97,554)	(9,294)	(5,017)	(932)	50,506	(62,291)
Total operating costs	(340,818)	(40,723)	(9,910)	(932)	50,506	(341,877)
Depreciation and amortisation	(61,542)	(692)	(1,022)	(473)	582	(63,147)
Writedowns and provisions	(3,278)	(131)	(165)	0	0	(3,574)
EBIT	30,228	3,966	(293)	(885)	(1)	33,015
Financial income/(expense)	(6,169)	(214)	(154)	(55)	(3)	(6,595)
Income before taxes	24,059	3,752	(447)	(940)	(4)	26,420
Income taxes	(6,977)	(1,136)	72	(2)	(10)	(8,053)
Consolidated profit/(loss) for the period	17,082	2,616	(375)	(942)	(14)	18,367
Total assets	2,464,362	124,282	33,593	79,516	(268,270)	2,433,483
Total liabilities	1,380,693	59,580	22,536	6,875	(152,717)	1,316,967
Net financial debt	(416,237)	(1,962)	(2,911)	5,220	424	(415,466)

(thousands of euros)

First six months 2022

	Air navigation services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments/reclassification	ENAV Group
Revenues from third parties	406,156	1,453	8,238	551	0	416,398
Intersegment revenues	4,208	45,028	2,039	184	(51,459)	0
Total revenues	410,364	46,481	10,277	735	(51,459)	416,398
Personnel costs	(224,843)	(28,747)	(4,915)	(2)	0	(258,507)
Other net costs	(91,929)	(9,475)	(4,665)	(949)	50,428	(56,590)
Total operating costs	(316,772)	(38,222)	(9,580)	(951)	50,428	(315,097)
Depreciation and amortisation	(60,932)	(577)	(867)	(485)	560	(62,301)
Writedowns and provisions	(450)	(1)	(862)	(1)	0	(1,314)
EBIT	32,210	7,681	(1,032)	(702)	(471)	37,686
Financial income/(expense)	2,185	32	97	(48)	1	2,267
Income before taxes	34,395	7,713	(935)	(750)	(470)	39,953
Income taxes	(10,181)	(2,352)	184	(7)	124	(12,232)
Consolidated profit/(loss) for the period	24,214	5,361	(751)	(757)	(346)	27,721
Total assets	2,375,239	120,027	33,558	82,966	(241,968)	2,369,822
Total liabilities	1,270,213	62,014	24,782	6,920	(146,901)	1,217,028
Net financial debt	(498,720)	1,629	(3,775)	6,429	617	(493,820)

(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, having obtained a favourable opinion of the Control, Risks and Related Parties Committee, the Board of Directors of the Parent Company 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 said 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 show the balance sheet and income statement balances arising from the Group's transactions with related parties outside the Group for the first half of 2023 and the balance sheet and income statement balances for the first half of 2022 and 31 December 2022, respectively.

Balance at 30.06.2023

Name	Trade receivables and other current and non-current assets	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals
External related parties					
Ministry for the Economy and Finance	5,759	123,864	5,760	0	0
Ministry of Infrastructure and Transport	65,272	0	16,989	0	0
Enel Group		274	0	2,030	0
Leonardo Group	420	3,136	127	1,231	0
CDP Group	621	402	550	358	0
Other external related parties	13	10	51	81	21
Balance in financial statements	450,554	366,440	465,754	72,854	787
as % of balance in financial statements	16.0%	34.8%	5.0%	5.1%	2.7%

(thousands of euros)

Balance at 31.12.2022 - 1st Half 2022

Name	Trade receivables and other current assets	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	56,152	6,453	0	0
Ministry of Infrastructure and Transport	50,252	0	16,940	0	0
Enel Group	0	840	0	123	0
Leonardo Group	878	7,610	250	1,430	0
CDP Group	714	535	849	319	0
Other external related parties	0	10	26	93	17
Balance in financial statements	372,207	263,780	413,313	68,017	813
as % of balance in financial statements	17.3%	24.7%	5.9%	2.9%	2.1%

(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), as well as the entities subject to the control of the MEF, is consistent with the disclosures provided in the 2022 Annual Financial Report, which should be consulted for further information.

33. Disclosures on the long-term incentive plan

On 21 May 2020, the Shareholders' Meeting of the Parent Company approved the *Long-term share-based incentive plan* for the management of ENAV and its subsidiaries for 2020-2022 and on 22 December 2020 the Board of Directors approved the Plan Rules, which were subsequently amended on 18 February 2021, marking the start of the first vesting cycle for 2020-2022. The Board of Directors' 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. Reference should be made to Note 33 of the Annual Financial Report 2022 where the features of the plan are explained.

In the first six months of 2023, the amounts recognised in respect of existing plans for the period amounted to a total of €293.7 thousand, while the balance of amounts in respect of the third vesting cycle of the 2020-2022 Plan, awarded to beneficiaries in June 2023 for a total number of 236,915 shares and a countervalue of €884.7 thousand.

34. Derivatives

The Parent Company entered into five derivative contracts in April 2019, the last of which was exercised in January 2023, resulting in the termination of the transaction. The objective of the derivative contracts was to hedge the exposure to an unfavourable Euro/USD exchange rate variation arising from the Data Services Agreement signed by the Parent Company with Aireon LLC for the acquisition of satellite surveillance data. This contract provides for the payment in dollars of service fees on an annual basis until 2023. The exchange rate risk was managed by means of forward currency purchases (forwards), with the remaining notional amount zeroing in January 2023.

35. Assets and liabilities by maturity

	Within the next financial year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	344	0	344
Deferred tax assets	0	35,877	0	35,877
Non-current tax receivables	0	52	0	52
Non-current trade receivables	0	550,429	17,902	568,331
Other non-current receivables	0	6,087	0	6,087
Total	0	592,789	17,902	610,691
Financial liabilities	92,555	437,866	79,082	609,503
Deferred tax liabilities	0	5,349	0	5,349
Other non-current liabilities	0	28,286	123,711	151,997
Non-current trade payables	0	76,426	0	76,426
Total	92,555	547,927	202,793	843,275

(thousands of euros)

Non-current trade receivables older than five years refer to the portion of balance recognised in the 2020-2021 combined period that, in accordance with the EU Regulation on unit rates, will be recovered in five years beginning in 2023 and in seven years for balance in the Charging Zone 3.

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

Other non-current liabilities maturing in more than five 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. Basic and diluted earnings per share

Basic earnings per share and diluted earnings per share, which both amount to €0.03, are displayed at the bottom of the income statement and are calculated by dividing the profit attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the same period.

37. Events after the reporting date

Events after the reporting date include the full repayment of the €45 million 24-month Term Loan agreed with Mediobanca in July 2021. With the repayment of the Term Loan, the related €15 million Revolving Credit Line (RCF) was also fully paid off.

Attestation of the Chief Executive Officer and the Manager Responsible for financial reporting



Attestation of the condensed consolidated interim financial statement for the six months ended 30 June 2023 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 Pasqualino Monti as Chief Executive Officer and Loredana Bottiglieri as Manager responsible for ENAV Spa's financial reporting, having also taken into account of the provisions of art. 154 bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the ENAV Group's condensed consolidated interim financial statements during the period from 1 January 2023 to 30 June 2023.
2. In this regard, it should be noted that:
 - the administrative and accounting procedures adopted in preparation of the ENAV Group's condensed consolidated interim financial statements at 30 June 2023 were drawn up, and their adequacy assessed, based on the regulations and methods adopted by ENAV S.p.A. 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 condensed consolidated interim financial statements for the six months ended 30 June 2023:
 - a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.
 - 3.2 the Directors' Interim Report on Operations includes a reliable analysis of significant events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Interim Report on Operations also includes a reliable analysis of material related party transactions.

Rome, 3 August 2023

Chief Executive Officer
Pasqualino Monti

Manager responsible for financial reporting
Loredana Bottiglieri

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

Independent Auditors' Report



Enav S.p.A.

**Interim condensed consolidated financial statements as of
June 30, 2023**

**Review report on the interim condensed consolidated
financial statements**

(Translation from the original Italian text)

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

To the Shareholders of
Enav S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows and the related explanatory notes of Enav S.p.A. and its subsidiaries (Enav Group) as of June 30, 2023. The directors of Enav S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Enav Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, August 3, 2023

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

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

Legal information and contact information

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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 No. 97016000586

VAT Registration No. 02152021008

Investor Relations

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