ENAV S.p.A. Separate Financial Statements and Consolidated Financial Statements at 31 December 2023

enav.it

ANNUAL FINANCIAL

REPORT

2023

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

Contents

ENAV Group in figures

Performance	2023	2022	Changes	%
Total revenues	1,000,003	944,310	55,693	5.9%
EBITDA	300,051	272,188	27,863	10.2%
EBITDA margin	30.0%	28.8%	1.2%	
EBIT	172,670	148,333	24,337	16.4%
EBIT margin	17.3%	15.7%	1.6%	
Profit for the year attributable to Parent Company Shareholders	112,921	105,004	7,917	7.5%

(thousands of euros)

Financial position	at 31.12.2023	at 31.12.2022	Changes	%
Net capital employed	1,541,006	1,614,742	(73,736)	-4.6%
Consolidated shareholders’ equity	1,218,733	1,206,894	11,839	1.0%
Net financial debt	322,273	407,848	(85,575)	-21.0%

(thousands of euros)

Other indicators	2023	2022	Changes	%
En-route service units	10,618,354	9,561,778	1,056,576	11.0%
Terminal service units 1st charging zone	205,768	158,726	47,042	29.6%
Terminal service units 2nd charging zone	340,548	309,238	31,310	10.1%
Terminal service units 3rd charging zone	453,782	433,992	19,790	4.6%
Free cash flow (thousands of euros)	139,017	166,732	(27,715)	-16.6%
Headcount at end of year	4,254	4,185	69	1.6%

REPORT ON OPERATIONS

Corporate bodies

The Shareholders' Meeting held on 28 April 2023 appointed the ENAV Board of Directors for the three-year period 2023 - 2025 in office until the approval of the financial statements as of 31 December 2025. The Board committees were reconstituted at the Board of Directors meeting of 28 April 2023 held after the Shareholders' Meeting.
For details on the activities of the Board of Directors and other corporate bodies, please refer to the Report on Corporate Governance and Ownership Structure.

BOARD OF DIRECTORS

(Three-year period 2023-2025)

POSITION	NAME
Chair	Alessandra Bruni
Chief Executive Officer	Pasqualino Monti
Director	Carla Alessi
Director	Stefano Arcifa
Director	Rozemaria Bala
Director	Franca Brusco
Director	Carlo Paris
Director	Antonio Santi
Director	Giorgio Toschi

CONTROL, RISKS AND RELATED PARTIES COMMITTEE

POSITION	NAME
Chair	Antonio Santi
Member	Stefano Arcifa
Member	Franca Brusco

REMUNERATION AND APPOINTMENTS COMMITTEE

POSITION	NAME
Chair	Giorgio Toschi
Member	Stefano Arcifa
Member	Rozemaria Bala

SUSTAINABILITY COMMITTEE

POSITION	NAME
Chair	Alessandra Bruni
Member	Carla Alessi
Member	Carlo Paris

BOARD OF STATUTORY AUDITORS

(Three-year period 2022-2024)

POSITION	NAME
Chair	Dario Righetti
Standing Auditor	Giuseppe Mongiello
Standing Auditor	Valeria Maria Scuteri
Alternate auditor	Roberto Cassader
Alternate auditor	Flavia Daunia Minutillo

REMUNERATION AND APPOINTMENTS COMMITTEE

(Three-year period 2022-2024)

POSITION	NAME
Chair	Maurizio Bortolotto
Member	Domenico Gullo
Member	Marina Scandurra

AUDIT FIRM

EY S.p.A. appointed by the Shareholders' Meeting of 29 April 2016 for the financial years 2016-2024

MAGISTRATE OF THE COURT OF AUDITORS DELEGATED TO AUDIT ENAV S.p.A.

Tammaro Maiello

Corporate Governance

The ENAV Corporate Governance system is divided into a series of bodies, principles, rules and procedures which are in line with the contents of the Corporate Governance Code and with the recommendations made on the matter by CONSOB, as well as with the best practices found in international scope. ENAV Corporate Governance, also taking into account the social relevance of the activity carried out, is oriented towards the pursuit of sustainable success through the creation of value for shareholders in a medium-long term horizon and the adequate balancing and valorisation of all interests involved.

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

In compliance with the Articles of Association and the Corporate Governance Code, the Board of Directors has established three internal committees with consultative and propositional functions towards the Board itself: the Control, Risk and Related Parties Committee, the Remuneration and Appointments Committee and the Sustainability Committee, who report to the Board through their respective Chairs at each board meeting. The statutory audit is performed by an audit firm. For a complete examination of the Corporate Governance structures, please refer to the Report on Corporate Governance and Ownership Structures, drawn up pursuant to art. 123-bis of the TUF (the Italian "Consolidated Law on Finance"), in an independent document, approved by the Board of Directors on 21 March 2024 and published on the Company's website at

www.enav.it in the Governance section, simultaneously with the publication of this Annual Financial Report, as well as in the specific section containing the documents and reports to be submitted to the resolutions of the Shareholders' Meeting.
The criteria for determining Directors' remuneration are discussed in the Report on Remuneration Policy and Remuneration Paid, prepared in compliance with Article 123-ter of the TUF and published in the Governance section of the Company's website.

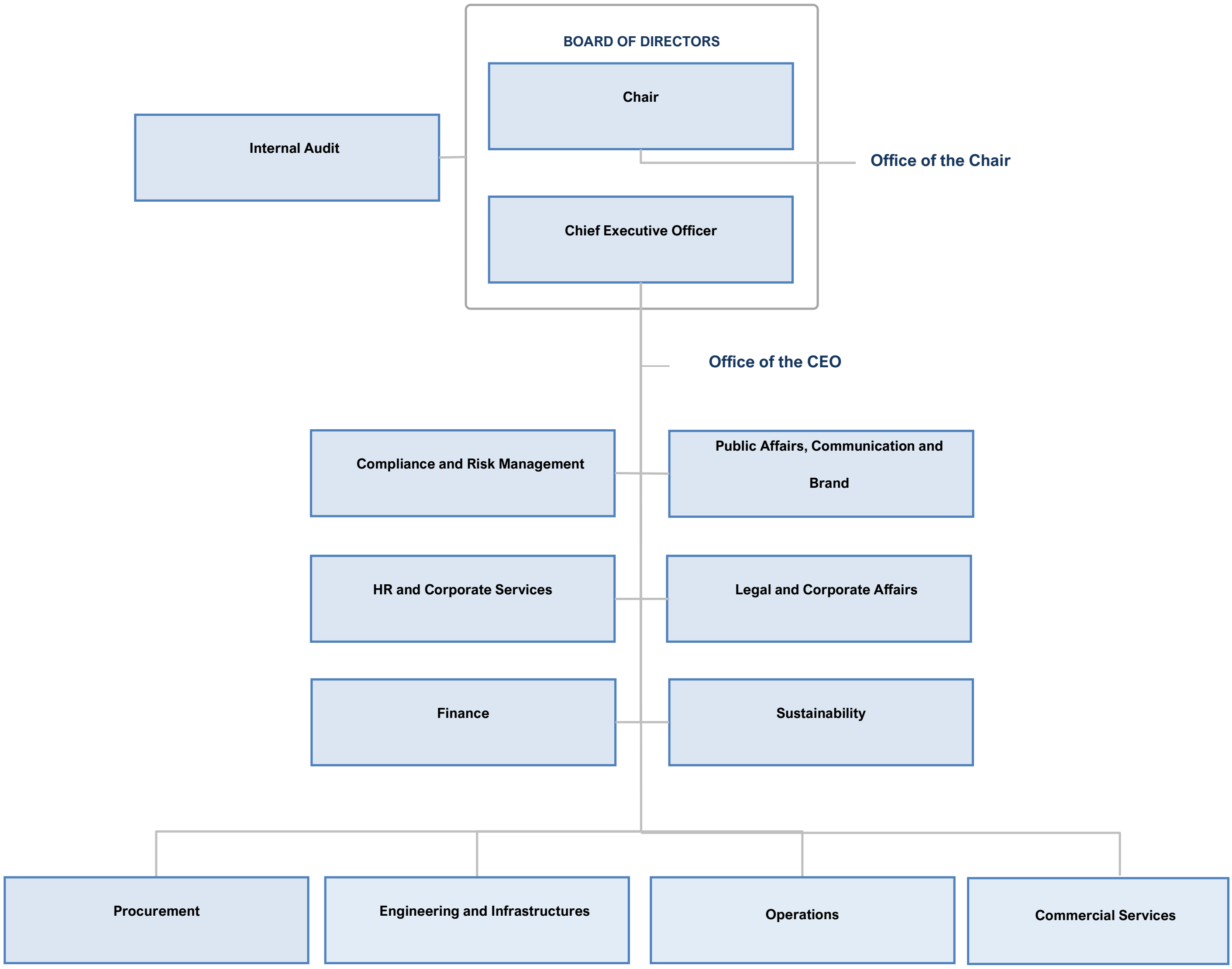
Consolidated statement of non-financial information

ENAV, as an Entity of Public Interest, prepares and submits the Consolidated statement of non-financial information (DNF) in the form of a separate report, in accordance with the provisions of Article 5 of Legislative Decree 254/2016 and contains, pursuant to Articles 3 and 4 of the aforementioned Decree, information relating to environmental, social, personnel-related, human rights compliance and the fight against active and passive corruption.
The document is subject to independent approval by the Board of Directors of ENAV.
In continuity with what has already been done in 2022, the Group has prepared the Sustainability Report, which represents the Non-Financial Statement pursuant to Legislative Decree 254/2016 and subsequent additions, drawn up on an annual basis according to the GRI Sustainability Reporting Standards published by Global Reporting Initiative (GRI) and complies with the requests of EU Regulation 852/2020 and the Delegated Act implementing art. 8 of the aforementioned Regulation. The DNF is subject to limited examination by EY S.p.A.
The document is published on the Company's website at www.enav.it.

Organisational model and activities of the ENAV Group

Organisational model

The ENAV macrostructure was reorganised in 2023 to make it more functional to the peculiarities of the institutional business, the potential developments of the non-regulated market and the implementation of the business plan and consequent investments. This macro-structure, presented to the Board of Directors at the meeting of 6 July 2023 and subsequently formalised through organisational provisions, envisaged the establishment of two support offices reporting to the Chair and the CEO respectively, the Office of the Chair with the task of supporting the Chair in resolving specific instances and managing the preliminary activity for the Board of Directors and the Board committees, and the Office of the CEO with the task of supporting the Chief Executive Officer in resolving specific instances and managing relations with internal and external stakeholders, collegiate bodies, top management and the group structures involved in the context of initiatives and events of particular importance.
Reporting to the Chief Executive Officer are six staff structures pertaining to regulatory compliance and risk management and support structures for the entire group, and four line structures pertaining to business services and strategic assets, as outlined below:



In the new macrostructure, the following structures have been brought under the direct reporting of the Chief Executive Officer, compared to the previous macrostructure:

- Sustainability, to reconfigure the issue of sustainability as a direct lever of top management in order to create favourable conditions for the growth, stability and attractiveness of ENAV as a service provider listed on the financial market;
- Procurement, in order to enhance the purchasing service across the group and functional to achieving the objectives of the business plan;
- Commercial Services, a structure dedicated to the supervision of the group's commercial business.

On the other hand, the Group's organisational model remained unchanged, with the staff structures reporting to the parent company, allowing the subsidiaries to focus on their core business.

In addition, during 2023, organisational measures were implemented in several areas, including the following:

- the Procurement structure, which was the subject of an overall reorganisation driven by the need to rationalise organisational controls with a greater focus on activities according to the different purchasing categories;

- the establishment, within the Integrated Compliance and Risk Management structure, of the new structure Software Quality Assurance, which was assigned the responsibility of ensuring the management of compliance processes and independent verification of the quality of the processes and software products of the subsidiaries IDS AirNav and Techno Sky;
- in the Operations area, the new Capacity and Delivery Planning structure was set up, reporting directly to the Operational and Consulting Services structure, with the task of ensuring, for all Operations structures, the process of evaluating the effort required to carry out the activities of financed projects and consulting services, including those related to the aeronautical consultancy in the safety and training domain;
- the reorganisation of the Public Affairs, Communication and Brand structure in order to bring under a single organisational umbrella the areas of external communication, internal communication, institutional relations, branding and activities relating to the management of relations with the European institutions and other international bodies in Brussels;
- the establishment, reporting directly to the Chief Technology Officer, of the new IT Integration Management structure, which has been given responsibility for the governance of management IT;
- within the HR and Corporate Services structure, two Employee Relations structures have been established, within which HR Managers operate, one with responsibility for the structures of ENAV Operations, Compliance and Risk Management, Public Affairs, Communication and Brand, and the other with responsibility for the other structures of ENAV Corporate, i.e. Internal Audit, HR and Corporate Services, Legal and Corporate Affairs, Finance, Sustainability, Procurement, Engineering and Infrastructures, Commercial Services and Subsidiaries.

The macrostructure of the subsidiary Techno Sky was also redesigned to ensure the continuity of the evolutionary process of the core business started with the new Technical Operation Centre (TOC) in 2022 and to introduce a systematic approach to the continuous improvement and quality assurance of the company's products and services, guaranteeing full alignment with the technological development strategies defined by the Parent Company.

Compliance model pursuant to Legislative Decree 231/2001

The ENAV Group has adopted an organisation, management and control model compliant with the requirements of Legislative Decree 231/01 with the aim of configuring a structured and organic system of procedures and control activities aimed at preventing conduct that could lead to the commission of crimes covered by Legislative Decree 231/01. Together with the organisation, management and control model, the Group has adopted the Code of Ethics: both documents are constantly subject to updating.

In the latter part of the year 2022, the ENAV Group initiated a risk assessment & gap analysis project pursuant to Legislative Decree 231/01 preparatory to the updating of its organisation, management and control model in early 2023. The objectives of the project were:

- the examination of the main organisational changes and the main interventions on the internal regulatory system in order to verify whether it is necessary to include in the Model new corporate activities defined as 'Sensitive' that may entail the risk of commission of the Offences referred to in Legislative Decree No. 231/01 or new safeguards in order to mitigate the risk of commission of such Offences;

- the examination of the impact in terms of risk assessment of the extension of the scope of application of Legislative Decree No. 231/01 to new types of Offences and the amendment of certain types of Offences already included in Legislative Decree No. 231/01 and covered by the Model.

The project, structured in this way, concerned the Group's four organisation, management and control models with the aim of restoring, taking into account the peculiarities of each company, the highest level of uniformity also in light of the corporate services provided by the Parent Company to its subsidiaries through its organisational structures, competent for the subject matter in accordance with the provisions of specific contracts.

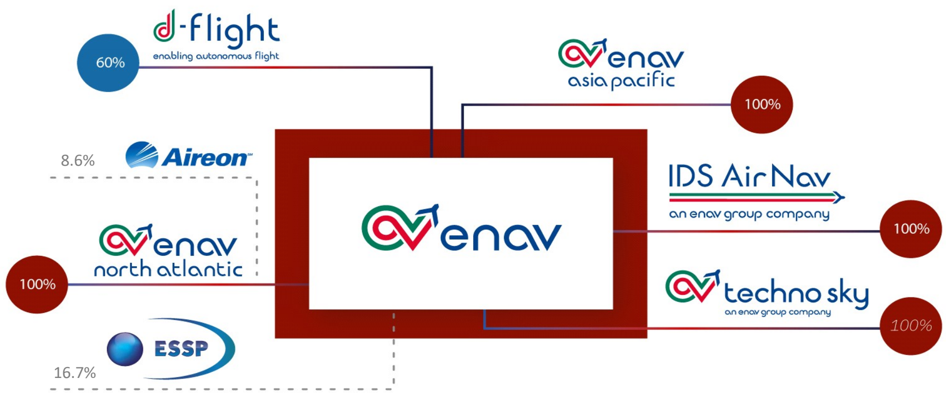
With respect to the contents of the Model, the relevant regulatory context has been affected both by the introduction of new types of Offences and by the amendment of the regulatory provisions of certain types of Offences already covered by the Model. The result of the activities thus conducted was then transposed into the Model of ENAV and the Group Companies, which were then integrated with interventions in the general and special sections.

The project to update Model 231 was accompanied in parallel by a project to digitally transform the Model itself with the aim of 'modernising' and contributing to the organisation's activities, facilitating interactions with and between the Group's stakeholders. Model 231 was redesigned in the architecture of an interactive portal with the approach, methods and tools of Legal Design.

Following their audits of the effective implementation of the 231 Model protocols, the supervisory bodies found an efficient compliance system, offering suggestions for improvement that were promptly implemented by management.

The Group’s business

The ENAV Group’s business can be broken down into four distinct operational sectors to which all the consolidated companies are allocated, namely i) flight assistance services; ii) maintenance services; iii) Aeronautical Information Management (AIM) software solutions and iv) other services.



The flight assistance 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 flight assistance systems. ENAV is the fifth-ranked player in Europe and a major player at the global level in the Air Traffic Control (ATC) industry.

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

The AIM (Aeronautical Information Management) software solutions service 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 services segment includes:

- **Enav Asia Pacific Sdn Bhd**, a Malaysian company wholly owned by ENAV, which is involved in business development and the delivery of services on the non-regulated market, with particular regard to the areas of strategic interest in Southeast Asia.
- **Enav North Atlantic LLC**, which currently holds, through Aireon Holdings LLC, an 8.60% interest (pre-redemption) in Aireon LLC, which will stand at 10.35% post redemption clause. Aireon realised and manages the first global satellite monitoring system for air traffic control, with the aim of enabling the comprehensive surveillance of all routes worldwide, with a focus on the polar, oceanic and other remote areas currently not covered by the radar-based air traffic control services, and enabling the optimisation of routes and achieving ever higher standards of flight safety and efficiency.
- **D-Flight S.p.A.**, a company 60% held by ENAV and 40% held by the industrial partnership formed by Leonardo S.p.A. and Telespazio S.p.A. through the specifically established company UTM Systems & Services S.r.l., is involved in the development and provision of services for low-altitude air traffic management of remotely piloted aircraft and all other types aircraft that fall within the Unmanned Aerial Vehicles Traffic Management (UTM) category.

ENAV stock performance and shareholders

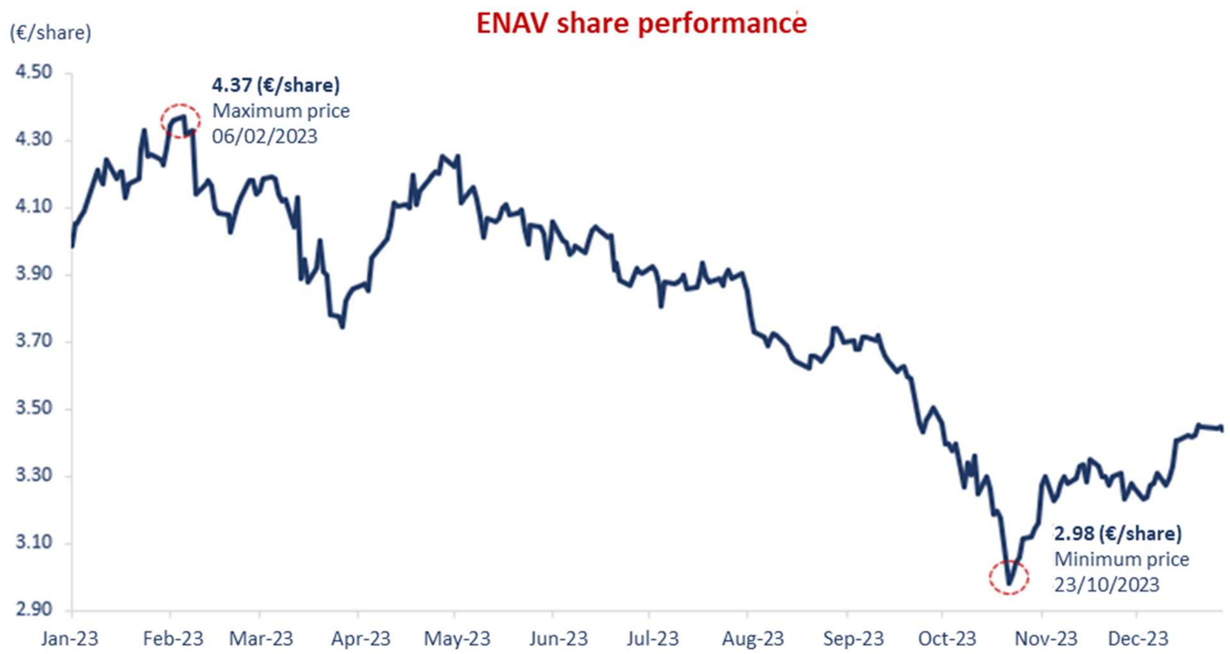
ENAV, which has been listed on the Euronext Milan Market operated by Borsa Italiana S.p.A. since 26 July 2016 is currently the only Air NavigationService Provider (ANSP) listed on an equity market.

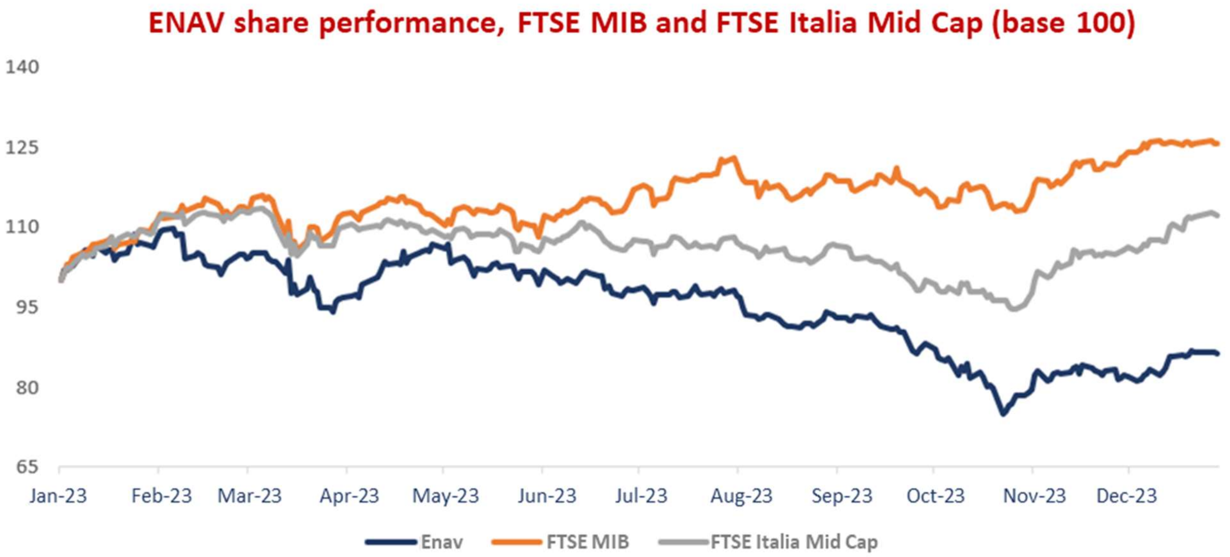
Since the date of its listing, the ENAV stock price has risen by 4.1%, with a market capitalisation at 31 December 2023 of about €1.86 billion.

During FY2023, the share price showed a negative trend, starting with an opening of the year at €3.96 and closing the year at a price of €3.44 (a decrease of about 13%). Regarding the volume of shares traded during the year, the daily average stood at around 380 thousand shares traded, in line with what emerged in the previous year and with what was recorded in 2019, the pre-COVID period. In 2023, the FTSE MIB index, the list of the 40 largest Italian stocks, recorded an increase of 28.0% and the FTSE Mid Cap index, of which ENAV is part, reported a positive trend with growth of 13.1%.

The performance of ENAV shares during the year was mainly influenced by exogenous factors and the increase in interest rates and inflation.

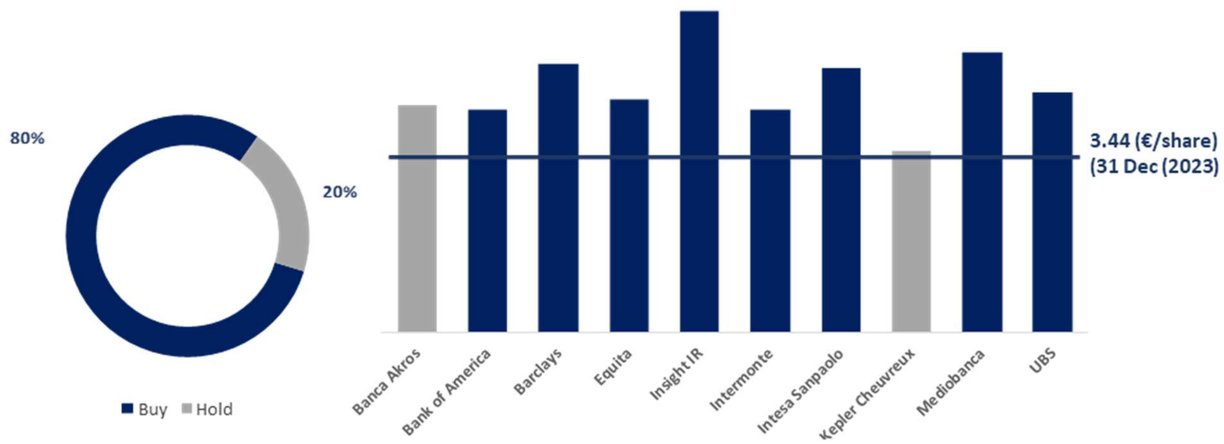
The highest share price in 2023 was on 6 February, with a price per share of €4.37, while the lowest price was on 23 October, with a price per share of €2.98.





As at 31 December 2023, the ENAV stock is covered by ten analysts from major Italian and foreign brokerages, some of which are specialised in infrastructure companies. Of these ten analysts, at the end of 2023, eight had a “BUY” rating on the ENAV stock, while two had a “HOLD” rating.

Analyst Hedging



Shareholders

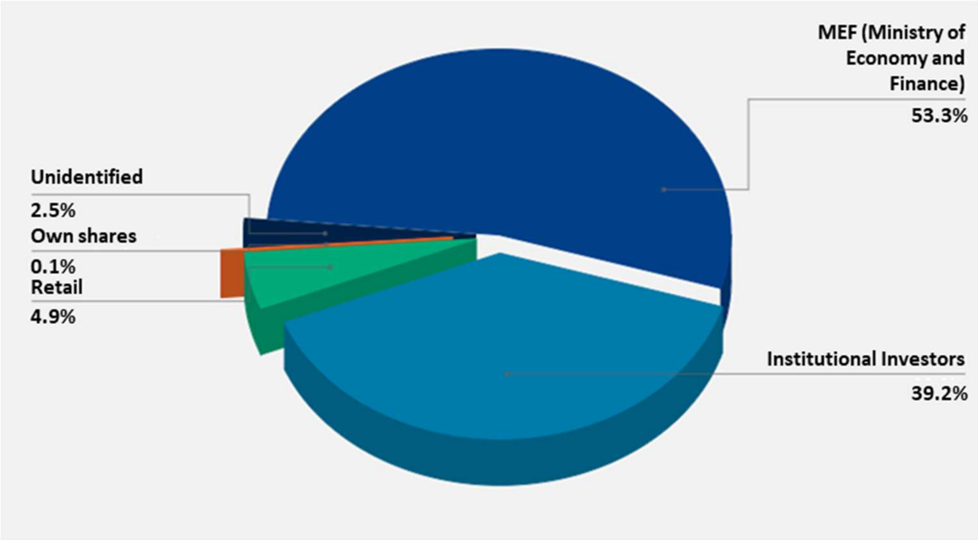
At the end of 2023, the ENAV share capital amounted to €541,744,385 and remained unchanged compared to 2022. In January 2023, a share buyback programme was initiated, authorised by the Shareholders' Meeting held on 3 June 2022, for the purpose of purchasing ordinary shares to serve the remuneration policies adopted by the Parent Company. In the first two months of the year, 500,000 treasury shares, equal to 0.09% of the share capital, were purchased at an average net unit price of €4.32 and a total net equivalent of €2.2 million.

In June, 236,915 treasury shares were granted to the beneficiaries of the second long-term incentive plan 2020 - 2022 referring to the first vesting cycle 2020 - 2022 for a countervalue of approximately €1 million.

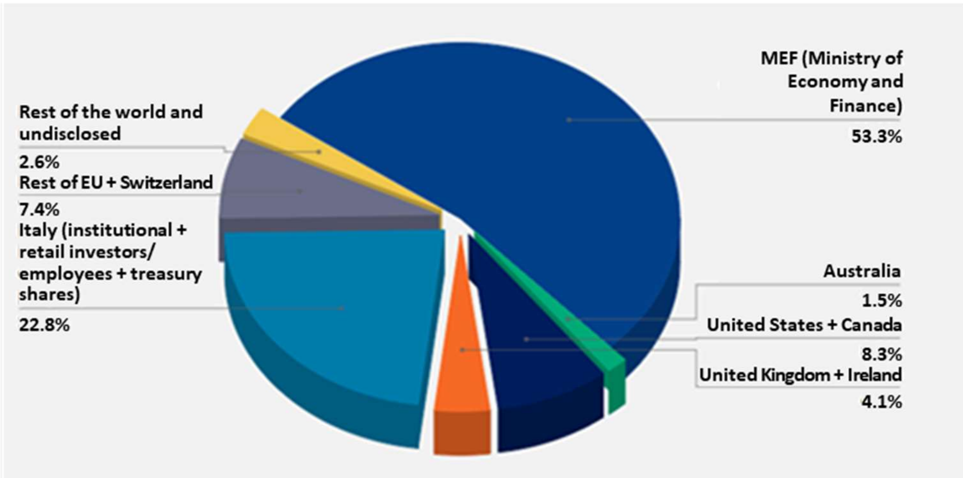
At 31 December 2023, ENAV held 633,604 treasury shares corresponding to 0.12% of the share capital, acquired at an average net unit price of €4.24.

Based on the analyses carried out in October 2023, 53.28% of ENAV shares are held by the Ministry for the Economy and Finance, 0.12% by ENAV as treasury shares and 46.60% by the general market, mainly institutional investors (mostly Italian, European, British, North American and Australian), with a smaller portion held by retail investors.

Shareholders



Shareholders by geographical area



Operations

Operating environment and performance

After the recovery observed during 2022, for Italy 2023 represented the year in which the crisis in the air traffic sector was finally overcome, with a total volume of flights at the end of the year that saw a result of +1.5% compared to 2019 - a pre-Covid reference year and a record year in terms of traffic levels handled - or +10.7% compared to 2022. This result becomes even more significant if one considers that the average European figure for Eurocontrol member states at the end of 2023, again compared to 2019, is still at a negative level, i.e. -8.5%. As a result of the increase in traffic flows, the result of service units was also significant, which at the end of 2023, saw an increase of 5.7% compared to 2019, or +11% compared to 2022.

A substantial contribution to traffic growth and the increased development of service units was also ensured by the performance achieved in operational capacity, as measured by the flight punctuality indicator. In particular, despite a large volume of traffic, the punctuality recorded at the end of 2023 was at the highest level, with an average delay of 0.01 minutes per assisted flight, compared to the target for the year of 0.04 minutes.
The growth in air traffic control activities, with a positive effect on service units, together with the higher volume of third-party market revenues, resulted in an overall revenue level of €1 billion at the end of 2023, which the Group had never before recorded.
In particular, revenue from regulated market, i.e. revenue from flight assistance, including balance, at the end of 2023 amounted to €919.8 million, an increase of €53.4 million compared to the previous year. The level of third market revenues was also significant, as a consequence of the increased impetus in the development of activities in international markets. In particular, this revenue item amounted to €43.1 million in 2023, an increase of +7.9%, compared to the previous year, mainly due to the good performance of the orders of the Group's largest companies.
In addition to the record result recorded for revenues, total costs amounted to €700 million in 2022, up by +4.1% compared to the previous year. This increase is mainly related to the effect of the larger number of Group personnel, to the wage trend related to the professional order, as well as to the increase in extraordinary expenses for the greater operation of the Parent Company's personnel in air traffic management on the Area Control Centres and control towers. In this regard, it should be noted that during 2023, the greatest attention was paid to the productivity of the operational staff involved in the management of air navigation services, also with the aim of supporting the air transport market in a phase of strong recovery. This was realised not only through the recognition of overtime and bonus allowances to ensure greater presence during the summer season, but also through the agreement on the renewal of Article 5 of the labour contract signed with the social partners in May 2023, aimed at defining a new working time regulation, resulting in the maximisation of shift flexibility for operational staff.
External costs also contributed to the overall increase in costs recognised in the 2023 financial statements due to the increase in certain cost items, including the contribution to Eurocontrol and the development of activities on the third market. However, it should be noted, again with reference to external costs, that during the year, particular attention was paid to the rationalisation and prioritisation of activities, which, also as a result of lower electricity charges, allowed the overall increase to be limited to €4.9 million compared to the previous year.
The dynamics observed in revenues and costs have therefore resulted in an EBITDA for the ENAV Group of €300 million at the end of 2023, an increase of €27.9 million compared to the previous year, +10.2%, i.e. a result just below the record value recorded at the end of 2019.
The net result for 2023 was €112.7 million, an increase of €8.2 million over the previous year's figure.
The year just ended showed a renewed impetus in the technological implementations carried out by the Group, with an investment volume of €110.5 million compared to €97.8 million at the end of 2022.
With regard to the financial situation, the Group's final figures at the end of 2023 show a net financial debt of €322.3 million, an improvement compared to 31 December 2022, when it stood at €407.8 million. The €85.6 million change in net financial debt is related to the positive trend in receipts and payments related to ordinary operations and is essentially attributable to the cash flow generated by operating activities of about

€210.6 million, partly absorbed by investing activities of about €71.6 million and the payment of dividends in October of €106.4 million.
Finally, the Group has undrawn committed and uncommitted short-term credit lines at 31 December 2023 of €199 million.

Market and air traffic developments

The air traffic market in 2023 showed a full recovery of assisted air traffic for Italy, returning to pre-emergency levels. In fact, in comparison with 2019, the growth of flights operating in Italy was 1.5%, higher than in the Eurocontrol member states, where the figure at the end of 2023 was -8.5%.
Comparing 2019 in terms of service units, Italy recorded an increase of +5.7%, an improvement on the last pre-pandemic year, which had been an all-time high for the Parent Company. Among the other countries belonging to the comparator group, the performance achieved by Spain (+8.4%) stands out, while those of France (-3.2%), Great Britain (-5.4%) and Germany (-9.6%) are still negative.
On the other hand, the comparison of the route service units (*) for Italy in 2023 with the data for 2022 shows an increase of 11.0%, a value in line with that achieved by most of the other states in the so-called comparator group of continental Europe: Spain (+12.4%), France (+11.6%), Great Britain (+10.5%) and Germany (+8.6%).
The terminal service units registered in Italy also registered positive values of +10.9%, compared to the previous year, which is in line with the figures for en-route traffic and registers a recovery of +98.2% compared to the values registered in 2019. All Italian airports achieved air traffic levels above 2022.

Total en-route traffic service units (**)	**2023**	**2022**	**Changes no.**	**%**
France	21,088,292	18,897,985	2,190,307	11.6%
Germany	13,730,337	12,647,284	1,083,053	8.6%
Great Britain	11,919,138	10,782,061	1,137,077	10.5%
Spain	12,451,831	11,078,709	1,373,122	12.4%
Italy (***)	10,618,354	9,561,778	1,056,576	11.0%
EUROCONTROL	**155,323,653**	**136,455,114**	**18,868,539**	**13.8%**

(*) 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 2023 registered an increase of +11.0% in the number of service units reported by Eurocontrol (the same value if the residual category Exempt not reported to Eurocontrol is included) and an increase of +10.8% in the number of assisted flights (+10.7% including the residual category Exempt not reported to Eurocontrol).
The positive trend of traffic flows in the 2023 financial year, in terms of service units, made it possible to exceed the volumes recorded prior to the health emergency, as shown by the comparison with the 2019 figure, which had shown a record result, and which stood at +5.7%; positive results were also achieved with

reference to the number of assisted flights, which stood at +1.4%. The average distance travelled (+3.2%) also contributed to the positive figure for service units.

During 2023, the Russian-Ukrainian crisis persisted, leading to the blocking of both flights to and from the countries in question and flights operated by Russian companies, the impact of which, however, proved to be minor as these flights represent a negligible share of the Parent Company's revenues. The closure of Russian-Ukrainian airspace has 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 at the moment; the Italian airspace routes have also benefited from this scenario, especially those relating to overflight, both in terms of frequency of use and distance covered.

The analysis of the routes that affected the domestic airspace, classified according to the kilometre distance travelled, in 2023 in comparison with the previous year, shows a greater utilisation for each kilometre distance zone (low, medium and high), while compared to 2019, it is only the routes with a high distance on the domestic airspace (>700 km the most profitable for the company as they have the highest service units coefficient per flight), which recorded a significant increase in utilisation (+13% service units).

En-route traffic (number of flights)	**2023**	**2022**	**Changes no.**	**%**
Domestic	292,848	288,543	4,305	1.5%
International	974,245	851,227	123,018	14.5%
Overflight	733,293	655,767	77,526	11.8%
Paying total	**2,000,386**	**1,795,537**	**204,849**	**11.4%**
Military	33,445	37,253	(3,808)	-10.2%
Other exempt	19,742	20,657	(915)	-4.4%
Total exempt	**53,187**	**57,910**	**(4,723)**	**-8.2%**
Total reported by Eurocontrol	**2,053,573**	**1,853,447**	**200,126**	**10.8%**
Exempt not reported to Eurocontrol	22,883	22,238	645	2.9%
Overall total	**2,076,456**	**1,875,685**	**200,771**	**10.7%**

En-route traffic (service units)	**2023**	**2022**	**Changes no.**	**%**
Domestic	1,829,989	1,874,555	(44,566)	-2.4%
International	4,053,315	3,453,665	599,650	17.4%
Overflight	4,598,228	4,096,084	502,144	12.3%
Paying total	**10,481,532**	**9,424,304**	**1,057,228**	**11.2%**
Military	121,004	121,797	(793)	-0.7%
Other exempt	15,818	15,677	141	0.9%
Total exempt	**136,822**	**137,474**	**(652)**	**-0.5%**
Total reported by Eurocontrol	**10,618,354**	**9,561,778**	**1,056,576**	**11.0%**
Exempt not reported to Eurocontrol	3,254	3,229	25	0.8%
Overall total	**10,621,608**	**9,565,007**	**1,056,601**	**11.0%**

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

- international commercial traffic, a category of flights departing from or arriving at an airport on Italian territory, which in 2023, compared to the previous year, recorded a positive result both in terms of service units (+17.4%) and the number of assisted flights (+14.5%). A comparison of the 2023 results with 2019 shows a figure that tends to be in line in terms of service units (-0.06%), the only value that is lower than the other traffic types that have fully recovered from assisted air traffic flows. International traffic represents in terms of service units about 39% of the total reported by Eurocontrol.
  Relative to the mileage of international traffic routes (low, medium and high mileage on domestic airspace) in the 2023 financial year, all flight categories achieved growth in terms of service units compared to 2022. Compared to 2019, only the high mileage zone (>700 km) recorded an increase in service units levels (+10%).
  With regard to flight routes per continent, the comparison with 2022, in terms of service units, recorded an increase in the number of connections in a range between 35% and 45% between Italy and Africa, Asia and the American continent. Flights to the rest of Europe, representing around 80% of total international traffic, increased by 12%. Compared to 2019, all connections show a full recovery, with the exception of the Italy - Asia connections where negative values remain;
- commercial overflight traffic, a category of movements only crossing domestic airspace, which in 2023, recorded an increase in both Service Units (+12.3%) and the number of assisted flights (+11.8%). The positive trend in this type of traffic is also confirmed by the comparison with 2019, in which there was a total recovery of +13.2% in terms of service units and +8.8% in terms of the number of assisted flights. Overflight traffic represents, in terms of service units, about 44% of the total reported by Eurocontrol.
  With reference to the kilometre distances covered in the year under review, all air routes recorded increases in the traffic volumes handled in terms of service units, particularly those in the medium range (400-800 km), which recorded an increase of 26%. Compared to 2019, there is also a full recovery of service units volumes for routes in all kilometre zones, especially the high mileage ones (>800 km), which stand at +18%.
  With regard to the main traffic routes, it should be noted that in 2023, there were significant increases for all connections between continents with double-digit percentages, a scenario also confirmed in the comparison with 2019 with the exception of the Europe - Asia connections, which recorded a 15% decrease in terms of service units. In 2023, service units attributable to intra-European flights accounted for 54% of the total overflight service units, while those on Europe-Africa and Europe-Asia routes accounted for around 24% and 12% respectively;
- domestic commercial traffic, which recorded a slight decrease in service units in 2023 (-2.4%) and an increase in the number of assisted flights (+1.5%) with a reduction in the average distance travelled (-2.6%). The figure for service units, which is lower than that for other types of traffic, depends on the positive trend in domestic traffic flows in 2022, which had allowed a total recovery of service units developed in 2019 (+5.9%). Domestic traffic is mainly related to the flight activity of the carriers Ryanair and ITA Airways, which have market shares at the service units level of 44% and 25% respectively.
  With reference to the mileage zones, in 2023, the high mileage range (>700 km), which includes flights connecting the destinations of the North with the South of the country, representing approximately 50% of the total domestic service units, records a decrease in terms of service units of -5%, partly due to the reduction in connections from Milan Malpensa to the main destinations in the south of the country. Compared to 2019, volumes on high mileage routes show positive results at +12%;

- exempt traffic is divided into: i) exempt traffic reported by Eurocontrol, which posted a decrease of 0.5% in terms of service units and -8.2% in the number of assisted flights. This category of flights is mainly reflected in the trend of military flight activity (-0.7% of service units), which represents approximately 88% of exempt traffic; ii) the exempt traffic not reported to Eurocontrol, with a residual impact on revenues, shows an increase in both service units (+0.8%) and in the number of assisted flights equal to +2.9%. Exempt air traffic accounted for just 1.3% of total service units in 2023.

In terms of airlines, the low-cost segment's flight activity remains central to the volumes of air traffic generated in Italian airspace in 2023, with **Ryanair, Easyjet** and **Wizz Air** ranking among the top four in terms of the number of service units developed in 2023. **Vueling**, **Transavia**, **Aegean Airlines**, **Volotea** and **Eurowings** also achieved significant traffic volumes in the Italian air market in continuity with previous years. Ryanair is the leading carrier in Italy in terms of traffic volumes, with a market share of 20% of the total 2023 service units and an increase of +7.4% and +38.8% respectively when compared to the years 2022 and 2019. Among the traditional carriers, there were increases among Middle Eastern airlines such as **Turkish Airlines** (+18.1% service units), **Emirates** (+24% service units) and **Qatar Airways (**+10.4% service units), which were also up on 2019. Among the major European airlines, **Lufthansa** (+5.5% service units) and **Air Malta** (+26.0% service units) performed well in comparison with 2022. The Italian airline **ITA** (Italia Trasporto Aereo) recorded a +26.4% increase in service units, placing it as the second largest company in terms of volumes produced, with a market share representing 6.6% of the total service units in 2023.

Terminal traffic

Terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, registered gains in 2023 both in terms of service units, equal to +10.9%, and number of assisted flights, equal to +8.9%. Compared to 2019, there was a recovery in assisted air traffic of 98.2% in terms of service units, with the third charging zone recovering fully at +3.1%.

Terminal traffic (number of flights)	2023	2022	Changes no.	 %
Domestic				
Chg. Zone 1	37,906	32,612	5,294	16.2%
Chg. Zone 2	66,247	66,749	(502)	-0.8%
Chg. Zone 3	178,747	179,029	(282)	-0.2%
Total domestic flights	**282,900**	**278,390**	**4,510**	**1.6%**
International				
Chg. Zone 1	95,242	73,473	21,769	29.6%
Chg. Zone 2	183,676	160,611	23,065	14.4%
Chg. Zone 3	205,359	188,497	16,862	8.9%
Total international flights	**484,277**	**422,581**	**61,696**	**14.6%**
Paying total	**767,177**	**700,971**	**66,206**	**9.4%**
Exempt				
Chg. Zone 1	99	186	(87)	-46.8%
Chg. Zone 2	868	942	(74)	-7.9%
Chg. Zone 3	19,961	20,664	(703)	-3.4%
Total exempted flights	**20,928**	**21,792**	**(864)**	**-4.0%**
Total reported by Eurocontrol	**788,105**	**722,763**	**65,342**	**9.0%**
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	248	313	(65)	-20.8%
Chg. Zone 3	12,347	12,163	184	1.5%
Total exempted flights not reported to Eurocontrol	**12,595**	**12,476**	**119**	**1.0%**
Totals per chg Zone				
Chg. Zone 1	133,247	106,271	26,976	25.4%
Chg. Zone 2	251,039	228,615	22,424	9.8%
Chg. Zone 3	416,414	400,353	16,061	4.0%
Overall total	**800,700**	**735,239**	**65,461**	**8.9%**

Terminal traffic (service units)	2023	2022	Changes no.	%
Domestic				
Chg. Zone 1	48,759	43,104	5,655	13.1%
Chg. Zone 2	81,190	84,062	(2,872)	-3.4%
Chg. Zone 3	208,811	212,171	(3,360)	-1.6%
Total domestic service units	**338,760**	**339,337**	**(577)**	**-0.2%**
International				
Chg. Zone 1	156,847	115,214	41,633	36.1%
Chg. Zone 2	258,942	224,727	34,215	15.2%
Chg. Zone 3	236,667	213,207	23,460	11.0%
Total international service units	**652,456**	**553,148**	**99,308**	**18.0%**
Paying total	**991,216**	**892,485**	**98,731**	**11.1%**
Exempt				
Chg. Zone 1	162	408	(246)	-60.3%
Chg. Zone 2	395	423	(28)	-6.6%
Chg. Zone 3	7,419	7,746	(327)	-4.2%
Total exempt service units	**7,976**	**8,577**	**(601)**	**-7.0%**
Total reported by Eurocontrol	**999,192**	**901,062**	**98,130**	**10.9%**
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	21	26	(5)	-19.2%
Chg. Zone 3	885	868	17	2.0%
Tot. exempt service units not reported to Eurocontrol	**906**	**894**	**12**	**1.3%**
Totals per chg Zone				
Chg. Zone 1	205,768	158,726	47,042	29.6%
Chg. Zone 2	340,548	309,238	31,310	10.1%
Chg. Zone 3	453,782	433,992	19,790	4.6%
Overall total	**1,000,098**	**901,956**	**98,142**	**10.9%**

In overall terms, the results for 2023, compared with the previous year, show increases in activity in terms of service units for all charging zones, albeit to an uneven extent among them due to a different trend in 2022. More specifically:

- the Charging Zone 1, entirely referring to Rome Fiumicino airport, showed an increase in 2023, in terms of service units, of +29.6% and 25.4% in terms of assisted flights, in consideration of a low volume of traffic that emerged in 2022. Compared to 2019, there was a recovery in terms of service units of 88.1%, which was lower than in the other charging zones. Compared to 2022, on the other hand, there has been a consistent recovery in both domestic traffic (+13.1% of service units) and international traffic (+36.1% of service units), which has been positively impacted by the strong impetus from non-EU destinations (+50.9% of service units). The performance of this airport is affected by the activity of the national airline ITA, which recorded an increase of +35% in terms of service units in 2023, compared to the previous year, with an incidence of 28% on the total number of flights at Rome Fiumicino airport, approaching the figure held by the former Alitalia, which stood at 40% in 2019;
- Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio, recorded an increase in both service units (+10.1%) and assisted flights (+9.8%) in 2023, which is mainly affected by international traffic volumes (+15.2% service units). There was a reduction in domestic traffic (-3.4% service units) mainly due to the lower use of domestic routes concerning the airports of Milan Malpensa (-19.4% service units) and Venice Tessera (-4.5% service units). Compared to 2019, the recovery of traffic volumes stands at 98.8%. With reference to the airports

belonging to this charging zone, the good performance of all airports is recorded, including Milan Malpensa (+7.6% service units) and Bergamo Orio al Serio (+14.6% service units); the latter is the only one to record a positive result (+5.8% service units) also with respect to 2019;

- Charging Zone 3, which includes all the other national airports, stands at positive values both in terms of service units (+4.6%) and number of assisted flights (+4%), driven mainly by the trend of international traffic (+11% service units). Compared to 2019, this charging zone fully recovers traffic volumes to +3.1% with domestic traffic above pre-pandemic levels (+7.5% service units). The main airports in this price range performed well in terms of service units in the comparison with 2022, including Catania airport, which absorbed the sharp reduction in activity in July-August 2023, following the fire that affected part of the airport structure. Compared to 2019, all airports except Catania, Cagliari and Rome Ciampino fully recovered the traffic flows realised in the period before the health emergency.

Safety and capacity indicators

Safety

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

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

At present, the monitoring and evaluation process of Safety has been completed for the performance achieved in 2022, with the publication of the PRB Monitoring Report 2022 in October 2023. With regard to the Safety Performance in 2023, data collection at the individual Member State level is ongoing and the publication of the report by the PRB is expected in autumn 2024.

Accordingly, the only Safety Key Performance Indicator (S-KPI) subject to a target is Effectiveness of Safety Management – EoSM, broken down into specified Management Objectives that, on a scale of increasing values from A to D, defines the level of implementation, maturity and effectiveness of the safety management system. This target is to reach level D for the Management Objective defined Safety Risk Management and level C in all other Management Objectives.

The performance achieved by the Parent Company in 2022 for this specific objective, as summarised in the following table, exceeded the targets set for the end of the third reference period.

Management Objectives	Results 2022	Target 2024	Results 2021
Safety Culture	C	C	C
Safety Policy and Objectives	C	C	C
Safety Risk Management	D	D	D
Safety Assurance	D	C	D
Safety Promotion	C	C	C

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

Capacity

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

After the COVID-19 pandemic and a good 2022, throughout 2023 ENAV managed a strong recovery in the number of assisted flights from 1.66 million IFR (Instrument Flight Rules) flights managed in 2022 to 1.86 million in 2023, corresponding to an increase of 11.5% compared to 2022 and 1.3% compared to 2019, the last year with record levels for the number of assisted flights before the pandemic.

With regard to punctuality, 264,083 minutes of ATFM - Air Traffic Flow Management (253,695 minutes in 2022 and 25,608 minutes in 2019) were attributed to delays during the en-route flight phase in the year 2023. With regard to the target set by the European Commission for 2023 at 0.11 minutes per assisted flight, it is noted that this target cannot be used for the evaluation of the performance on punctuality, since, according to the interpretation of the European Commission, the target of 0.11 minutes/flight would not be attributable only to the causes of delays by ENAV, but would also be inclusive of all the causes of delays recorded in the period. Given this circumstance, the figure at the end of 2023 recorded by ENAV, equal to 0.01 minutes per flight due to causes attributable to the Company, although extraordinary in its value, approximately one-tenth of the national target, is not comparable with the target of 0.11 minutes per flight reported in the Performance Plan.

In view of this circumstance, ENAC, in cooperation with the relevant ENAV structures, has therefore identified new capacity targets for the two-year period 2023-2024, referring only to the causes of delays attributable to the Company. These targets were defined in: 0.04 minutes per flight for the year 2023 and 0.07 minutes per flight for the year 2024.

The proposal with the new targets, presented by ENAC to the airlines in an ad hoc consultation, was then officially sent by the same national regulator to the European Commission on 31 January 2024.

The quality performance offered by the Parent Company in 2023 was affected not only by the expected increase in the number of assisted flights, during periods of the year normally considered quieter, but also by the marked increase in the incidence of adverse weather phenomena (81.2% of the total ATFM en-route all reason delay). Reasons for delays attributable exclusively to the performance of the air navigation service provider included failures of ATM technological equipment (6.4% of the total ATFM en-route all reason delay), some days of strikes (4.8% of the total ATFM en-route all reason delay) and the impact on ATC capacity in the various operational sectors of the Parent Company's Area Control Centres (3.3% of the total ATFM en-route all reason delay). Comparing the performance results achieved with those of the French, German and

Spanish ANSP, which are similar in terms of type of operations, it can be seen that none of them achieved the assigned target.
The following table shows a comparison between the targets indicated in the Performance Plan and results achieved in 2023 for the ATM contributing en-route domain.

Capacity En-route - Targets from Performance Plan and Final 2023		
	IFR/GAT Flights	**En-route Service Unit**
	1,857,610	
	Target communicated	*Indicator value (ANSP)*
En-route ATFM Delay per Flight (min/flight)	0.04	0.01

With reference to the value of the delay assigned to incoming flights (so-called airport capacity), measured in the five airports subject to the performance plan (Rome Fiumicino, Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio), and to the target proposed in the performance plan for the year 2023, equal to 0.33 minutes per assisted flight, the value of the compulsory key indicator "Terminal arrival ATFM delay" was 0.149 minutes per assisted flight, i.e. slightly less than half of what was declared.
The breakdown of the indicator for ATM delays attributable to ENAV only was instead 0.006 minutes per assisted flight.
The following table shows a comparison between the targets indicated in the Performance Plan and results achieved in 2023 for the ATM contributing terminal domain.

Capacity Terminal - Targets from Performance Plan and Final 2023		
	Performance Plan Objective	**Indicator ANSP value**
Terminal Arrival ATFM Delay	not exceeding 0.33 (minutes per assisted flight)	0.006

Performance and Financial Position of the ENAV Group

Definition of alternative performance measures

In order to illustrate the economic, equity and financial results of the ENAV Group and of the Parent Company, separate reclassified schedules have been prepared from a management perspective, that differ from the schedules in line with international accounting standards and adopted by the Group and the Parent Company for use in the Consolidated Financial Statements and separate financial statements, respectively. These reclassified schedules contain alternative performance indicators differing from those drawn directly from the financial statements, which are used by management for monitoring the performance of the Group and the Parent Company and representing the performance and financial results produced by the business.

The use of alternative performance indicators in the context of regulated information disclosed to the public was made mandatory with CONSOB Communication No. 0092543 of 3 December 2015, which transposed the guidelines (No. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The indicators are intended to ensure the comparability, reliability and understanding of financial information.

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

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)**: an indicator of profit before the effects of financial operations and taxation, as well as depreciation, amortisation and write-downs of tangible assets and intangible assets and receivables and provisions, as reported in the financial statements and adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin**: EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Taxes)**: EBITDA less depreciation and amortisation adjusted for investment grants and write-downs of tangible and intangible assets and receivables and provisions;
- **EBIT margin**: EBIT expressed as a percentage of total revenues less investment grants as specified above;
- **Net non-current assets**: a financial measure represented by the fixed capital employed in operations, which includes property, plant and equipment , intangible assets, investments in other entities, non-current trade receivables and payables, and other non-current assets and liabilities;
- **Net working capital**: capital employed in operations comprising inventory, trade receivables and other non-financial current assets, net of trade payables and other current liabilities excluding those of a financial nature;
- **Gross invested capital**: the sum of net non-current assets and net working capital;
- **Net invested capital**: the sum of gross capital employed, less employee benefit provisions, the provision for risks and charges and deferred tax assets/liabilities;
- **Net financial debt**: the sum of the current and non-current financial liabilities, current and non-current financial receivables net of non-current financial liabilities in respect of the fair value of derivative financial instruments and cash and cash equivalents. The net financial debt is determined in compliance with Guideline 39 issued by ESMA, and in accordance with CONSOB warning notice No. 5/21 issued on 29 April 2021;
- **Free cash flow**: the sum of the cash flow generated or absorbed by operating activities and the cash flow generated or absorbed by investing activities.

Changes in the scope of consolidation

There were no changes in the scope of consolidation in 2023 compared to the year 2022.

Reclassified Consolidated Income Statement

The economic result of the ENAV Group, which closes the 2023 financial year with a consolidated profit of €112.7 million, up 7.9%, and total revenues of €1 billion, up 5.9%, compared to the 2022 financial year, confirming the return to normality of the air transport sector's activities, surpassing, in terms of en-route service units, the values that emerged in 2019, a year not yet affected by the pandemic crisis (+5.7%). Over the course of the financial year, the number of assisted en-route service units increased, even in periods where air traffic is usually lower, always with higher values than in 2019, such as in October where en-route service units were 14.7% higher than in the same period of 2019.

In comparison with the 2022 financial year, which already included a recovery in assisted air traffic activities, in terms of service units, +11.0% was recorded for en-route and +10.9% for terminal, which in terms of core business revenue translates into €947.8 million, an increase of 7.6%, compared to 2022 despite the 4.2% reduction in the en-route rate. Revenues from core business were also up compared to 2019 (+1.6%), where the applied en-route rate was 7.9% higher than today. These values fully offset the balance component, which had a negative value of €28.1 million, up €13.3 million compared to 2022, mainly due to the recovery of the first portion of the balance recognised in the 2020-2021 combined period, a negative effect that was partly offset by the recognition of the inflation balance, which reflects the increase in this component compared to the forecast in the Performance Plan, the bonus capacity and the balance on the revaluation of the interest rate on the portion of debt capital (balance interest on loans) and equity capital (balance cost of capital) in order to take into account the different interest rate that emerged at the end of the period compared to the Performance Plan.

Operating costs increased overall by 4.1%, compared to the previous year, due to both higher personnel costs (+4.5%) reflecting the increased services of operating personnel associated with the recovery of air traffic and a larger Group workforce, and other operating expenses (+3.1%) due to the services associated with the realisation of foreign job orders as well as new maintenance contracts that were not present in the period under comparison.

The positive change in revenues, which amounted to €55.7 million, compared to the financial year 2022, allows the increase in operating costs of €27.8 million to be fully covered, positively impacting EBITDA, which amounted to €300.1 million, an increase of 10.2%, compared to the financial year 2022, and EBIT, which closed at €172.7 million, an increase of 16.4%.

Financial operations had a negative impact of €11.2 million, affected by the increase in interest rates on bank debt and the different composition of the same, compared to the comparison period, with the average debt rate rising from 1.47% to 3.83%.

As a result of these dynamics, the consolidated profit for the year amounted to €112.7 million, an increase of 7.9%, compared to 2022, when the consolidated profit was €104.5 million.

	2023	2022	Values	Changes %
Revenues from operations	990,916	921,032	69,884	7.6%
Balance	(28,090)	(14,817)	(13,273)	89.6%
Other operating income	37,177	38,095	(918)	-2.4%
Total revenues	**1,000,003**	**944,310**	**55,693**	**5.9%**
Personnel costs	(568,286)	(543,979)	(24,307)	4.5%
Capitalised costs for internal work	28,945	27,569	1,376	5.0%
Other operating expenses	(160,611)	(155,712)	(4,899)	3.1%
Total operating costs	**(699,952)**	**(672,122)**	**(27,830)**	**4.1%**
EBITDA	**300,051**	**272,188**	**27,863**	**10.2%**
EBITDA margin	**30.0%**	**28.8%**	**1.2%**	
Net amortisation of investment grants	(117,159)	(117,888)	729	-0.6%
Write-downs, impairment (reversal of impairment) and provisions	(10,222)	(5,967)	(4,255)	71.3%
EBIT	**172,670**	**148,333**	**24,337**	**16.4%**
EBIT margin	**17.3%**	**15.7%**	**1.6%**	
Financial income/(expense)	(11,237)	(551)	(10,686)	n.a.
Income before taxes	**161,433**	**147,782**	**13,651**	**9.2%**
Income taxes	(48,723)	(43,285)	(5,438)	12.6%
Consolidated profit/(loss) for the year	**112,710**	**104,497**	**8,213**	**7.9%**
Profit/(Loss) for the year attributable to Parent Company shareholders	**112,921**	**105,004**	**7,917**	**7.5%**
Profit/(Loss) for the year attributable to non-controlling interests	**(211)**	**(507)**	**296**	**-58.4%**

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €990.9 million, an increase of 7.6% compared to the previous year, comprising €947.8 million in revenues from the Parent Company's core business and €43.1 million in revenues from activities carried out by the Group in the third-party market, an increase of 7.9% compared to 2022. The increase in revenue is closely linked to the recovery of the air transport sector, which returned to the values recorded in the year before the pandemic.

Revenues from core business refer commercial en-route revenues in the amount of €695 million, up 7.2% compared to the previous year, as a result of the higher service units developed in 2023, which amount to +11.2% (+66.9% in 2022 over 2021, a year still affected by the health emergency) in the presence of a reduction in the unit rate applied in 2023 of 4.2% (€72.28 in 2023 vs. €75.42 in 2022), a reduction that comes to -15.8% if we consider the unit rate alone net of balance.

Commercial terminal revenues amount to €241 million and record an increase of 9.3%, compared to 2022, due to the positive trend of the service units developed at individual airports separated by charging zones, which overall stands at +11.1% (+64.5% 2022 on 2021) and recovering, compared to 2019, 98.2% in terms of service units, with the third pricing zone, which instead stands at a total recovery, closing at +3.2%.

In particular, *Charging zone 1*, represented by Rome Fiumicino airport, recorded an increase in assisted air traffic, expressed in service units, of +29.9% compared to 2022 (+100.3% 2022 on 2021) with positive results for international air traffic. The unit rate applied in 2023 increased slightly by 0.52% to €183.56 compared to €182.61 in 2022.

Charging zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio, recorded an increase in assisted air traffic, expressed in service units, of +10.2% (+61.8% 2022 on 2021) and a recovery towards 2019 in domestic air traffic (+5.4% of service units). The 2023 unit rate is equal to €214.16, a slight decrease compared to the unit rate applied in 2022, which amounted to €214.89.

Charging zone 3, which includes 40 medium and low traffic airports, recorded an increase in assisted air traffic, expressed in service units, of +4.7% compared to 2022 (+56% 2022 on 2021) mainly referring to international air traffic and domestic air traffic, which shows a total recovery compared to 2019 (+7.5%). The unit rate applied in 2023 stands at €334.08, a slight reduction compared to the 2022 unit rate, which amounted to €334.24.

Revenues from non-regulated market amounted to €43.1 million and recorded a 7.9% increase, compared to the previous year, mainly due to revenues arising from the order to the Qatar Civil Aviation Authority for services related to the Performance of flight assistance support services, for the initial activities related to the Saudi Future Airspace Concept order formalised with the Saudi Arabian Civil Aviation for the supply of the Aeronautical Information Management (AIM) system for the Taiwan air navigation Service Provider for the Airport Authority of India, and the advancement of the orders formalised with the Libyan Civil Aviation Authority (LYCAA) for the modernisation and installation of systems at Libyan airports.

The balance adjustment component, which is an integral part of revenues from operations, had a negative impact of €28.1 million as the net effect of the balance recognised in 2023 amounting to a positive €77.7 million, especially balance related to the increase in inflation of €62,5 million, associated with the different inflation rate between the figure recorded in 2023 equal to +5.9%, compared to what was included in the performance plan that stood at 1.15%, and the balance for bonus capacity having determined for the route a 0.01 minute delay per assisted flight compared to the target of 0.04 minute delay per assisted flight. These positive effects were partly offset by the recognition of the balance for traffic risk of the second charging zone in the amount of €1.7 million in repayment to carriers and by the balance for depreciation and EU financing that the parent company received, totalling €14.6 million, in repayment to carriers in accordance with rate regulations. In contrast to the previous year, in which a balance for route traffic risk of €50 million in refunds to carriers was recorded, in the financial year 2023, this balance did not arise, having generated service units of +1.54%, compared to the figure envisaged in the Performance Plan, within the range of 2%, which does not provide for refunds to carriers under European regulations. The balance item also includes the first portion of the balance recognised in the 2020-2021 combined period recoverable on a straight-line basis over 5 years and in 7 years for the third charging zone as from 2023, which together with other balance recognised in the two previous years, resulted in a utilisation in the income statement, and in the 2023 unit rate, of a total negative amount of €100.4 million.

Analysis of costs

Operating costs show an increase of +4.1%, compared to 2022, reaching €700 million and show an increase in both personnel costs (+4.5%) and other operating costs (+3.1%), an effect partly offset by the higher value of costs for capitalised internal works (+5.0%).

With reference to personnel cost, which amounted to €568.3 million, an increase of €24.3 million, compared to the previous year, it should be noted that this higher value is linked to (i) the recovery of activities in the air transport sector, which is reflected in the variable part of remuneration, with greater overtime work in the operational line of CTA (Air Traffic Controller) personnel, an increase in the result bonus linked to the greater number of service units managed and the recognition of a one-off amount for the summer period; (ii) the renewal of the economic part of the national collective bargaining agreement, which, among other

things, provided for a 2% revaluation of the minimum contractual minimums as from September, in addition to the increase in the Group's headcount, which amounted to +88 average units and +69 actual units, compared to 2022, closing the year with an actual Group headcount of 4254 employees (4,185 actual Group employees at the end of 2022).
Other operating expenses recorded a net increase of 3.1%, compared to 2022, related to maintenance contracts that were not present in the year under comparison, the higher Eurocontrol contribution cost and professional services associated with the increased development activity of foreign orders. Within this item, on the other hand, there was a reduction in utility costs due to lower electricity prices, which also benefited from the measures implemented in this area by the institutions on system charges.

Margins

These developments produced **EBITDA** of €300.1 million, an increase of +10.2 on 2022.
Depreciation and amortisation, net of grants on investments, recorded a decrease of 0.6% due to higher grants on investments that include a portion related to investments financed under the NRRP, while the write-down of receivables, together with the provision for risks, resulted in a total negative value of €10.2 million, an increase of €4.3 million compared to 2022, as a better estimate of liabilities considered probable for certain disputes at Group level. These developments impacted **EBIT**, which came to €172.7 million, an increase of 16.4% on the previous year.

Financial income and expenses amounted to a negative €11.2 million, a marked increase compared to the year under comparison, associated with the increase in interest rates on bank debt, an effect partly offset by the interest income recognised on bank deposits and the financial income of €2.5 million recognised in connection with the positive renegotiation and reduction of the credit spread on the €360 million financial liability.
Income taxes for the year amounted to €48.7 million, an increase of €5.4 million compared with the previous year, reflecting greater taxable income and different impact of deferred tax assets compared with 2022. The IRES tax rate amounted to 25.3%, slightly higher than the theoretical rate due to the temporary recoveries recognised during the year.
The Group's profit for the year amounted to €112.9 million, an increase of 7.5%, compared to 2022. The share of the result for the year of non-controlling interests showed a loss of €0.2 million, an improvement of 58.4% compared to the previous year.

Reclassified Consolidated Financial Position

	at 31.12.2023	at 31.12.2022	Changes	
Property, plant and equipment	817,974	847,440	(29,466)	-3.5%
Right-of-use assets	4,862	4,252	610	14.3%
Intangible assets	190,296	180,418	9,878	5.5%
Investments in other entities	46,682	36,310	10,372	28.6%
Non-current trade receivables	526,841	606,775	(79,934)	-13.2%
Other non-current assets and liabilities	(140,472)	(151,156)	10,684	-7.1%
Net non-current assets	**1,446,183**	**1,524,039**	**(77,856)**	**-5.1%**
Inventories	61,770	61,082	688	1.1%
Trade receivables	391,303	333,568	57,735	17.3%
Trade payables	(195,715)	(140,096)	(55,619)	39.7%
Other current assets and liabilities	(138,406)	(142,070)	3,664	-2.6%
Net working capital	**118,952**	**112,484**	**6,468**	**5.8%**
Gross capital employed	**1,565,135**	**1,636,523**	**(71,388)**	**-4.4%**
Employee benefit provisions	(39,429)	(40,869)	1,440	-3.5%
Provisions for risks and charges	(13,607)	(11,443)	(2,164)	18.9%
Deferred tax assets/(liabilities)	28,907	30,531	(1,624)	-5.3%
Net capital employed	**1,541,006**	**1,614,742**	**(73,736)**	**-4.6%**
Equity attributable to shareholders of the Parent	1,217,605	1,205,554	12,051	1.0%
Non-controlling interests	1,128	1,340	(212)	-15.8%
Shareholders' equity	**1,218,733**	**1,206,894**	**11,839**	**1.0%**
Net financial debt	322,273	407,848	(85,575)	-21.0%
Total funding	**1,541,006**	**1,614,742**	**(73,736)**	**-4.6%**

(thousands of euros)

Net capital employed amounted to €1,541 million at 31 December 2023, a decrease of €73.7 million compared to 31 December 2022. Of the total, 79.1% is funded by consolidated equity and 20.9% by net financial debt.

The ENAV Group's net non-current assets amounted to €1,446.2 million, a net decrease of €77.8 million, compared to 31 December 2022, mainly due to: (i) the decrease in tangible assets in the amount of €29.5 million as a function of depreciation that was higher than the investments in progress recognised during the year; (ii) the higher value of equity investments in other companies in the amount of €10.4 million due to the adjustment of the value of the investment to *f*air value in Aireon LLC; (iii) the net reduction in non-current trade receivables of €79.9 million due to the effect of the new balance receivables recognised in the 2023 financial year, net of the financial component, which is lower than the portion of balance receivables recognised in the 2024 rate.

Net working capital was a positive €118.9 million, an increase of €6.5 million from 31 December 2022. The main changes concerned: i) the net increase in trade receivables of €57.7 million, referring for €12.4 million to the higher receivable from Eurocontrol for a higher invoicing referring to the months of November and December flights that did not expire with respect to the corresponding months of the previous year, and for €41.3 million to the balance receivable as the net effect between the portion recognised in profit or loss, i.e. included in the 2023 rate, and the balance that will be recognised in the 2024 rate, including, inter alia, the second portion of the balance recognised in the 2020/2021 combined period relating to the loss of traffic generated as a result of the health emergency; ii) the increase in trade payables in the amount of €55.6 million related both to higher payables to suppliers as a result of activities concentrated at the end of the year and to the debt for balance that will be included in the 2024 rate and specifically related to the balance for traffic risk that emerged in 2022 iii) the change in other current assets and liabilities, which resulted in a net effect of €3.7 million in lower payables, mainly due to the reduction in tax payables for current taxes due to having paid more tax advances during the year than in the year under comparison and for lower IRPEF withholdings on employees and social security contributions, compared to 31 December 2022, where the payable was higher as it was determined on December remuneration that contained the payment of inflation recognised for the years of contractual *vacatio*.

The determination of the net invested capital also includes the employee benefit fund for negative €39.4 million, a decrease of €1.4 million for the severance payments paid to employees, the provisions for risks and charges for €13.6 million, an increase of €2.2 million as the net effect between new registrations and reduction in the provision for other personnel costs for self-pension given the termination of the employment relationship for two managers, assets for deferred tax assets and liabilities for deferred taxes for a net amount of positive €28.9 million, a decrease compared to 31 December 2022 due to the reversal of the tax recorded for the adjustment to the fair value of the investment in Aireon in addition to the reversal to the income statement of the share pertaining to the deferred taxation emerged in the process of allocating the purchase price of IDS AirNav.

The total net equity stands at €1,218.7 million and records a net increase of €11.8 million, compared to 31 December 2022. This change refers to the 2023 consolidated profit of €112.7 million, the positive effect of the fair value adjustment of the investment in Aireon in the amount of €9.4 million net of the tax effect. These positive effects were partially offset by the payment of the €106.4 million dividend from the 2022 result paid out to shareholders in October 2023, the net effect between the purchase of treasury shares and their allocation to the beneficiaries of the long-term share incentive plan in the amount of €1.2 million, and the negative effect of the reserve for the translation of the financial statements of foreign subsidiaries into euro in the amount of €2.3 million.

Net financial debt at 31 December 2023 showed a balance of €322.3 million, an improvement of €85.6 million compared to the figure recorded at 31 December 2022. That figure reflects the provisions of the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	at 31.12.2023	at 31.12.2022	Changes	
Cash and cash equivalents	224,876	267,732	(42,856)	-16.0%
Current financial receivables	0	169	(169)	n.a.
Current financial debt	(19,659)	(431,651)	411,992	-95.4%
Current lease liabilities as per IFRS 16	(2,549)	(2,009)	(540)	26.9%
Net current financial debt	**202,668**	**(165,759)**	**368,427**	**n.a.**
Non-current financial debt	(503,492)	(165,094)	(338,398)	n.a.
Non-current lease liabilities as per IFRS 16	(2,384)	(2,570)	186	-7.2%
Non-current trade payables	(19,065)	(74,425)	55,360	-74.4%
Non-current financial debt	**(524,941)**	**(242,089)**	**(282,852)**	**n.a.**
Net financial debt	**(322,273)**	**(407,848)**	**85,575**	**-21.0%**

(thousands of euros)

The reduction in net financial debt that emerged at 31 December 2023 is mainly due to the effect of income and payments dynamics related to day-by-day operations which produced a positive cash flow, closely linked to the recovery of air transport activities which produced higher inflows from the Parent Company's core business, also offsetting the higher payments made to staff, due to the renewal of the economic part of CCNL.
During the year, in addition to ordinary activities, we proceeded with dividend payments were made for a total of €106.4 million, the payment of the payable due to the Ministry of the Economy and Finance for a total of €43.6 million, the payment of the payable to ENAC for the portion of route and terminal receipts pertaining to it and to the Italian Air Force for the portion of terminal receipts pertaining to it for a total of €20.8 million, the purchase of treasury shares for €2.2 million and the payment of the balance and first and second advance of current taxes for €61.1 million.
In addition, it should be noted that the Group has short-term committed and uncommitted undrawn credit lines as of 31 December 2023, amounting to €199 million.

Consolidated Cash Flows

	2023	2022	Changes
Cash flow generated/(absorbed) by operating activities	210,615	236,897	(26,282)
Cash flow generated/(absorbed) by investing activities	(71,598)	(70,165)	(1,433)
Cash flow generated/(absorbed) by financing activities	(181,760)	(124,510)	(57,250)
Net cash flow for the year	**(42,743)**	**42,222**	**(84,965)**
Cash and cash equivalents at the beginning of the year	**267,732**	**225,310**	**42,422**
Exchange rate differences on cash	(113)	200	(313)
Cash and cash equivalents at the end of the year	**224,876**	**267,732**	**(42,856)**
Free cash flow	**139,017**	**166,732**	**(27,715)**

(thousands of euros)

Cash flow generated by operating activities as at 31 December 2023 amounted to €210.6 million, showing a negative change of €26.3 million compared to the value recorded in the previous year, which had generated cash of €236.9 million. This positive flow was determined by the combined effect of the following factors: i) the decrease in current and non-current trade receivables for €22.2 million, which, although in the presence of a higher receivable from Eurocontrol for the higher flight in the last two months of the year compared to the corresponding previous period, was affected by the net decrease in receivables for Balance, which, starting from 2023, saw the recovery in constant instalments of the balance recognised in the 2020-2021 combined period. In the year 2022, there was an increase in trade receivables of €76.7 million, which did not yet reflect decreases in balance but only increases due to new entries in the year of accrual; ii) the decrease in tax and social security payables due to lower direct tax payables as a result of higher tax advances paid in 2023 (€61.1 million compared to €39.6 million in 2022) and lower employee IRPEF withholdings and related social security contributions compared to the comparative year, which had a higher tax and social security burden for employees as it was calculated on December remuneration that contained the payment of the contractual *vacatio* period defined at the time of the renewal of the national collective labour agreement iii) the net increase in other current assets and liabilities of €9.7 million for the higher liabilities related to payables to the Italian Air Force and ENAC for the portion of route and terminal receipts pertaining to them that arose during the year and the increase in payables to personnel for provisions for the year. In the year under comparison, there was a decrease in other current assets due to the receipts of projects financed under the PON Transport programme; iv) the change in current and non-current trade payables recorded a decrease of €38.3 million, mainly referring to the lower balance payable in 2023 compared to the previous year, an effect that was partly offset by the higher payables to suppliers due to higher invoicing in the final months of the year; v) the higher result for the year of €8.2 million compared to 2022.

Cash flow from investing activities as at 31 December 2023 absorbed cash of €71.6 million, slightly more than in 2022. This change is mainly related to the higher capex for the year, which amounted to v110.5 million, compared to €97.8 million in 2022, with the value of payments to suppliers for investment projects tending to remain stable as the debt is represented by invoices that are mainly not past due.

Cash flow from financing activities absorbed liquidity totalling €181.8 million, generating a negative change of €57.2 million compared to the figure at 31 December 2022. The financial manoeuvre saw 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 three Term Loans totalling €180 million subscribed in July 2021 with a term of 24 months. In the 2023 financial year, the quarterly/semi-annual instalments of the outstanding loans were paid in accordance with the contractual amortisation schedules in the amount of €68.7 million, treasury shares were purchased in the amount of €2.2 million, and the 2022 dividend of €106.4 million was paid in October, in accordance with the shareholders' resolution of 28 April 2023.

Free cash flow was a positive €139 million, a decrease of €27.7 million compared to 2022, when it was a positive €166.7 million, due to the cash flow generated by operating activities, which fully covered the cash flow absorbed by investing activities.

Performance and Financial Position of ENAV S.p.A.

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

Reclassified Income Statement

ENAV S.p.A. closed 2023 with a net profit of €107.2 million, an increase of 16% compared with the previous year, when net profit amounted to €92.4 million.

	2023	2022	Changes Values	Changes %
Revenues from operations	962,092	894,973	67,119	7.5%
Balance	(28,090)	(14,817)	(13,273)	89.6%
Other operating income	45,938	45,710	228	0.5%
Total revenues	**979,940**	**925,866**	**54,074**	**5.8%**
Personnel costs	(497,426)	(474,688)	(22,738)	4.8%
Capitalised costs for internal work	10,349	9,321	1,028	11.0%
Other operating expenses	(209,022)	(205,375)	(3,647)	1.8%
Total operating costs	**(696,099)**	**(670,742)**	**(25,357)**	**3.8%**
EBITDA	**283,841**	**255,124**	**28,717**	**11.3%**
EBITDA margin	**29.0%**	**27.6%**	**0.6%**	
Net amortisation of investment grants	(114,228)	(115,140)	912	-0.8%
Write-downs, impairment (reversal of impairment	(8,072)	(6,669)	(1,403)	21.0%
EBIT	**161,541**	**133,315**	**28,226**	**21.2%**
EBIT margin	**16.5%**	**14.4%**	**2.1%**	
Financial income/(expense)	(10,337)	(165)	(10,172)	n.a.
Income before taxes	**151,204**	**133,150**	**18,054**	**13.6%**
Income taxes	(44,007)	(40,749)	(3,258)	8.0%
Profit/(Loss) for the year	**107,197**	**92,401**	**14,796**	**16.0%**

(thousands of euros)

Revenues from operations amounted to €962.1 million, up 7.5% compared to the previous year, due to the higher core business revenues recorded in FY2023, which showed a marked upturn in air traffic activities compared to the figures for FY2022, and exceeding, in terms of en-route service units, the values of 2019, the year before the health emergency, at +5.7%. Specifically, commercial en-route revenues amounted to €695 million, up 7.2%, compared to 2022, due to the increased service units operated in 2023 of +11.2%, despite a reduction in the unit rate applied in 2023 of 4.2%, a reduction that would amount to -15.8% if only the unit rate net of balance is considered.

Commercial terminal revenues amounted to €241 million, an increase of 9.3% compared to 2022, due to the positive performance of the service units developed at individual airports separated by charging zones which overall stood at +11.1 %, recovering 98.2% compared to 2019 in terms of service units. In particular, *charging zone 1*, represented by Rome Fiumicino airport, recorded an increase in assisted air traffic, expressed in service units, of +29.9% with a slight unit rate increase of 0.52%, compared to 2022, reaching €183.56. *Charging zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio, records an increase in assisted air traffic, expressed in service units, of +10.2% compared to 2022. The unit rate applied in 2023 is equal to €214.16, a slight decrease compared to the unit rate for 2022 (-0.34%). *Charging zone 3*, which includes 40 airports with medium and low traffic, recorded an increase in assisted air traffic, expressed in service units, of +4.7%, compared to 2022, and shows a unit rate applied that is basically in line with the previous year (€334.08 vs. €334.24).

Revenues for exempt en-route and terminal flights, the fee for which is, by law, paid by the Ministry of Economy and Finance, amounted to €11.9 million, a decrease of -4.7%, compared to 2022, due to the fewer en-route and terminal exempt service units managed during the year.

Revenues from non-regulated market amounted to €14.2 million, an increase of 2.9%, compared to the previous year, mainly due to revenues generated in favour of the Qatar Civil Aviation Authority for services related to the Performance of flight assistance support services and for activities related to the new contract with Saudi Arabia for airspace restructuring.

The balance adjustment component, which is an integral part of revenues from operations, had a negative impact of €28.1 million as the net effect of the balance recognised in 2023 amounting to a positive €77.7 million, especially balance related to the increase in inflation of €62,5 million, associated with the different inflation rate between the figure recorded in 2023 equal to +5.9%, compared to what was included in the performance plan that stood at 1.15%, and the balance for bonus capacity having determined for the route a 0.01 minute delay per assisted flight compared to the target of 0.04 minute delay per assisted flight. These positive effects were partly offset by the recognition of the balance for traffic risk of the second charging zone in the amount of €1.7 million in repayment to carriers and by the balance for depreciation and EU financing, totalling €14.6 million, in repayment to carriers in accordance with rate regulations. In contrast to the previous year, in which a balance for route traffic risk of €50 million in refunds to carriers was recorded, in the financial year 2023, this balance did not arise, having generated service units of +1.54%, compared to the figure envisaged in the Performance Plan, within the range of 2%, which does not provide for refunds to carriers under European regulations. The balance item also includes the first portion of the balance recognised in the 2020-2021 combined period recoverable on a straight-line basis over 5 years and in 7 years for the third charging zone as from 2023, which together with other balance recognised in the two previous years, resulted in a utilisation in the income statement, and in the 2023 unit rate, of a total negative amount of €100.4 million.

Operating costs totalled to €696.1 million, an increase of 3.8% on the previous year, related to both personnel costs (+4.8%) and other operating expenses (+1.8%).

With reference to personnel costs, which amounted to €497.4 million, there was mainly an increase in variable remuneration strictly related to the increased air traffic assisted in 2023, which translates into an increase in overtime work for operating personnel, an increase in the result bonus linked to the greater number of service units managed, and the recognition of a one-off amount for the summer period. This change was also affected by the increase in headcount, which rose to an average of +84 employees and +79 actual employees, compared to 2022, closing the year with an actual headcount of 3,385 (3,306 at the end of 2022), and the renewal of the economic part of the CCNL, which provided, among other things, for a 2% revaluation of the minimum contractual amounts as from September.

Other operating expenses recorded a small net increase of 1.8%, compared to 2022, associated with higher costs for Eurocontrol contributions, maintenance contracts that were not present in the year under comparison, and higher employee travel, also in support of foreign orders. On the other hand, there was a reduction in utility costs due to lower electricity prices, which also benefited from the measures implemented in this area by the institutions on system charges.

These developments produced EBITDA of €283.8 million, an increase of 11.3% on 2022.

EBIT amounted to €161.5 million, up 21.2% compared to the previous year, a value determined downstream of the effects arising from the write-down of receivables, the allocation to provisions for risks, and the positive effect of the revaluation of the investment in Enav North Atlantic as a result of the recoverability analysis of the carrying value of the investment held by it in Aireon.

Financial income and expenses showed a negative value of €10.3 million, a marked increase compared to the previous year, due to higher interest expenses on variable-rate loans related to both the rise in interest rates and the different composition of bank debt.

Income taxes stood at €44 million, an increase of €3.3 million compared to the previous year, due to the greater taxable base and a tax rate for the IRES tax equal to 24.7%, slight increase compared to the theoretical rate due to the impact deriving from the reversal of deferred tax assets.

As a result of the foregoing, net profit for the year came to €107.2 million.

Reclassified Financial Position

	at 31.12.2023	at 31.12.2022	Changes	
Property, plant and equipment	830,427	861,975	(31,548)	-3.7%
Right-of-use assets	2,381	1,356	1,025	75.6%
Intangible assets	81,682	71,673	10,009	14.0%
Investments	188,248	186,411	1,837	1.0%
Non-current trade receivables	526,841	606,775	(79,934)	-13.2%
Other non-current assets and liabilities	(140,291)	(151,530)	11,239	-7.4%
Net non-current assets	**1,489,288**	**1,576,660**	**(87,372)**	**-5.5%**
Inventories	61,762	61,075	687	1.1%
Trade receivables	364,400	311,846	52,554	16.9%
Trade payables	(175,371)	(127,226)	(48,145)	37.8%
Other current assets and liabilities	(209,389)	(204,157)	(5,232)	2.6%
Net working capital	**41,402**	**41,538**	**(136)**	**-0.3%**
Gross capital employed	**1,530,690**	**1,618,198**	**(87,508)**	**-5.4%**
Employee benefit provisions	(29,357)	(29,651)	294	-1.0%
Provisions for risks and charges	(13,522)	(11,341)	(2,181)	19.2%
Deferred tax assets/(liabilities)	13,716	12,095	1,621	13.4%
Net capital employed	**1,501,527**	**1,589,301**	**(87,774)**	**-5.5%**
Shareholders' equity	1,173,828	1,174,581	(753)	-0.1%
Net financial debt	327,699	414,720	(87,021)	-21%
Total funding	**1,501,527**	**1,589,301**	**(87,774)**	**-5.5%**

(thousands of euros)

Net capital employed amounted to €1,501.5 million, a decrease of -5.5% compared with 31 December 2022. Of the total, 78.2% is funded by equity and 21.8% by net financial debt.

Net non-current assets of €1,489.3 million recorded a net decrease of €87.4 million, compared to 31 December 2022, due to: (i) the decrease in tangible assets in the amount of €31.5 million due to depreciation in excess of capital expenditures recognised during the year; (ii) the increase in equity investments in the amount of €1.8 million as a result of the realignment of the carrying value of the equity investment in Enav

North Atlantic; and (iii) the net decrease in non-current trade receivables in the amount of €79.9 million as an effect of the new balance receivables recognised in the 2023 financial year, net of the financial component, which was more than offset by the short-term reclassification of balance receivables that will be included in the 2024 unit rate.

Net working capital amounted to a negative €41.4 million, tending to be in line with the figure as at 31 December 2022. The main changes concerned: i) the increase in trade receivables of €52.5 million, of which €12.4 million related to the higher receivable from Eurocontrol for the invoicing referred to the months of November and December flights compared to the corresponding months of the previous year and €41,3 million to the reclassification of the balance receivable related to the second tranche of the balance recognised in the 2020-2021 combined period referring to the loss of traffic generated as a result of the health emergency, the recovery of which was expected in five years, with the exception of the third tranche that will be recovered in seven years, starting from the 2023 unit rate; ii) the increase in trade payables in the amount of €48.1 million mainly related to the debt for balance recognised in the 2022 financial year and referring in particular to the en-route traffic risk that will be included in the unit rate in 2024.

The employee benefits provision also affects the determination of the net invested capital for a negative €29.4 million, decreasing due to the severance payments paid during the year; provisions for risks and charges for €13.5 million and assets for deferred tax assets and liabilities for deferred taxes for a net amount of positive €13.7 million.

Shareholders' Equity tended to be in line with 31 December 2022 at €1,173.8 million due to the recognition of the 2023 profit of €107.2 million net of the 2022 dividend payment of €106.4 million.

Net financial debt amounted to €327.7 million, an improvement of €87 million on 31 December 2022.

	at 31.12.2023	at 31.12.2022	Changes	
Cash and cash equivalents	207,958	246,692	(38,734)	-15.7%
Current financial receivables	5,441	1,929	3,512	n.a.
Current financial debt	(19,659)	(431,651)	411,992	-95.4%
Current lease liabilities as per IFRS 16	(866)	(757)	(109)	14.4%
Net current financial position	**192,874**	**(183,787)**	**376,661**	**n.a.**
Non-current financial receivables	3,198	8,554	(5,356)	-62.6%
Non-current financial debt	(503,492)	(165,094)	(338,398)	n.a.
Non-current lease liabilities as per IFRS 16	(1,580)	(698)	(882)	n.a.
Non-current trade payables	(18,699)	(73,695)	54,996	-74.6%
Non-current financial debt	**(520,573)**	**(230,933)**	**(289,640)**	**125.4%**
Net financial debt	**(327,699)**	**(414,720)**	**87,021**	**-21.0%**

(thousands of euros)

The reduction in net financial debt that emerged at 31 December 2023 is mainly due to the effect of income and payments dynamics related to day-by-day operations which produced a positive cash flow, closely linked to the recovery of air transport activities which produced higher inflows from the ENAV core business, also offsetting the higher payments made to staff, due to the renewal of the economic part of CCNL. During the year, in addition to ordinary activities, we proceeded with dividend payments were made for a total of €106.4 million, the payment of the payable due to the Ministry of the Economy and Finance for a total of €43.6 million, the payment of the payable to ENAC for the portion of route and terminal receipts pertaining to it

and to the Italian Air Force for the portion of terminal receipts pertaining to it for a total of €20.8 million, the purchase of treasury shares for €2.2 million and the payment of the balance and first and second advance of current taxes for €56.7 million.
The Company has committed and uncommitted short-term credit lines at 31 December 2023 amounting to €190 million.

Cash Flows

	2023	2022	Changes
Cash flow generated/(absorbed) by operating activities	212,338	244,091	(31,753)
Cash flow generated/(absorbed) by investing activities	(71,598)	(70,165)	(1,433)
Cash flow generated/(absorbed) by financing activities	(179,474)	(122,323)	(57,151)
Net cash flow for the year	**(38,734)**	**51,603**	**(90,337)**
Cash and cash equivalents at the beginning of the year	**246,692**	**195,089**	**51,603**
Cash and cash equivalents at the end of the year	**207,958**	**246,692**	**(38,734)**
Free cash flow	**140,740**	**173,926**	**(33,186)**

(thousands of euros)

The cash flow generated by operating activities at 31 December 2023 amounted to €212.3 million, a decrease compared to the value recorded in the previous year of €244.1 million. This flow was determined by the following factors: i) the decrease in current and non-current trade receivables for €27.4 million, which, although in the presence of a higher receivable from Eurocontrol for the higher flight in the last two months of the year compared to the corresponding previous period, was affected by the net decrease in receivables for Balance, which, starting from 2023, saw the recovery in constant instalments of the balance recognised in the 2020-2021 combined period. In the year 2022, there was an increase in trade receivables of €74.6 million, which did not yet reflect decreases in balance but only increases due to new entries in the year of accrual; ii) the decrease in tax and social security payables due to lower direct tax payables as a result of higher tax advances paid in 2023 (€56.7 million compared to €34 million in 2022) and lower employee IRPEF withholdings and related social security contributions compared to the comparative year, which had a higher tax and social security burden for employees as it was calculated on December remuneration that contained the payment of the contractual *vacatio* period defined at the time of the renewal of the national collective labour agreement iii) the net increase in other current assets and liabilities of €9.4 million for the higher liabilities related to payables to the Italian Air Force and ENAC for the portion of route and terminal receipts pertaining to them that arose during the year and the increase in payables to personnel for provisions for the year. In the year under comparison, there was a decrease in other current assets due to the receipts of projects financed under the PON Transport programme; iv) the change in current and non-current trade payables recorded a decrease of €40 million, mainly referring to the lower balance payable in 2023 compared to the previous year, an effect that was partly offset by the higher payables to suppliers due to higher invoicing in the final months of the year.
Cash flow generated from investing activities as at 31 December 2023 absorbed cash of €71.6 million, a slight increase of €1.4 million compared to 2022. This change is associated with the increase in capex, which

amounted to €105.1 million compared to €97.4 million in the previous year, and the higher payments made to suppliers for investment projects compared to 2022.

Cash flow generated from financing activities absorbed cash totalling €179.5 million more than in 2022, which had absorbed cash of €122.3 million. The financial manoeuvre saw 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 three Term Loans totalling €180 million subscribed in July 2021 with a term of 24 months. In the 2023 financial year, the quarterly/semi-annual instalments of the outstanding loans were paid in accordance with the contractual amortisation schedules in the amount of €68.7 million, treasury shares were purchased in the amount of €2.2 million, and the 2022 dividend of €106.4 million was paid in October, in accordance with the shareholders' resolution of 28 April 2023.

Free cash flow amounted to a positive €140.7 million, down by €33.2 million compared to 2022, when it was a positive €173.9 million, as a result of the cash flow generated from operating activities, which largely covered the absorption of cash flow from investing activities.

Human resources

As of 31 December 2023, the ENAV Group has a staff of 4,254 units (4,185 units in 2022) and records an effective increase of 69 units, compared to the staff of 2022, and an increased average staff of 88 resources. The Group is present throughout the national territory for the provision of flight assistance services and for the maintenance of operational systems, while its presence is noted in various European and non-European countries for the marketing activities of AIM software solutions and for aeronautical consultancy.

Industrial relations

During 2023, discussions with the social partners focused on the renewal of the regulatory part of the National Collective Labour Agreement (CCNL) for ATM services, with the aim of supporting the transformations of the organisational model of some of the facilities envisaged in the business plan, including the implementation of digital towers.

With regard to operating procedures, in 2023, an agreement was formalised with the trade unions to revise the regulations on working time for operational staff in H35, which moved along two main lines: on the one hand, the introduction of structural flexibility measures, for which a specific allowance was established, and, on the other, measures to combat absenteeism during the summer season, for which measures linked to presence were envisaged. In particular, as far as the time system is concerned, the main innovations, which are structural in nature, concern the possibility of planning a variable amount of overtime according to operational needs and the introduction of more shift start times.

All these measures will allow better planning of attendance both over the month, through overtime planning, and over the day (through the new shift structure), with predictable positive effects on service performance. In addition to these elements, in order to manage the summer season as well as possible, an Attendance Premium similar to the one applied in the previous year, linked to attendance on ordinary shifts, has been envisaged to counter absenteeism. With this in mind, an innovative measure was also included that provides for the possibility of using welfare services by beneficiaries of leave under Law 104/92, so as to enable them to reconcile care needs with their presence at work.

In order to support the digitalisation process of operational activities, a further agreement was signed with the trade unions, which agreed on the institution of an indemnity to be paid to air traffic controllers of plants whose activities are transformed following 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, and will be extended to the other plants when their activities are digitalised and to all the staff of the Regional plants from 1 January 2025.
A further intervention in the operating model of the strategic plants was carried out with the creation of a new supervisory figure in the control towers, who was given greater responsibilities than in the previous organisational set-up with the recognition of an ad hoc salary.
In the last few months of the year, a number of meetings were held with the Trade Unions to analyse the consequences on workers of the initiatives related to the transfer, envisaged in the business plan, of some activities from the Turin and Venice plants to the Area Control Centres (ACC) in Milan and Padua, as well as of part of the airspace currently managed by the Brindisi ACC to the Rome ACC, an activity that will end in June 2024. With specific reference to this last point, ENAV confirmed its willingness to agree with the trade unions on the employment and salary guarantees to be granted to the workers involved in the programme.
Finally, during 2023, there was one strike action at national level, with an adhesion of about 80%, while at local level, there were seven strikes, with an adhesion of about 54%, which did not have a significant impact on the regularity of operations.

Training

Operational training activity in 2023 saw a significant increase in both the ab-initio, external selection and internal selection types of training, as well as in advanced training, both contributing positively to the overall final figure of training hours provided in 2023, which stood at 157,569 hours, compared to 104,958 hours in 2022, an increase of 65% over the previous year.
In particular, training hours were delivered through the following courses:

- 113,636 hours of ab-initio training for 461 participants (51,228 hours for 198 participants in 2022);
- 23,197 hours of advanced training for 86 participants (19,879 hours for 46 participants in 2022);
- 12,240 hours of ongoing training for 473 participants (18,292 hours for 804 participants in 2022);
- 8,496 hours of training for external customers with 314 participants (15,559 hours for 263 participants in 2022).

The significant increase in ab-initio training, compared to 2022, is due to the training programme started up during the financial year for the introduction of additional new resources into the operational chain, made available by the numerous internal and external selections carried out, both for operational personnel in the figures of ATCO (Air Traffic Control) / FISO (Flight Information Service Officer)/Aviation Meteorologist Technician and for ATSEP (Air Traffic Safety Engineering Personnel), a term used to indicate technical personnel involved in the operation, maintenance and installation of communication, navigation, surveillance and air traffic management (CNS/ATM) systems. In 2023, there are 49 new resources, who started training in 2022 from external selection and who will complete their training in 2024 and be assigned to operational structures.
The increase in advanced training, compared to the previous year, is the result of a continuation of the training programmes for CTA (Air Traffic Controllers) personnel transferred from strategic control towers to

ACC (Area Control Centres) and not least the generational turnover due to retirements, due to reaching age limits.

Continuing education, on the other hand, saw a reduction in the number of hours provided following the completion of the back-to-normal programmes started in 2021 to prepare operational staff for the resumption of air traffic after the COVID-19 blockade and continued in 2022.

Training for external customers, due to the high demand for operational training for internal staff, was reduced compared to 2022, which benefited instead from the training provided to Qatari air traffic controllers to enable them to conduct normal air traffic management during the 2022 Football World Cup in November and December.

Operational training in 2023 recorded a significant increase in performance levels with training interventions for 11 courses, with a total of 7,373 training hours for 987 participants compared to 5,730 hours and 130 participants in 2022.

Finally, the activity towards third parties related to the collaboration with Alma Mater, which includes the provision of a 60-hour course for students of the three-year aerospace engineering degree, remains a distinctive element.

The year 2023 ended with 32 training actions addressed to internal operational staff and 19 initiatives aimed at external customers.

With regard to managerial and specialist training, in 2023 training sessions involved more than 40,000 hours (59,500 hours in 2022) and around 5,835 participants in language, management and specialist training initiatives in synchronous learning arrangements (actual classroom and virtual classroom training) and asynchronous sessions (e-learning), thereby supporting professional development and the enhancement of the skills of Group personnel through training activities.

Among the initiatives carried out in synchronous mode, referring to 9,918 hours for 670 participations, of particular importance is the continuation of the courses intended for structure managers with the aim of developing their leadership, the induction courses for new hires, as well as access to training opportunities offered by Human Resources. Catalogue training activities also continued on specialist topics of interest to staff structures and indirect operational structures.

Asynchronous training, involving 22,858 hours and 4,800 participants, was primarily focused on satisfying mandatory and statutory training requirements, with special attention being devoted to anti-bribery training as part of the effort to maintain ISO 37001 certification and that dedicated to issues concerning the 231/01 compliance model. The reduction in the amount of e-learning training hours, compared to 2022, is mainly due to the completion of the five-yearly refresher training of workers under Legislative Decree 81/2008.

Language training was conducted using both synchronous and asynchronous approaches, involving 365 people for a total of 7,268 hours, with activities organised into self-study, individual courses, multimedia courses and thematic workshops. During 2023, a significant amount of language training was dedicated to ATSEP colleagues of the Techno Sky subsidiary to consolidate language skills in order to maintain certification.

Occupational health and safety

The ENAV Group attaches great importance to the physical and moral integrity of its employees, the maintenance of working conditions that respect individual dignity and safe and healthy work environments. The Group therefore pursues the dissemination and consolidation of a solid occupational health and safety culture, developing awareness of risks and promoting responsible behaviour on the part of all personnel.

With reference to the management of the COVID-19 pandemic emergency, given the declaration of the World Health Organisation (WHO), which decreed the end of the state of the SARS-CoV-2 virus pandemic, the ENAV Group has decided that the safety and prevention of contagion measures previously in place are no longer applicable, without prejudice to the obligation to wear FFP2 type respiratory protection devices in compliance with the UNI EN149:2009 standard made available by the Employer in the presence of a specific prescription by the Company Doctor as reported in the Judgement of Suitability for the job.
During 2023, the certification body DNV-GL successfully carried out audits to maintain the UNI ISO 45001:2018 certification for the Italian companies of the ENAV Group.
With regard to the analysis of injuries, out of 14 accidents occurring at ENAV, 9 were classified as having occurred during travel to and from work and 5 occurred at work but were not directly attributable to the tasks performed by the worker involved. For Techno Sky, of 7 injuries, 2 occurred during travel to and from work, while those that occurred at work (5) were only partly attributable to the job performed by the worker. For IDS AirNav, 2 commuting accidents occurred and no occupational accidents occurred. No injuries occurred in D-Flight.
For all Group offices, the drafting and updating continued of Risk Assessment Documents, Emergency Plans, Single Interference Risk Assessment Documents (DUVRI), Cooperation and Coordination Minutes (VCC) as well as the management of personal protective equipment, the provision of training on health and safety at work and the carrying out, according to the scheduled planning, of the health surveillance of workers, according to the approved health protocols, fire drills and physical surveillance of radiation sources, carried out by Radiation Protection Experts.
Finally, as part of the work-related stress risk assessment for ENAV, Techno Sky and IDS AirNav, a preliminary assessment was completed for the detection of organisational indicators of Context and Work Content according to INAIL guidelines and in collaboration with an external professional, an occupational psychologist. In addition, the in-depth assessment has been initiated, which will involve all workers in 2024 through the administration of an anonymous questionnaire to survey the subjective perception of work-related stress risk of the entire company population.

Investments and the NRRP

Group investments are intended to ensure that the assets supporting domestic air traffic management services: i) are consistent with the required technical, financial and performance objectives; ii) meet the quality and performance standards established domestically and internationally by industry regulatory authorities; iii) are in line with the development of the technological platform and with the new operational concepts defined and developed for the ATM (air traffic management) network at the European level; and iv) serve the development needs of the non-regulated market.
Most investments are represented by initiatives involving operational technology infrastructure, because it directly affects core business activities in terms of the efficiency, cost-effectiveness and safety of air traffic management services. The tool through which investments are planned is the multi-year investment plan, aligned with the European Master Plan and updated through reformulations that take into account operational needs that emerge during the year. In 2023, the work launched in 2022 on the Investment Plan continued, with the achievement of the first relevant milestones.

In 2023, a Group capex value of €110.5 million was recorded (€97.8 million at 31 December 2022) and €105.1 million (€97.4 million at 31 December 2022) reported to the Parent Company.
Major investments in 2023 and completed include developments on the SATCAS system, Arrival Management (AMAN) and Tactical Controller Tool Automatic (TCT).
Investments in progress and therefore not yet completed include:

- ✓ continuation of the 4-Flight programme, which is designed to develop the new automation technology platform for Italian Area Control Centres (ACC) and adopt the Coflight system as a basic component;
- ✓ progress in the development of a new version of airport weather observation systems;
- ✓ progress of approach transfer (APP) within the ACCs (Area Control Centres), which is expected to be completed in 2025;
- ✓ continuation of the construction of Remote Towers at twenty-six airports.

SESAR and research and development activities

The implementation of investment projects sees an indispensable research activity to be carried out in the years prior to the execution of the deployment programmes, as any innovative functionality in the ATM world must be validated and shared internationally through a common research activity known as SESAR (Single European Sky ATM Research).
The SESAR European research and development project is an initiative launched by the European Commission to provide the Single Sky regulatory framework with the innovative technological elements that enable the creation of a modern, interoperable, sustainable, resilient and efficient air traffic management system that is capable of guaranteeing the development of air traffic on a secure foundation that is environmentally friendly and reduces the fragmentation of airspace management.
The research and development work is coordinated by the SESAR Joint Undertaking (SJU), a public-private partnership established in 2008 with a time horizon of activities up to 2024. In December 2021, the new SESAR 3 Joint Undertaking was established, the renewed European partnership that will act with a mandate until 2031 to manage the new third phase of the Programme (SESAR 3 – Digital European Sky). The parent company renewed its interest in the partnership and formalised its participation as a Founding Member.
The programme consisted of the following three consecutive phases:

- SESAR 1 (2009-2016 period), which was successfully concluded in December 2016 and saw the Parent Company involved in 98 projects out of the 315 planned, including 20 in the role of coordinator.
- SESAR 2020 (period 2016-2023), ending in June 2023 and itself divided into three activity periods: Wave 1 (period 2016-2020), Wave 2 (period 2019-2023) and Wave 3 (period 2021-2023). The three Waves saw the Parent Company participate in 16 projects, respectively, of which 2 with the role of coordinator for Wave 1 and in 12 and 4 projects in the other Waves.
- SESAR 3, launched at the end of 2022 with a time horizon to 2031, sees the ENAV Group currently involved in 17 projects selected in accordance with its operational and industrial interests. In terms of content, SESAR 3 gives continuity to the previous two phases and is characterised by important innovation elements selected under the banner of digitalisation, automation and sustainability (Aviation Green Deal) and aimed at developing a European ATM system that is increasingly efficient, safe, sustainable and resilient. The ENAV Group has in its portfolio two demonstration projects (HERON and U-ELCOME) and 15 industrial research projects covering a wide range of technologies necessary for the realisation of the Digital European Sky by 2040, through the development of solutions that will see their

application in sensitive areas for the Air Traffic Management (ATM) sector. New calls are planned in the coming years in the course of the programme.

Participation in the SESAR Programme represents an opportunity for the ENAV Group to contribute to the definition of the new European ATM System and to steer developments in accordance with corporate and national priorities. The experience and image acquired in these years of SESAR developments testify to the key role of the parent company in the European ATM scenario and, in line with a broader strategic design, guarantee the Group a first-class role in the international industry.

SESAR Deployment Manager

The SESAR Deployment Manager (SDM) is a body within the European Commission established to coordinate and synchronise the modernisation of the air traffic management system in Europe. As of 1 June 2022, at the end of the mandate of the SESAR Deployment Alliance (SDA), the SESAR Deployment and Infrastructure Partnership (SDIP) was officially selected and delegated by the European Commission to perform the functions of the Deployment Manager. This represents a new partnership that brings together 4 airlines; 14 Air Navigation Service Providers, including ENAV, which control about 80% of the flights in the European Union, as well as all the main traffic flows operated in our continent; Airports that can provide the full operational perspective of the airport; EUROCONTROL Network Manager with the network-wide vision, both technologically and operationally, necessary to ensure the seamless operation of the European ATM. The term of the current Deployment Manager will end in December 2027.

In accordance with Article 9 of the European Regulation 2013/409, the Deployment Manager has to ensure the synchronisation and coordination of the local deployment projects necessary to implement the Common Projects, i.e. the Commission’s implementing regulations requiring the EU Member States and their stakeholders to implement the most essential operational changes of the European ATM Master Plan. The first Common Project is known as the Pilot Common Project (PCP) and is defined by Regulation (EU) No. 2014/716, which constituted the reference document for the identification of priorities for European funding calls for the air transport sector.

The SESAR deployment activities, coordinated by the SESAR Deployment Manager, and co-financed by the European Commission through the CINEA Agency (European Climate Infrastructure and Environment Executive Agency), favour the annual update of the Deployment Programme, in the revision of which the Parent Company plays a role of leadership, in coordination with other European stakeholders. At the same time, the Parent Company maintains the alignment of its planning and requirements of the Deployment Programme to ensure the conformity of the implementation methods and timing planned with the applicable European regulations. Note that with regard to the cofinancing calls drawn on the Connecting European Facilities (CEF), 2023 saw the continuation of projects that have been awarded for the implementation of Regulation 2014/716, which was replaced in February 2021 by the issue of European Regulation 2021/116 Common Project One. The number of projects coordinated by the SDM totals 348, of which more than 271 have already been completed. Once fully complete, they will offer benefits in terms a decrease in operating delays, savings on jet fuel and a reduction in CO_2 emissions with full respect for the environment.

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

At the end of 2021, the ENAV Group signed agreements with the Ministry of Infrastructure and Transport (MIT) comprising 9 projects that express the excellence of the entire Group and fall within the scope of Digital Innovation and Green Infrastructures.

ENAV, IDS AirNav, Techno Sky and D-Flight have all contributed to defining a group of initiatives concerning a series of ENAV system modernisations, a maintenance model with the most advanced Information Technology techniques for Techno Sky, a new version of aeronautical information management systems for IDS AirNav and initiatives for the control and management of so-called ‘unmanned’ traffic in Italian skies for D-Flight.

During 2023, in agreement with the MIT, ENAV projects were excluded from the NRRP because critical issues arose that precluded their concrete realisation within the NRRP timeframe and in some cases even the need for modifications to take into account current technological developments. As is known, during the course of the year, the competent national institutional structures reshaped the Italian proposal regarding the projects to be financed through the NRRP, and this new planning document was approved by the Economic and Financial Council of the European Union (ECOFIN) on 8 December 2023. At the moment, national legislative measures are awaited, implementing the decision taken by ECOFIN.

The projects of the subsidiaries, on the other hand, remained financed under the NRRP, all expiring in 2026. In this regard, we highlight the project related to the subsidiary D-Flight concerning the ‘UTM platform development/connectivity system’, which at the end of 2023 received the positive outcome of the audit on the expenses incurred and reported, and is awaiting the disbursement of the intermediate portion envisaged as reimbursement in the amount of €1.9 million.

Environment

As part of the initiatives to develop a sustainable business, the ENAV Group has set itself the objective of reducing and enhancing the efficiency of consumption associated with the production of its services and of contributing to the reduction of the environmental impact of air operations. For these reasons, the Group seeks both to reduce the emissions associated with its activities and to contribute, by modernising and optimising the infrastructure and network of air traffic services (ATS), to the reduction of carbon dioxide (CO_2) emissions connected with the operations of airspace users.

In this context, the Group has adopted its own Environmental Management System (EMS) that implements the international standard ISO 14001:2015. Among the most significant points taken into consideration in the adoption of the EMS are: the identification of environmental aspects, i.e. the elements of the ENAV Group’s activities and services that interact with the environment and the assessment of their significance; the definition of the methods of implementation and fulfilment of compliance obligations, understood as the legal requirements that the Group must meet; the definition of risks and opportunities related to environmental aspects and compliance obligations, as well as any other issues emerging in the context analysis.

Operational measures

In order to favour the sustainable development of air transport, the Parent Company provides for the continuous review and modernisation of its infrastructures and ATS network and, to guarantee the highest levels of safety of operations (Safety), plans and implements modernisation interventions of its assets that, also through cooperation and synchronisation of collaborative initiatives with stakeholders aim to achieve the continuous improvement of the ATS network, making available to Air Operators increasingly environmentally friendly flight paths, characterised by shorter travel times and reduced constraints on planning and flight operations, so as to contribute to the reduction of fuel consumption and consequently to the impact on the environment.

All actions planned and implemented are catalogued and periodically monitored in the Flight Efficiency Plan (FEP).

In the annual update of the FEP, all of the implementations of Operational Efficiency measures carried out by the Parent Company are reported to optimise:

- ✓ ground handling of aircraft at the airport (start-up and taxi in/out phases);
- ✓ management of take-off operations and trajectories for the initial ascent;
- ✓ cruise flight activities (En-Route phase);
- ✓ flight profiles of the approach segments for landing.

The progress and effectiveness of the actions implemented to achieve the environmental targets and performance required of air navigation service providers (Environmental Key Performance Areas/Indicators), which are audited and overseen by ENAC, are reported and measured in the Flight Efficiency Plan.

The results of the actions reported in the Parent Company's FEP are also reported in the national plan for the reduction of carbon dioxide emissions – Italy's Action Plan on CO_2 Emissions Reduction – which, within the ECAC/ICAO framework, Italy has undertaken to implement as a contribution to the broader programme to combat climate change adopted in the aeronautical sector.

In 2020 and 2021, the extraordinary situation caused by the COVID-19 pandemic health emergency had resulted in a global contraction of airline connections, thus affecting environmental performance levels. From April 2022 onwards, however, there was a recovery to around 90% of the flights handled in 2019, while 2023 finally saw a return to normal with pre-pandemic air traffic levels being reached. In fact, in 2023, there was a 1.32% increase in the number of flights handled, compared to the values of 2019, with summer peaks of almost +10% compared to the same periods in 2019.

In continuity with what has been implemented in previous years and in addition to what has already been achieved with the implementation of the Free Route Airspace Italy Project (FRAIT – which consists of freer planning of trajectories in airspace above FL 305, approximately 9,000 metres), during 2023, thanks to the application of the Flexible Use of Airspace concept, implemented through a coordinated management process with the Italian Air Force (AMI) and ENAC for the scheduling phase of occupation and release of regulated portions of airspace, and to the continuous application of the flexible use of ATC configurations, in terms of punctuality, better performance levels were achieved than in 2019.

The Parent Company further optimised Airspace Availability, increasing the portions of airspace that can be used and utilised with greater flexibility, both in the Free Route Airspace Italy, and in the underlying airspace characterised by the ATS Route Network, so as to allow Airspace Users to carry out more efficient flight planning.

The continuous activity of updating and synchronising the ATS route network in the Terminal areas, both for the phases following take-off and those immediately preceding landing, together with the implementation, for traffic arriving at Fiumicino airport, of the AMAN (Arrival Manager) tool has enabled Air Traffic Controllers (ATC) to optimise the approach sequence leading to an improvement in punctuality performance,

optimisation of management and flight trajectories and has led to a reduction in ground taxiing times with a consequent reduction in fuel consumption and related emissions, with benefits for the environment.
It should be noted that the introduction of the AMAN tool for Fiumicino airport, has allowed a reduction of about 32,950 NM overall in the trajectories of air traffic approaching the airport, leading to a correlated reduction in fuel consumption estimated at about 366,000 kg, with related reductions in CO_2 emissions into the atmosphere of about 1,154,000 kg.
Furthermore, in 2023, operating in the Free Route Airspace Italy, approximately 41% of assisted air traffic was able to benefit from a reduction in the total distance planned from the departure airport to the destination airport (gate-to-gate), with a reduction overall of approximately 18.1 million planned kilometres (equal, on average, to approximately 33 km per aircraft), with a consequent reduction in CO_2 emissions of approximately 229 million kg and savings in terms of fuel necessary for operations “cruise” flight (En Route) estimated at approximately 72.5 million kg in total.
The portion of flight time that companies choose to plan in the airspace managed by ENAV continues to increase compared to 2019; in fact, in 2023, the ‘Occupancy Time’ increased by an average of one minute per assisted flight. This trend confirms the extent to which Italian airspace (both in the Free Route portion and, below, in the airspace defined by the ATS route network) is attractive to airspace users who, given its excellent performance in terms of capacity and predictability and the numerous flight efficiency measures implemented by ENAV to improve flight paths, prefer it over other possible solutions.
In this context, airlines have the opportunity to further reduce the total route length(Total Route Length) planned for the different City-Pairs crossing Italian airspace, with a consequent reduction in fuel consumption and related CO_2 emissions into the atmosphere.
In 2023, the airspace below Free Route Airspace Italy, i.e. the remaining portion that runs vertically from GND to FL305, was also further affected by improvements:

- ✓ as part of the transition plan to Performance Based Navigation (PBN), which resulted in the further publication of satellite-based instrument flight procedures (RNP and RNAV) and the connected and gradual decommissioning of obsolete, ground-based, radio navigation systems that are more polluting in terms of radio emissions (such as NDB and Locator);
- ✓ the advancement of the programme for the transfer of responsibility for the provision of approach control services to the Area Control Centres (ACC), which involved the transfer of the Turin approach control service to the Milan ACC and the Venice approach control service to the Padua ACC in 2023.

The combination of these activities has made it possible to obtain a further reduction in the distances planned/flown, with results that can be quantified in a reduction of approximately 8.23 million kg of fuel and with a consequent reduction in CO_2 emissions in the atmosphere estimated at approximately 25.95 million kg.

Projects connected with the development of Advanced Air Mobility

The future of sustainable mobility and the development of Advanced Air Mobility in its Urban component continues in line with the *National Plan for Advanced Air Mobility* prepared by ENAC and the ENAV Group also through its subsidiary D-Flight, which participated together with other public and private stakeholders in defining the proposal of the regulatory framework that would allow the development of Advanced Air Mobility in Italy.

Following the definition of Memorandums of Understanding and Cooperation Agreements with ENAC and other operators in the sector, strengthened by the experience gained in the implementation of the ATS network, aeronautical information and meteorology services, the ENAV Group has proactively contributed to the first formulation of Operational Concepts (ConOps) useful for defining the development of vertiports, potential networks of air links between nodes of a future general air mobility system (airports, stations, ports, interchange centres and poles, logistics hubs, etc.).

Such collaboration is also crucial for defining domestic requirements for aircraft with vertical take-off and landing Capable Aircraft (VCA) and the corresponding trajectories and ground infrastructure, to help create the conditions for replacing or at least reducing the use of less environmentally friendly modes of transport than those with electric propulsion.

In 2023, ENAV Group experts, together with the other stakeholders involved, supported ENAC in the definition of a set of documents, including: i) the Regulatory Sandbox guidelines; ii) the U-SPACE guidelines; iii) the first edition of the regulation "National Peer Requirements for Aircraft with Vertical Take-Off and Landing (VCA) Capability and Related Trajectories and Infrastructure".

The activity also supported the achievement of the national strategic objectives of Advanced Air Mobility and EU Drone Strategy 2.0.

Facilities projects

In line with the environmental policies introduced in recent years, the Parent Company is committed to the reduction of energy consumption and to reducing greenhouse gas emissions through the use of plants for the self-production of energy from renewable sources or from less-polluting sources (methane). The 28th United Nations Climate Change Conference (COP 28) held in Dubai in 2023 highlighted the need to reduce atmospheric pollutant emissions by 43% in 2030 and 60% in 2035 compared to 2019 levels, in order to limit global warming to 1.5°C. The Group is committed to embarking on a pathway that will bring it into compliance ahead of these deadlines.

To this end, the Parent Company entered into a contract for the purchase of electricity for all its sites generated from renewable sources. In compliance with Legislative Decree 102/2014, in 2023, the Parent Company carried out seven energy diagnoses on a total of 24 sites, according to the deadlines. These diagnoses have identified several proposals for improving energy efficiency, which will be subject to evaluation and possible integration with other interventions already planned for the modernisation of technological systems, with the aim of achieving a reduction in electricity consumption.

In the course of 2023, the photovoltaic installations of the Brindisi airport, the Brancasi remote site (TBT radio) and the Venice Tessera airport were completed. These facilities were added to those previously built, which are at the parent company's headquarters, the Bari and Ancona Falconara airports, the Brindisi Area Control Centre, the Naples, Genoa, Catania and Lampedusa airports, and the Masseria Orimini remote site. In addition, a plant is planned to be built at the Urbe airport.

As part of the plan to decommission the gas-fired thermal power stations, the ones at the Albenga site and those serving the ARO-MET premises in the Malpensa tower will be eliminated in 2024. Air conditioning systems in the Albenga office, Olbia equipment room and Bari airport centre will also be replaced. The new systems will be more efficient and have an advanced management system.

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

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

International activities

The year 2023 saw a reduction in the effects related to the COVID-19 pandemic. However, the impacts remain on aviation related to the Russian-Ukrainian conflict to which the Israeli-Palestinian conflict has been added. These events continued to influence international activities in terms of the number and mode of meetings, particularly with regard to in-person versus remote or hybrid participation.

In this context, the Parent Company continued, through meetings and with tele/video conferencing tools, the activities aimed at consolidating relationships with the other flight assistance Service Providers both at a bilateral level and through alliances and aggregations (such as the A6 or the Blue Med functional airspace block) as well as with the main international institutions and organisations existing in the field of air transport and in particular of Air Traffic Management (ICAO, the European Commission, the new Sesar 3 Joint Undertaking and the new Sesar Deployment Manager as well as EASA, CANSO, EUROCONTROL and EUROCAE).

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

- the revision by the Council and the European Parliament of two new Regulations proposed by the European Commission that modify the regulatory framework of the Single European Sky (so-called Single European Sky 2+). During 2023, there was intense activity under the rotating EU Council presidencies of Sweden and Spain followed by coordination meetings at national and international level. These activities will continue in 2024, as a fully agreed position on the proposal has not yet been reached by the three European institutions. It should be emphasised that the possible agreement on the SES II+ legislative package will lead to subsequent work on the preparation and/or revision of the relevant implementing regulations;
- the continuation of the development of technical specifications to support the implementation of the Regulation relating to the provision of services for the management of drone air traffic (U-Space), a sector in which the ENAV Group, together with the national supervisory authority (ENAC) and to the Italian industry, has also played a driving role at a European and international level, especially in consideration of the active role of the investee company D-Flight, which has as its mission the provision of U-Space services;
- the publication of 5 new regulations on the regulatory framework for the conformity assessment of ATM/ANS systems, which defines the modalities for the certification, declaration and attestation of conformity of ATM/CNS technology systems used by Group companies for the provision of services. The parent company has actively contributed to the achievement of this goal, both directly and through coordination with international institutions and organisations, such as EASA and CANSO. Activities will also continue for the year 2024 for the definition of second-level standards to support the regulations issued (AMC/GM);
- the start of activities by the European Commission for the revision of the performance and charging scheme for Reference Period 4, which covers the time frame 2025-2029 and will include the definition

of European targets, the drafting of National Performance Plans and the subsequent approval process. The activity will end in the course of 2024 with the submission of national performance plans.

In the context of European initiatives in the technological field, the ENAV Group has been directly involved in the Research and Development and implementation activities envisaged by the SESAR (Single European Sky ATM Research) programme, in particular:

- activity within the Sesar 3 Joint Undertaking partnership continued with a 2023 that saw the awarding of numerous projects to ENAV group companies and the allocation of co-funding from the Horizon Europe programme;
- coordination activities continued within the SDIP (SESAR Deployment and Infrastructure Partnership) Consortium.

Finally, in 2023, the Parent Company was awarded important projects to be co-financed by the European Commission for the Connecting Europe Facility programme.

Commercial operations

In 2023, the ENAV Group achieved results in terms of revenues from the sale of systems and services on the non-regulated market for a total of €43.1 million (€39.9 million in 2022), an increase of 7.9% compared to the previous year. During the year, new orders were acquired for the ENAV Group for a total of more than €55 million, which represents an increase of more than 70% compared to the 2022 figure.

The parent company obtained new orders totalling more than €21 million, an increase of more than 20% over the previous year. Among these we note the orders referring to Flight Inspection and Validation activities to be carried out both in Italy and in some foreign countries, such as Romania, Qatar, Lithuania, Uganda, Spain, Portugal, Albania for a total value of €1.1 million and implementation orders for aeronautical consultancy activities in Italy and abroad for a total of €19.9 million. Of particular note is the contract signed with the General Authority of Civil Aviation (GACA) of Saudi Arabia for the restructuring of airspace.

With regard to the subsidiary IDS AirNav, more than 30 million contracts were signed, an increase of about 130% compared to the financial year 2022. The following should be noted for relevance: i) the contract in Taiwan for the implementation of the AIM system worth €5.1 million; ii) the contract for the remote management of the Aeronautical Information Management (AIM) system through the Software as a Service (SaaS) cloud platform for the Dutch Air National Service Provider LVNL worth €3.2 million; iii) the contract with the Egyptian Air National Service Provider NANSC for the supply and implementation of the AIM system worth €2.4 million; iv) the contract for the supply of the innovative Traffic Complexity Tool (TCT) system with the Romanian ANSP ROMATSA worth €1.9 million; v) the supply of additional AIM licences to the Indian ANSP AAI worth €1.9 million.

As far as Techno Sky is concerned, new orders totalling some €3.3 million were acquired, a marked increase over the previous year of more than 200%. This includes the contract for the installation of the ATM system in Kosovo for €2.9 million.

Other information

2020-2024 Performance Plan

The 2020–- 2024 Performance Plan, following the COVID-19 pandemic that had significant impacts on the air transport sector, was subject to regulation by the European Commission with EU Regulation 2020/1627, which 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 valorisation, as well as the issuance of new European cost efficiency targets, formalised in Decision no. 891 of 2 June 2021, reported below:

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

In compliance with Regulation No. 2020/1627, the providers and states submitted 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 period 2022-2024.

The plan, together with those of the other member states, was assessed by the Performance Review Body (PRB), a technical support body of the European Commission responsible for assessing financial and operational performance, which expressed positive opinion.

With 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 submitted by Italy are in line with the EU-wide performance targets for the third reference period, as set forth in Implementing Decision (EU) 2021/891.

This Conformity Decision thus concluded a long and complex process, which led to the recognition of ENAV performance, in terms of quality and cost-effectiveness of the service provided to airlines, as a reference provider in the European panorama. The approval of the Performance Plan also allowed the Parent Company to consolidate the regulatory and unit rate scenario of reference until 2024 and to be able to implement its economic-operational planning through the strategic lines of the business plan.

In the course of 2023, a series of discussions were initiated with the national regulator, aimed at preparing the preliminary cost and traffic planning for the 2025-2029 Performance Plan (RP4), for subsequent transmission to the European Commission's technical body, Performance Review Body. At the same time, the relevant structures of the Parent Company provided their support regarding assessments of possible changes in the operating mechanisms of the performance scheme to be introduced in RP4. As things stand, and also on the basis of initial feedback from EU industry organisations, the current regulatory framework should also be confirmed for RP4.

Programme Contract

The Programme Contract, a document in which the relations between ENAV and the Italian State are regulated, is currently under discussion for the period 2020–- 2024, as it has been delayed due to the health emergency and the transposition of the results of the Conformity Decision issued by the European Commission on the National Performance Plan, in April 2022. Indeed, it is recalled that the amendments introduced to Art. 9 of Law 665/1996 aligned the duration of the Programme Contract between the State

and ENAV with the timing provided for by the Community regulations in the sector. As a result of the aforementioned compliance, the paragraphs of the Contract containing information on unit rates, as well as the paragraphs on operational performance, were updated.
Th53urrentnt draft of the contract, which was received by the Cabinet Office of the Ministry of Infrastructure and Transport at the end of January 2024, takes into account the in-depth contributions provided over time by the technical structures of the MIT, MEF, State General Accounting Office, Defence, ENAC and ENAV, and was therefore forwarded to the same national entities for final approval on the wording of the text and Annexes. Following this verification, the contract will then be forwarded by the MIT to the CIPESS for the subsequent procedural process, aimed at the signing of the deed.
As far as the air navigation services provided by ENAV are concerned, the 2020-2024 Contract confirms the structure and provisions already provided for in the previous negotiation scheme, strengthening the possibility for the Parent to provide flight assistance services under *jure privatorum*.
As part of the monitoring activities, the draft Contract introduces new wording regarding the necessary coordination between the Parent Company and ENAC in the preparation phase of the ENAV Investment Plan. In particular, prior to its approval by the competent ENAV bodies, the draft Plan must be forwarded to ENAC for the verifications of competence, regarding the consistency of the interventions with the guidelines contained in the MIT planning.
On the other hand, with regard to the proposals for changes in the provision of services and in diversified timetables to allow for greater airport operations, as well as with regard to the possible inclusion of new airports in the Programme Contract currently in charge of the airport companies, it should be noted that during the negotiation phases, a series of proposals were submitted to the relevant ENAC and MIT structures concerning the airports of Forlì, Rimini, Cuneo and Aosta. For these requests, discussions are currently underway between ENAC and the MIT in order to allow an analytical assessment of the possible impact on the terminal unit rate of the third charging zone resulting from these proposals, as well as to determine the possible greater burden on the State for reimbursements due to ENAV for so-called exempt flights.

Sustainability Plan

The Sustainability Plan 2021-2024 defines strategic ESG development lines aligned with the Business Plan, which direct the ENAV Grou''s objectives in this area. The structure of the Plan is divided into 6 main pillars: *strategy and governance, corporate policies*, *technological innovation*, *reporting and communication*, *corporate culture* and *climate change*.
In 2023, the progressive advancement of the planned projects made it possible to achieve all the targets set out in the Sustainability Plan.
Under the strategy and governance pillar, the pilot project for the assessment of ENAV core suppliers with respect to emerging ESG issues was concluded, the results of which are forming the basis for the launch of a systematic process of supply chain analysis at Group level, and targets for training activities on issues related to good corporate governance were achieved. In addition, a model for measuring the environmental and social impacts of certain sustainability initiatives was developed and presented at the ENAV Grou''s fifth Sustainability Day . Within the corporate policy pillar, on the other hand, the feasibility of new initiatives relating to the innovation and diversity domains was assessed, functional to the identification of further objectives in view of the next edition of the Sustainability Plan; lastly, certifications in the fields of

occupational health and safety and anti-corruption were maintained, as envisaged through specific objectives of the Sustainability Plan.
With regard to the technological innovation pillar, technical implementations in the area of Air Traffic Management continued in line with the progress of the business plan. Among these, some projects will be fundamental for the realisation of the‘'Future Sky 203’' (such as the testing of the advanced automation system through a new ATM platform at the Brindisi Remote Tower and the transfer of approach management activities at the reference ACC), while others are already bringing important improvements to air traffic management in Italy (such as the implementation of the Arrival Manager–- AMAN at the Milan ACC for the optimisation of the approach sequences of airlines arriving at the Milan Malpensa, Milan Linate and Bergamo Orio al Serio airports). In addition, the realisation of the Technical Operation Centre (TOC) was completed, allowing the centralisation of technical and operational control of equipment related to ENAV remote sites.
In the area of corporate culture, in order to intercept the interests of the new generations and to envisage development paths in line with emerging issues, a questionnaire was drawn up to assess the level of ESG sensitivity of new joiners, which allowed an initial set of resources to be involved on an experimental basis.
In the area of climate change–- following the achievement of carbon neutrality in 2022–- the projects started in the last three years were followed up, continuing to procure electricity exclusively from renewable sources and achieving the main goals set out in the Sustainability Plan. These objectives concern, on the one hand, the advancement of the company car fleet replacement process and, on the other hand, the energy efficiency of company assets and the self-production of energy from renewable sources. In addition, the analysis of the impacts of climate change on the core business was completed and a specific strategy was approved, which includes the set of activities and corporate initiatives functional to achieving the emission reduction targets set for 2030 by the ENAV Group. All these initiatives were recently praised by CDP in the climate change questionnaire, which awarded ENAV an “A-” level.
Finally, the Group has started preparatory activities for the application of the new regulations on sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), the application of which will become mandatory as of the financial statements for the year ending 31 December 2024.

Business plan

The definition and negotiation of new Performance Plans with the national and EU regulator for the next regulatory period 2025-2029 is currently underway. With the conclusion of this process, expected in December 2024 with the approval of the plans themselves, the cost perimeters and allowable unit rates for the next 5 years will be clear and the ENAV Group will then proceed to define the new Business Plan.
The current 2022-2024 business plan emphasises the factors that characterise the sustainable development of the ENAV Group, leveraging on its key values: safety, excellence in the quality of services rendered, human resources, technological innovation and digitalisation, and describes the strategic objectives to be achieved in the period considered, broken down into six strategic pillars, assessing the economic, equity and financial projections of the results of the Grou'’s individual entities. The first three vertical pillars, directly related to the Parent Company’s operations, focus’on technological and operational excellence, digital transformation and commercial repositioning. The other three pillars represent a series of transversal actions that intersect the three vertical pillars and focus o’ the centrality of people, which will make it possible to generate long-term value for all Stakeholders with positive impacts for the sector and the entire supply chain.

Unmanned Aerial Vehicles Traffic Management

The ENAV Group is present in the field of Unmanned Aerial Vehicles Traffic Management (UTM) through the company D-Flight, 60% owned by ENAV and 40% by the company UTM System & Services S.r.l, owned by Leonardo S.p.A. and Telespazio S.p.A, and pursues the development and provision of services for low-flying air traffic management of aircraft piloted remotely (APR) and all other types of aircraft that fall under the category of Unmanned Aerial Vehicles and any related activities.

Thanks to the collaboration with ENAC (National Civil Aviation Authority), the only authority for technical regulation, certification, supervision and control in the civil aviation sector in Italy, it has developed the D-flight portal for the management of drones and their use. ENAV, with D-flight, is at the forefront for the creation of U-Space in Italy, the airspace below 150 metres considered as the key element for the safe use of drones in every context and for everyone the types of missions.

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

The European Regulation 2021/664 of 22 April 2021, in force since 26 January 2023, has profoundly innovated the original regulatory system, assigning the State and the competent Authority the task of designating portions of airspace, defined as U-Space, within which the provision of basic and advanced services must be guaranteed by U-Space Service Providers (USSP) in possession of suitable certification issued by the competent Authority. ENAC designated the parent company as the Common Information Service Provider (CISP) for the domestic U-Space. On 15 December 2023, the U-Space guidelines were published in order to ensure a high level of security, understood as both safety and security, respect for privacy and environmental protection, and to provide guidelines for the establishment of U-Space and its operation.

ENAV Group certifications

With reference to the certification as a Service Provider issued by ENAC, in 2023, the Parent Company was subject to continuous surveillance activities by ENAC to verify the satisfaction of the requirements for the provision of air navigation and air traffic management services envisaged by the Regulation EU 2017/373 (22 audits) and the requirements to operate as a training organisation for air traffic controllers, flight information operators and personnel responsible for providing meteorological services for air navigation (11 audits), consistently with the EU Regulation 2015/340 and the relevant ENAC Regulations.

With regard to the certification of ENAV Group corporate management systems, in 2023 the international certification body DNV Business Assurance carried out:

a) certification maintenance activities of:

- ENAV and Techno Sky quality management systems (QMS), in accordance with ISO 9001;
- ENAV, Techno Sky and D-Flight occupational health and safety management system (OHSMS), in accordance with ISO 45001;
- ENAV Management System for the Prevention of Corruption (SGPC), in accordance with the ISO 37001 standard;
- ENAV and Techno Sky Security Management System, in accordance with the ISO/IEC 27001 standard;

b) renewal of the certifications of IDS AirNav Quality Management System (QMS), Occupational Health and Safety Management System (OSHMS), Environmental Management System (EMS) and Security Management System (SecMS) according to ISO 9001, ISO 45001, ISO 14001 and ISO/IEC 27001 respectively;

c) audit activities aimed at issuing the certification of the Parent Compan''s organisational model in accordance with the EASI (Integrated Sustainable Corporate Ecosystem) model, which was followed by the issue of the certificate.

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

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

- in October 2023, a recertification audit was carried out with positive results by the International Certification Body DNV Business Assurance, in accordance with the Implementing Regulation (EU) 2015/2067 (certification of companies with regard to work on stationary refrigeration and air conditioning equipment and stationary heat pumps containing fluorinated greenhouse gases), which was followed by the issue of the certificate;
- the company renewed the accreditation of the Calibration Laboratory in accordance with UNI CEI EN ISO/IEC 17025:2018 and maintained maturity level 2 for the Capability Maturity Model for Development (CMMI-DEV) for software development activities.

As regards the certifications and attestations of the subsidiary IDS AirNAV, the latter maintains maturity level 3 in relation to the Capability Maturity Model for Development (CMMI–- DEV) model for software development activities. In addition, during the 2023 financial year, the project for the extension of CMMI Level 3 compliance also for the Safety and Cyber Security areas was successfully concluded, with the aim of integrating Product Security and Product Safety best practices in the software realisation life cycle, so as to ensure the increase of the security level of IDS AirNav software products, implementing, in compliance with the Group Security Policy, the principle of Security by Design.

Security

The year 2023 was characterised by a series of geopolitical crises (Russian-Ukrainian conflict, Israel-Palestine, Middle East-Iran) that affected both physical and information security activities.

European and national legislators have continued the production of regulatory instruments by requiring further significant efforts from civil aviation organisations and those in the critical supply chain, with the aim of reducing vulnerabilities and implementing a more effective countering of the threat. In this context, the lines of action established by the ENAV Grou''s Security Governance were fully in line with the principles and measures set out in the “National Cybersecurity Strategy”, launched by the Government in 2022.

The ENAV Group has continued to strengthen its safeguards, with actions at different levels, making a constant effort to implement the integration of personnel security and physical and information security, with a strong focus on risk identification and management processes. A significant modernisation of monitoring and response technologies, both physical security and information security, was initiated in 2022 and further developed in 2023, refining prevention, deterrence, containment and response processes.
Activities continued to consolidate the security culture through processes to raise the levels of awareness and attention of the entire corporate population, pursuing the main objective of guaranteeing the security of air navigation services and ensuring full participation in the protection of the Grou''s infrastructural and information assets.
Within the framework of an increasingly strong digital innovation dimension, action continued to define and implement, right from the preliminary design phase and throughout the life cycle of the systems, the reduction of the attack surface, through the identification and removal of vulnerabilities and the measurement of expected security levels. From a security perspective, special attention was paid to the supply chain, in awareness of the need for full participation of technology and implementation partners for the most effective countering of cyber threats and effective mitigation of security risks.
Personnel safety, particularly during missions abroad, was supported through training actions and the use of specialised technologies to accompany Group personnel at all stages of their travels, training careful and aware travellers, anticipating potential risks and arranging direct support activities for workers in difficulty where necessary.
The strong focus on the issue of business continuity, a central element in view of the nature of the essential services provided by the Parent Company, is followed by the updating of general continuity plans and air traffic control entities, the effectiveness of which is assessed through specific periodic exercises.
No significant security events were recorded during 2023.

General Data Protection Regulation

Compliance activities with the European Data Protection Regulation (GDPR) continued in 2023 through the support provided by the Data Protection Officer (DPO) to all ENAV Group structures on issues related to the protection of personal data and Information Technology and Cyber security aspects.
GDPR compliance support has ensured that stakeholders have the rights that the GDPR grants them. In relation to requests to exercise rights, it should be noted that 36 requests were received by the DPO in 2023, an increase of 13% compared to the previous year, all of which were analysed and responded to the requesting parties, within the deadlines set by the GDPR, on the admissibility of the request and on the successful processing.
The DPO audits under the 2023 Plan were conducted in coordination with the Internal Audit Structure to create synergies and economies of scale. At the outcome of the audits, the management agreed on the remedial actions that emerged.
In continuity with 2022, the Grou''s body of legislation on the protection of personal data has undergone a process of updating and adaptation, with refinements to privacy notices and the creation of a Privacy Policy in order to reaffirm how the protection of personal data is a determining and founding element for all ENAV Group Companies, translating into constant objectives and commitments. In parallel, a revision of the Privacy Compliance Manual was initiated as an element of Data Controller accountability, which is expected to be finalised in the first quarter of 2024.

In 2023, at the instigation of the DPO and in continuity with 2022, classroom courses were held for all employees belonging to the company structures most affected by personal data processing. In addition, an e-learning course was delivered to the entire non-operational corporate population on the principles and fundamentals of the GDPR in order to raise the level of attention and awareness with regard to potential cyber-attacks on the countr''s critical infrastructure.

Purchase of treasury shares

The Shareholders' Meeting held on 3 June 2022 authorised the Board of Directors to purchase and dispose of ENAV treasury shares, in compliance with the relevant legislation 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 TUF. The maximum number of shares the purchase of which has been authorised in the period of eighteen months from the resolution is 1,300,000 shares.

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, 236,915 treasury shares were granted to the beneficiaries of the second long-term incentive plan 2020 - 2022 referring to the first vesting cycle 2020 - 2022 for a countervalue of approximately €1 million.

As of 31 December 2023, ENAV held 633,604 treasury shares equal to 0.12% of the share capital for a total value of €2.7 million.

Significant transactions

No transactions that had a significant impact on the performance and financial position of the Group were carried out in 2023.

Atypical and/or unusual transactions

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, we report that during 2023 the Group did not carry out any atypical and/or unusual transactions and that there were no significant non-recurring events or transactions.

In this regard, such transactions are defined as transactions whose materiality, size, type of counterparty, subject matter, methods for determining the transfer price or timing may give rise to doubts about the accuracy and/or completeness of the disclosures in the financial statements, about conflicts of interest, about the preservation of company assets or about the protection of minority shareholders.

Transactions with related parties

Related parties refer to entities directly or indirectly controlled by ENAV, the Ministry for Economy and Finance (MEF, the parent entity), subsidiary and associated entities controlled directly or indirectly by the MEF and the Ministry with oversight responsibility, namely the Ministry of Infrastructure and Transport. Other related parties are the directors and their immediate family, standing members of the Board of

Statutory 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 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 Consolidated Financial Statements and Note 31 of the separate financial statements as at 31 December 2023.
The Parent Company, in compliance with the provisions of art. 2391 bis of the civil code and in compliance with the principles dictated by the *Regulation containing provisions on transactions with related parties* adopted with CONSOB resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, has established, effective from the date of admission to trading of the company's shares on the Euronext Milan market, organised and managed by Borsa Italiana, the approved procedure governing Transactions with Related Parties by the Board of Directors in the meeting of 21 June 2016 and subject to subsequent updates, the latest version of which was approved by the Board of Directors, following the favourable opinion of the Control, Risk and Related Parties Committee, on 1 July 2021. The new Procedure for Disciplining Related Party Transactions incorporated the amendment to the Related Party Regulations implemented by CONSOB with Resolution No. 21624 of 10 December 2020 in implementation of the proxy contained in the amended Article 2391-bis of the Italian Civil Code. The procedure is available on the ENAV website www.enav.it in the Governance section in the company documents area.
In 2023, no transactions of greater importance were carried out. It should be noted, for information purposes only, that in January 2023, a contract was signed between the Parent 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 for a total value of €279.2 million, a transaction classified as exempt for the purposes of the procedure as it was concluded with a subsidiary.
In addition to the foregoing, nor were there any transactions subject to disclosure obligations because they qualify as cases exempt under the procedure or transactions that had a significant impact on the consolidated financial position or the consolidated results for the year.

Markets Regulation

With regard to the regulations governing the conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States and of significance for the purpose of the Consolidated Financial Statements, as provided for by Article 15 of the Markets Regulation approved with CONSOB Resolution no. 20249 of 28 December 2017, note that as at 31 December 2023, the ENAV subsidiary affected by the provisions is Enav North Atlantic LLC and adequate procedures were adopted to ensure compliance with the Markets Regulation. The statement of financial position and the income statement of the 2023 Financial Statements of Enav North Atlantic LLC included in the reporting package used for the purpose of preparing the Consolidated Financial Statements of the ENAV Group will be made available to the public by ENAV S.p.A. pursuant to the provisions of Article 15, paragraph 1, letter a) of the Markets Regulation at least 15 days prior to the date scheduled for the ordinary Shareholders' Meeting to will be called to approve the financial Statements for 2023.

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

Pursuant to Article 3 of CONSOB Resolution No. 18079 of 20 January 2012, ENAV declared that it adhered to the simplification regime provided for in Articles 70, paragraph 8, and 71, paragraph 1-*bis*, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (CONSOB Issuers' Regulations), thus availing itself of the option to waive the prescribed disclosure requirements in the case of significant mergers, demergers, capital increases by contribution in kind, acquisitions and disposals.

Information on the main ENAV Group companies

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

Techno Sky S.r.l.

			Changes	
	2023	**2022**	**Values**	**%**
Revenues	99,047	96,714	2,333	2.4%
EBITDA	13,849	14,460	(611)	-4.2%
EBIT	12,396	13,163	(767)	-5.8%
Profit/(Loss) for the year	8,526	9,230	(704)	-7.6%
Net capital employed	68,324	59,307	9,017	15.2%
Shareholders' equity	70,462	61,956	8,506	13.7%
Net Financial Position	(2,138)	(2,649)	511	-19.3%
Headcount at end of year	717	721	(4)	-0.6%

(thousands of euros)

Techno Sky closed 2023 with a net profit €8.5 million, a decrease of 7.6% on the previous year.
With reference to the results for the financial year 2023, there was an increase in revenues of €2.3 million, referring both to the activities carried out for the Parent Company and the orders on the third market, and an increase in both other operating expenses supporting orders and personnel, which were affected by the salary increase related to the renewal of the national collective labour agreement that took effect on 1 January 2023. These elements affected the determination of the EBITDA, which stood at €13.8 million, a reduction of 4.2% compared to the previous year, and EBIT which, influenced by the higher depreciation, stood at €12.4 million, a decrease of 5.8% compared to 2022.
The net financial position recorded a positive value of €2.1 million, down by €0.5 million, compared to 31 December 2022, due to the increased payments made during the year.
From the point of view of the technical results achieved during the reference period, in 2023, Techno Sky also maintained a good level of technical performance both in relation to the management and hardware maintenance of ATC technological infrastructures and plants, and to software maintenance in its various types, i.e. corrective, adaptive and evolutionary.

IDS AirNav S.r.l.

	2023	2022	Changes Values	%
Revenues	25,777	25,377	400	1.6%
EBITDA	4,611	5,753	(1,142)	-19.9%
EBIT	1,965	2,881	(916)	-31.8%
Profit/(Loss) for the year	1,087	1,901	(814)	-42.8%
Net capital employed	14,384	14,155	229	1.6%
Shareholders' equity	12,515	11,431	1,084	9.5%
Net Financial Debt	1,869	2,724	(855)	-31.4%
Headcount at end of year	152	158	(6)	-3.8%

(thousands of euros)

IDS AirNav closes the 2023 financial year with a positive result of €1.1 million, a reduction of €0.8 million compared to the previous financial year. This result was affected by a slight increase in revenue of 1.6%, compared to 2022, mainly due to revenue attributable to commercial activity in the third market. The company operated in over 60 countries around the world and maintained relationships with about 100 customers, of which approximately 40% were service providers in Europe and elsewhere, while the remainder were customers involved in the aviation industry. Operating expenses increased by 8%, compared to 2022, mainly related to the costs to support the development of foreign job orders in the presence of a 2% increase in personnel costs. These values influenced the determination of EBITDA, which stood at €4.6 million, a decrease of 19.9% compared to 2022. EBIT was affected by higher depreciation and amortisation and a reduction in the write-down of trade receivables, which in the previous year included the prudential write-down of Russian customers whose business had been discontinued, and amounted to €2 million, down -31.8% year-on-year. Net financial debt amounted to €1.9 million, an improvement of 31.4% compared to 31 December 2022, mainly due to the reclassification of liabilities from customer contracts to short-term.

Enav Asia Pacific Sdn Bhd

	2023	2022	Changes Values	%
Revenues	70	348	(278)	-79.9%
EBITDA	(246)	38	(284)	n.a.
EBIT	(248)	10	(258)	n.a.
Profit/(Loss) for the year	(232)	2	(234)	n.a.

(thousands of euros)

Enav Asia Pacific, a Malaysian company, closed the 2023 financial year with a loss of €232 thousand, a marked worsening compared to the previous financial year. Revenues decreased by 79.9% following the completion of some orders. The reduction in revenues is also reflected in costs, resulting in a negative EBITDA of €246 thousand, compared to the positive figure for the 2022 financial year.

Enav North Atlantic LLC

Enav North Atlantic, a company regulated by the laws of the American state of Delaware, is a special purpose vehicle that holds the stake in Aireon LLC, through the Aireon Holding Company, a US company also owned by the Canadian (Nav Canada), Irish (AirNav Ireland), Danish (Naviair), English (Nats) and the technological partner IRIDIUM, for a total amount of €46.5 million corresponding to $51.4 million, with a participation share of 8.6% which it will stand at 10.35% after execution of the redemption clause. Aireon LLC created the first global satellite surveillance system for air traffic control, which was completed with the eighth and final launch of the satellites that make up the Iridium Next constellation. With the installation of a device on board of each of the 66 operational satellites (out of a total of 75), they provide aeronautical surveillance around the entire globe, compared with existing radar-based coverage of about 30% of the earth's surface. This global air traffic control surveillance system enables route optimisation, the achievement of ever higher flight safety and efficiency standards and fuel savings thanks to shorter routes with a lower environmental impact. The 2023 financial year closed with a loss of €1.1 million (profit of €1.5 million in 2022) mainly due to the reversal of the advance tax recorded on the tax loss used in the tax return presented in 2023 relating to the period of tax 2022.

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

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

	at 31.12.2023		at 31.12.2022	
	Result of the year	**Equity Net**	**Result of the year**	**Equity Net**
Parent Company	107,197	1,173,828	92,401	1,174,581
Consolidation difference	0	(29,721)	0	(29,721)
Amortisation of increased value of assets from acquisition, ne	(1,866)	(8,317)	(1,866)	(6,451)
Elimination of intercompany income effects net of tax effect	1,432	(11,498)	716	(12,930)
Translation reserve	0	7,790	0	10,115
Reserve from fair value measurement of investments, employe	0	(7,558)	0	(16,967)
Elimination revaluation/write-down investment	(1,836)	0	1,836	1,836
Consolidation reserve	0	3,946	0	3,946
Other effects	0	(10)	0	(6)
Intercompany dividends	0	(23,962)	0	(23,962)
Net profit of subsidiaries	7,994	113,106	11,917	105,112
Group total	**112,921**	**1,217,604**	**105,004**	**1,205,553**
Non-controlling interests	(211)	1,130	(507)	1,341
Total Group and non-controlling interests	**112,710**	**1,218,734**	**104,497**	**1,206,894**

(thousands of euros)

Risk management

In carrying out its institutional and commercial activities, the ENAV Group is exposed to risks that, if not effectively monitored, managed and mitigated, could affect its economic and financial results. In this regard, consistently with the architecture of its internal control and risk management system (SCIGR), the Group has

adopted an Enterprise Risk Management (ERM) process aimed at identifying, evaluating and monitoring risks Group level and the definition and management of mitigation actions aimed at containing the level of risks within the propensity thresholds approved by the Board of Directors (Risk Appetite). The Group has also defined a specific policy and procedure aimed at defining responsibilities, coordination mechanisms and main control activities.
An analysis of the most significant risks, as defined in the Corporate Risk Profile, for the Group is provided below, assessed with reference to the scenarios outlined in the Group's strategic lines of development.
For the analysis of purely financial risks, please see the explanatory notes of the Consolidated Financial Statements.

Safety

The prevention and containment of the risks associated with the provision of our core business activities is a primary objective of the ENAV Group. The level of operational safety of air navigation services is an indispensable priority for ENAV, which in pursuing its institutional objectives reconciles the interdependencies of the various performance areas with achievement of pre-eminent safety objectives.
Safety is the result of our professionals' continuous commitment to maintaining high levels of safety in our operations. This is why ENAV promotes the development of Safety Culture so that the priority and commitment to Safety are values reflected in individual and organisational attitudes.
Safety performance is constantly monitored and a specific management system (Safety Management System) is defined and maintained active, approved and verified by ENAC in the context of the surveillance activities of the ENAV certification as air navigation Service Provider.
The Parent Company develops its own Safety policies and prepares an improvement plan for the same called Safety Plan, in which the activities that it intends to carry out are programmed in order to achieve the objectives defined for Safety performance and for the improvement of 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 possible impact on the provision of air navigation services and, in particular, on Air Traffic services, including in terms of service continuity and capacity.

Image & reputation

The creation of reputational value is a process implemented on an ongoing basis by the ENAV Group on the basis of specific policies, systematically managing communication and relations with stakeholders.
Corporate image and reputation are factors of success for organisations that have to interact with customers, institutions, authorities, shareholders and other stakeholders in the conduct of their business. This is especially true for companies like ENAV who are listed on regulated markets, as the community of investors is highly sensitive to events that could jeopardise their reputation.
In view of the disclosure obligations incumbent upon the Group, the Parent Company takes specific steps to safeguard its corporate image and reputation and constantly monitors image-relevant content in the press, on the radio, television, the Internet and social media.
In general, image & reputation management arrangements comprise: i) compliance with regulations governing financial disclosure (press releases, rules of engagement, equal access to information, the use of regulated information services); and ii) contacts with the specialist press (economic/financial).

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

Business Continuity

On the basis of an in-depth Business Impact Analysis, the Group has defined and regularly tests specific Business Continuity and Disaster Recovery plans, including appropriate procedures to be applied in the event of events leading to a significant deterioration or interruption of services, in order to preserve 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 maintenance plan for all systems and equipment supporting air navigation services. The service level of systems is also supported by specific investments designed to enhance the reliability, availability, safety and efficiency of systems and equipment.

Information security

Information security is an essential element in the provision of air navigation services. Worldwide, the speed of technological development, the constantly increasing frequency and intensity of cyber-attacks, as well as the tendency to target critical infrastructures and strategic industrial sectors, highlight the potential risk that, in extreme cases, normal business operations may be affected.

The Group adopts an IT security risk management methodology based on 'risk-based' and 'security by design' approaches. In parallel, the Group leverages the best technologies available on the market, also acting on the human factor through initiatives aimed at increasing people's cyber security awareness and knowledge.

Information security management is also carried out through a dedicated organisational unit, through the Security Operation Center (SOC) as well as the management of a specific Security Management System certified in accordance with the ISO/IEC 27001:2014 standard.

The confidentiality, integrity and availability of operational and corporate information are constantly monitored and guaranteed through a complex architecture of physical and logical security controls as well as internal rules and procedures. In addition to this, there are training and awareness-raising activities for internal staff, as well as fundamental coordination with the competent civil and military authorities for the protection of operational data, in particular within the framework of the National Cyber Protection and Information Security Plan.

Market abuse

The ENAV Group manages the risks associated with market abuse in order to prevent and manage the possible dissemination of false or misleading information to manipulate the financial markets and to prevent the use of inside information in order to take advantage of it (so-called internal dealing). In this regard, the Organisation, Management and Control Model pursuant to Legislative Decree 8 June 2001, no. 231 comprises market abuse offenses, for whose prevention the Group has established a centralised organisational and procedural architecture, accompanied by training programmes for the corporate bodies and top management as well as all other personnel in order to create the necessary culture and sensitivity regarding inside information and compliance with applicable regulations.

Compliance

The ENAV Group operates in a highly regulated market and changes in the rules, with their requirements and obligations, can affect the Group's operations and results.

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

Trade Compliance

With regard to the management of possible risks related to the pursuit of commercial activities, export control and international sanctions, the ENAV Group has extended the provisions of the policy on commercial risks also to the area of trade compliance, with the aim of strengthening compliance safeguards with respect to regulations on trade restrictions. This policy was the subject of two updates, for the implementation of which a digitised process for screening ENAV Group counterparties was implemented. In particular, this process allows for the systematic assessment of the risks associated with the establishment of business relationships, including that of violating the inherent sanctioning and/or restrictive regimes. In order to reinforce awareness of the issues involved, a training and awareness-raising programme was launched, which included the holding of an initial event aimed at Group personnel carrying out activities relevant to the topic.

Privacy

With regard to exposure to risks related to the protection of personal data (risks that may take the form of 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. During the financial year, the fulfilments required by the regulations were ensured, and to this end, activities were carried out to support the Group's organisational structures in order to implement technical and organisational measures to ensure the compliance of data processing with the provisions of the GDPR, activities to continuously update the existing Register of Data Processing and Data Protection Impact Assessments (DPIA) and those relating to new projects, as well as initiatives for staff training.

Anti-Fraud and Anti-Corruption

The ENAV Group has consolidated specific anti-corruption safeguards, including the ENAV Management System for the Prevention of Corruption (SGPC) certified according to UNI ISO 37001:2016, as well as a structured due diligence system on individuals and legal entities through a specific dedicated software. During the year, activities were carried out to update the ENAV Corruption Prevention Management System, and the International Certification Body DNV Business Assurance carried out the audit to maintain compliance certification in accordance with the ISO 37001 standard. These include, in particular, the provision of training to the corporate population as well as agents and intermediaries of Group companies for commercial activities, the updating of the corruption risk assessment and the internal regulatory system, the carrying out of a cycle of internal audits and the review of the system.

Health & Safety

The main health and safety risks to which ENAV Group and contractor personnel are exposed are due to the performance of operational activities at Group sites.

Violation of compliance with applicable health and safety laws, regulations and procedures can generate health and safety risks for employees, workers and stakeholders and trigger the risk of incurring administrative or judicial sanctions and related financial and reputational impacts.

In order to manage and mitigate possible risks, the ENAV Group adopts an Occupational Health and Safety Management System (OSHMS) certified according to the ISO 45001:2018 standard. The main health and safety risks are thoroughly assessed at each company site.

Compliance over time with the relevant legislation is guaranteed through the governance of the OHSMS, together with centralised control and constant training and awareness activities of the Group's staff, as well as periodic checks, both internal and external to the Group.

Particular attention is also paid to measures to guarantee the safety of workers operating abroad in countries at risk (so-called Travel Security). To this end, workplace health and safety assessments are carried out in advance on individual missions, with the Competent Doctor issuing specific recommendations for missions in countries with a non-generic health-biological risk. Similarly, specific contingency plans are drawn up for security aspects.

Worker training/information sessions are also provided and 'emergency response' and assistance services are provided through a specialised provider.

Environment

In recent years, there has been growing public awareness of the risks associated with development models that generate impacts on the quality of the environment. In this context, companies - increasingly aware that environmental risks also have economic impacts - are called upon to make an increased commitment and responsibility in identifying and adopting innovative and sustainable technical solutions and development models. To this end, the ENAV Group has adopted a Group Environmental Management System (EMS) compliant with the ISO 14001:2015 standard, which guarantees 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, together with the presence of a centralised organisational control, ensures constant monitoring of compliance with applicable regulations, including through training, awareness-raising and support activities for Group personnel, in addition to first-level control activities. 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 with the task of ensuring compliance with the provisions of 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 of national 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 with respect to forecasts can impact the ENAV Group's ability to create value, mainly in terms of changes in the parameters that determine revenues from institutional activities with respect to the estimates made when determining unit rates. The current regulatory framework already provides for mechanisms to compensate for the shortfall in revenue compared to the planned. In fact, a revenue stabilisation system (so-called traffic risk sharing) based on risk sharing with airspace users (the airlines) is in place, with the possibility of significantly limiting losses due to demand downturns of more than 2%.

In line with the performance scheme in force, the Parent Company is in fact required to provide service in compliance with the capacity targets set out in the National Performance Plan, applying a symmetrical *bonus/malus* incentive system to promote 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 domestic 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 reference to the inflationary increase, it should be noted that the Community regulations to which ENAV is subject allow the recovery of the variation of inflation with respect to the forecast figure through the balance mechanism.

Climate change risks

All possible direct impacts for the Parent Company related to the effects of climate change translate in the long term into potential interruptions/degradations in the provision of services due to damage to infrastructures or technological assets and reduction of traffic flow also due to the reduction of airport capacity and, therefore, into potential lost revenues and/or increases in operating costs in addition to any impairment losses.

The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular, the EUROCONTROL document “Climate change risks for European aviation” identifies five main types of weather phenomena that could potentially impact aviation: 1) precipitation, meaning rain, snow and hail, which at intense levels may require greater separation distances between aircraft and thus have a direct impact on airport capacity. In addition, airport infrastructures, as well as electronic equipment, can be exposed to the risk of flooding; 2) temperature, the rise in which can cause impacts on infrastructures, with a consequent increase in the related energy costs; 3) sea level rise and river flooding with a risk concentrated on airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in the airport context can impact flight safety. This could result in the need to change flight procedures and redesign airspace; 5) extreme events such as thunderstorms and hurricanes that could impact flight delays.

The parent company conducted a specialised study to assess in detail the effects of climate change in the provision of ENAV services in Italy and in particular at airports. The study was carried out to assess the impacts of climate change over two different time horizons (2030 and 2050) and two different climate scenarios used by the Intergovernmental Panel on Climate Change (IPCC). The first scenario (SSP8.5), the most pessimistic, assumes, by 2100, atmospheric CO_2 concentrations will triple or quadruple (840/1120 ppm) compared to pre-industrial levels (280 ppm). This scenario is defined energy-intensive with total consumption continuing to grow over the century to well over 3 times current levels.

The study determined the following: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which should affect an increasing number of airports over time, particularly the airports of Rome Fiumicino, Milan Malpensa, Bolzano and Bari, starting from a baseline (5-year forecast) that sees the airports of Genoa, Ronchi dei Legionari and Milan Malpensa as those most impacted on average; (ii) the temperature is expected to increase by 1/1.5° in the medium term and 2/2.5° in the long term, phenomena that will mainly affect the airports of Lampedusa, Catania Fontanarossa, Rome Ciampino, Rome Urbe, Rome Fiumicino and Naples, which already present the highest maximum temperatures in the baseline (5 years), to which Bologna will be added in the long term (2050), which will also present an increase in the number of days with a maximum temperature over 43° C. Rising temperatures may cause energy costs to rise. On the other hand, with regard to impacts on technological systems and those more specifically aeronautical (impacts on engine performance and aircraft aerodynamics, with potential impact on flight procedures and noise footprint in the areas surrounding airports), the risks are considered acceptable and managed in the context of the technologies and procedures already available today; with regard to the rise in sea level, the risk of flooding of infrastructures located in coastal areas remains almost unchanged, which would mainly affect the Cagliari airport and related sites, Venice and Genoa and the remote VOR/DME sites of Chioggia and Radar in Ravenna; with regard to wind, there do not seem to be any criticalities since the forecast scenarios are oriented towards a decrease in its average intensity (consequently, the crosswind component should decrease proportionally).

The results of the analyses conducted form the basis for monitoring the phenomena under study over time, with the scenario analyses required to assess the operational and financial impacts of climate risks being systematically updated every several years.

In 2030, no critical issues are identified in terms of territorial expansion of said phenomena compared to the current scenario.

In the long run, the Parent Company's ability to ensure the pursuit of its business objectives, first and foremost by guaranteeing the continuity of its service provision, is undoubtedly interdependent on the resilience to the effects of climate change of the entire air transport system. 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 or cash flow impacts are expected.

Macroeconomic Context

The offensive action taken by the Russian government against Ukraine, has wrought changes in the geopolitical balances and inevitable repercussions on the global macroeconomic framework are evident. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, the Group took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.

During 2023, the ENAV Group did not record any operational, commercial or economic-financial impacts directly related to the Russian-Ukrainian conflict. Any open positions with customers belonging to the Russian Federation were already written down during the 2022 financial year, and there are no further outstanding relationships with parties affected by the sanctions regime.

Energy prices peaked in Q4 2022 with a subsequent return to values in line with historical trends from Q2 2023.

Globally, however, there are new critical issues in international trade due to the repeated attacks on cargo ships (mostly owned, flagged or operated by Israel) by Huthi rebels in the Suez Canal. These attacks, which were initiated in response to the new conflict in the Gaza Strip that erupted following the 7 October 2023 Hamas terrorist attack in southern Israel, have generally led to significant consequences in terms of i) diversion of shipping routes by taking longer routes, ii) consequent increases in transport costs and insurance premiums, and iii) delays in delivery times due to longer distances.

With reference to the ENAV Group, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. In addition, the Group holds an adequate back-up stock of materials necessary for the operational systems supporting its business, such that any delays in the supply chain are contained. The Group continues to monitor the impact on its business and to take all appropriate steps to ensure full compliance with the sanctioning regime adopted by the European Union states and to promptly identify possible consequences on its current and prospective business in view of the ongoing critical nature of the scenario.

With reference to the above, the Group has no significant impacts on the main alternative performance indicators and no impacts are foreseen on expected cash flows as depicted in the approved Business Plan.

Significant events after 31 December 2023

There are no significant events to report occurring after 31 December 2023.

Outlook for operations

During 2024, the Company expects to maintain continuity in the management actions adopted so far, in consideration of the excellent results achieved in 2023. However, in a particularly dynamic scenario that is not yet fully defined at a macroeconomic level in terms of inflation levels, economic growth, interest rates, etc., such as that expected for 2024, in addition to the approach of the new regulatory period, the Group will inevitably be called upon to maintain a high level of attention on the policies underlying management, in order to better address the possible consequences that these elements may determine, even if the community regulatory framework in which the Parent Company operates will continue to provide valid protection, as demonstrated in recent years.

In particular, after the solid recovery of air traffic in 2022 and 2023, a further traffic growth trend is also expected for 2024. The latest estimate published by the Eurocontrol statistical office at the end of February 2024, shows traffic in the base scenario for Italy in 2024, in terms of service units, 6.7% higher than in 2023.

With particular reference to the Parent Company, in the course of 2024, the Performance Plans for the new regulatory reporting period 2025-2029 (so-called RP4) will be developed on the basis of the timeline of the EU sector Regulation. In particular, by June 2024, the EU regulator will officially issue the Decision on the targets to be achieved in the 4th reporting period, after which the EU service providers together with the national sector authorities will draw up their own performance plans in line with the given targets. These plans will have to be sent by October to the European Commission for the required verification and analysis. Final approval of the plans and closure of the entire process is scheduled for December 2024.

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

Shareholders,

The Board of Directors proposes that you:

- approve the separate financial statements of ENAV S.p.A. at 31 December 2023 showing a profit for the year of €107,197,485.64;
- allocate 5% of the profit for the year equal to €5,359,874.28 to the legal reserve, as indicated by the art. 2430 paragraph 1 of the Civil Code and €101,837,611.36 as dividend in favour of the Shareholders;
- withdraw from the available reserve "Retained earnings" an amount equal to €22,617,868.27 in order to distribute, together with the allocation of the result for the year as dividend, an overall dividend equal to €124,455,479.63 corresponding to a dividend of €0.23 for each share that will be in circulation on the ex-dividend date, excluding treasury shares in portfolio on that date;
- pay the indicated dividend for the year of €0.23 per share on 29 May 2024, with ex-dividend date set on 27 May 2024 and record date 28 May 2024.

Rome, 20 March 2024

The Board of Directors

ENAV GROUP CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2023

ENAV Group Consolidated Financial Statements at 31 December 2023

ENAV GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(figures in euro)	Notes	at 31.12.2023	of which with related parties (Note 32)	at 31.12.2022	of which with related parties (Note 32)
Non-current assets					
Property, plant and equipment	7	822,835,853	0	851,692,420	0
Intangible assets	8	190,296,506	0	180,417,452	0
Investments in other entities	9	46,682,503	0	36,309,550	0
Non-current financial assets	10	343,787	0	344,319	0
Deferred tax assets	11	33,588,982	0	36,320,924	0
Non-current tax receivables	12	12,990	0	59,712	0
Non-current trade receivables	13	526,841,074	0	606,775,456	0
Other non-current assets	15	35,903		6,077,387	6,028,651
Total non-current assets		**1,620,637,598**		**1,717,997,220**	
Current assets					
Inventories	14	61,769,530	0	61,082,490	0
Current trade receivables	13	391,302,609	42,694,826	333,567,855	44,098,349
Current financial assets	10	0	0	168,761	0
Tax receivables	12	2,773,858	0	5,877,327	0
Other current assets	15	34,069,828	11,481,138	32,562,187	14,223,668
Cash and cash equivalents	16	224,876,212	0	267,731,584	0
Total current assets		**714,792,037**		**700,990,204**	
TOTAL ASSETS		**2,335,429,635**		**2,418,987,424**	

Consolidated Statement of Financial Position

(figures in euro)	Notes	at 31.12.2023	of which with related parties (Note 32)	at 31.12.2022	of which with related parties (Note 32)
Shareholders' equity					
Share capital	**17**	541,744,385	0	541,744,385	0
Reserves	**17**	480,384,269	0	470,077,409	0
Retained earnings/(loss carryforward)	**17**	82,555,461	0	88,728,283	0
Profit/(Loss) for the year	**17**	112,921,182	0	105,004,115	0
Total Group Shareholders' Equity	**17**	**1,217,605,297**	**0**	**1,205,554,192**	**0**
Non-controlling capital and reserves		1,339,994	0	1,847,184	0
Profit/(Loss) attributable to non-controlling interests		(211,365)	0	(507,190)	0
Total Shareholders' equity attributable to non-controlling interests		**1,128,629**	**0**	**1,339,994**	**0**
Total Shareholders' equity	**17**	**1,218,733,926**		**1,206,894,186**	
Non-current liabilities					
Provisions for risks and charges	**18**	1,077,000	0	1,456,200	0
Severance pay and other employee benefits	**19**	39,429,150	0	40,869,231	0
Deferred tax liabilities	**11**	4,681,730	0	5,789,746	0
Non-current financial liabilities	**20**	505,875,732	0	167,663,966	0
Non-current trade payables	**21**	19,065,374	0	74,424,661	51,462
Other non-current liabilities	**22**	140,864,580	0	157,637,417	0
Total non-current liabilities		**710,993,566**		**447,841,221**	
Current liabilities					
Short-term portion of provisions for risks and charges	**18**	12,529,684	0	9,986,574	0
Current trade payables	**21**	195,714,834	13,730,332	140,096,489	8,930,154
Tax and social security payables	**23**	37,826,549	0	56,824,683	0
Current financial liabilities	**20**	22,208,499	0	433,660,816	0
Other current liabilities	**22**	137,422,577	59,267,320	123,683,455	56,165,617
Total current liabilities		**405,702,143**		**764,252,017**	
Total Liabilities		**1,116,695,709**		**1,212,093,238**	
Total Shareholders' equity and liabilities		**2,335,429,635**		**2,418,987,424**	

Consolidated Income Statement

(figures in euro)	Notes	2023	of which with related parties (Note 32)	2022	of which with related parties (Note 32)
Revenues					
Revenues from operations	**24**	990,915,718	13,301,384	921,032,498	15,153,415
Balance	**24**	(28,089,572)	0	(14,817,486)	0
Total revenues from contracts with customers	***24***	*962,826,146*		*906,215,012*	
Other operating income	**25**	48,487,853	34,336,767	46,565,236	33,109,700
Total revenues		**1,011,313,999**		**952,780,248**	
Costs					
Costs for raw materials, supplies, consumables and goods	**26**	(8,331,765)	(1,035,396)	(8,008,934)	(522,970)
Costs for services	**26**	(146,841,642)	(7,760,999)	(142,923,085)	(4,013,734)
Personnel cost	**27**	(568,285,997)	0	(543,978,743)	0
Costs for leases and rentals	**26**	(1,544,080)	(24,502)	(1,641,289)	(24,085)
Other operating expenses	**26**	(3,893,321)	0	(3,139,169)	0
Capitalised costs for internal work	**28**	28,944,818	0	27,568,655	0
Total costs		**(699,951,987)**		**(672,122,565)**	
Depreciation/amortisation	**7 and 8**	(128,469,912)	0	(126,357,888)	0
(Write-downs)/write-backs for impairment of receivables	**13**	(2,296,303)	0	(5,733,097)	0
(Write-downs)/write-backs for impairment of property, plant and equipment and intangible assets	**7**	0	0	0	0
Provisions	**18**	(7,925,805)	0	(234,117)	0
Operating income		**172,669,992**		**148,332,581**	
Financial income and expense					
Financial income	**29**	12,831,236	0	9,619,863	0
Financial expense	**29**	(23,327,617)	0	(10,243,377)	0
Exchange rate gains (losses)	**29**	(740,472)	0	72,878	0
Total financial income and expense		**(11,236,853)**		**(550,636)**	
Income before taxes		**161,433,139**		**147,781,945**	
Income taxes	**30**	(48,723,322)	0	(43,285,020)	0
Profit (Loss) for the year (Group and non-controlling interests)		**112,709,817**		**104,496,925**	
attributable to Parent Company Shareholders		*112,921,182*		*105,004,115*	
attributable to non-controlling interests		*(211,365)*		*(507,190)*	
Basic profit/(loss) per share	**37**	0.21		0.19	
Diluted profit per share	**37**	0.21		0.19	

Consolidated Statement of Other Comprehensive Income

(figures in euro)	Notes	2023	2022
Profit/(Loss) for the year	**17**	**112,709,817**	**104,496,925**
Other comprehensive income recyclable to profit/(loss):			
-differences arising from the translation of foreign financial statements	17	(2,326,921)	3,475,893
- fair value measurement of derivative financial instruments	10 and 17	(168,761)	15,968
- tax effect of the fair value measurement of derivative financial instruments	11 and 17	40,503	(3,833)
Total other comprehensive income recyclable to profit/(loss)		**(2,455,179)**	**3,488,028**
Other comprehensive income not recyclable to profit/(loss):			
- fair value measurement of investments in other entities	9	11,628,959	(13,857,116)
- actuarial gains/(losses) on employee benefits	17 and 19	(224,983)	5,558,795
- tax effect	11 and 17	(2,145,198)	1,575,883
Total other comprehensive income not recyclable to profit/(loss)		**9,258,778**	**(6,722,438)**
Total Comprehensive Income		**119,513,416**	**101,262,515**
attributable to Parent Company Shareholders		119,724,781	101,769,705
attributable to non-controlling interests		(211,365)	(507,190)

Consolidated Statement of Changes in Shareholders' Equity

(figures in euro)	Share capital	Legal reserve	Sundry reserves	Reserve for actuarial gains/(losses) for employee benefits	Cash Flow Hedge Reserve	Total reserves	Retained earnings/(loss carryforward)	Profit/(loss) for the year	Total Group Shareholders' Equity	Attributable to non-controlling interests	Total Shareholders' equity
Shareholders' equity at 31 December 2021	**541,744,385**	**39,570,974**	**440,045,096**	**(12,410,133)**	**2,073,295**	**469,279,232**	**71,838,340**	**78,371,693**	**1,161,233,650**	**1,847,184**	**1,163,080,834**
Allocation of net profit from the previous year	0	3,079,422	0	0	0	3,079,422	75,292,271	(78,371,693)	0	0	0
Dividend distribution	0	0	0	0	0	0	(58,506,483)	0	(58,506,483)	0	(58,506,483)
(Purchase)/award of treasury shares	0	0	614,615	0	0	614,615	104,155	0	718,770	0	718,770
Currency translation difference reserve	0	0	3,475,893	0	0	3,475,893	0	0	3,475,893	0	3,475,893
Long-term incentive plan	0	0	338,550	0	0	338,550		0	338,550	0	338,550
Comprehensive profit/(loss), of which:											
- profit/(loss) recognised directly in equity	0	0	(10,947,122)	4,224,684	12,135	(6,710,303)	0	0	(6,710,303)	0	(6,710,303)
- profit/(loss) for the year	0	0	0	0	0	0	0	105,004,115	105,004,115	(507,190)	104,496,925
Shareholders' equity at 31 December 2022	**541,744,385**	**42,650,396**	**433,527,032**	**(8,185,449)**	**2,085,430**	**470,077,409**	**88,728,283**	**105,004,115**	**1,205,554,192**	**1,339,994**	**1,206,894,186**
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	(1,152,527)	0	(1,152,527)
Currency translation difference reserve	0	0	(2,326,921)	0	0	(2,326,921)	0	0	(2,326,921)	0	(2,326,921)
Long-term incentive plan	0	0	35,743	0	0	35,743	(120,401)	0	(84,658)	0	(84,658)
Comprehensive profit/(loss), of which:											
- profit/(loss) recognised directly in equity	0	0	9,429,765	(170,987)	(128,258)	9,130,520	0	0	9,130,520	0	9,130,520
- profit/(loss) for the year	0	0	0	0	0	0	0	112,921,182	112,921,182	(211,365)	112,709,817
Shareholders' equity at 31 December 2023	**541,744,385**	**47,270,441**	**439,513,092**	**(8,356,436)**	**1,957,172**	**480,384,269**	**82,555,461**	**112,921,182**	**1,217,605,297**	**1,128,629**	**1,218,733,926**

Consolidated Statement of Cash Flows

	Notes	2023	of which with related parties	2022	of which with related parties
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (A)	**16**	**267,732**		**225,310**	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the year	**17**	112,710	0	104,497	0
Depreciation	**7 and 8**	128,470	0	126,358	0
Net change in liabilities for employee benefits	**19**	(1,665)	0	(1,468)	0
Change resulting from exchange rate differences	**17**	(230)	0	(194)	0
Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	**7 and 8**	24	0	50	0
Provision for stock grant plans	**27**	921	0	1,057	0
Provisions for risks and charges	**18**	7,926	0	234	0
Net change in deferred tax assets and deferred tax liabilities	**11**	(1,208)	0	(1,348)	0
Decrease/(Increase) in inventories	**14**	(84)	0	587	0
Decrease/(Increase) in current and non-current trade receivables	**13**	22,200	1,404	(76,678)	172
Decrease/(Increase) in tax receivables and tax and social security payables	**12 and 23**	(19,044)	0	22,465	0
Changes in Other current assets and liabilities	**15 and 22**	9,667	5,844	43,901	27,766
Change in Other non-current assets and liabilities	**22**	(10,732)	6,029	(11,222)	284
Increase/(Decrease) in current and non-current trade payables	**21**	(38,340)	1,843	28,658	489
TOTAL CASH FLOW FROM OPERATING ACTIVITIES (B)		**210,615**		**236,897**	
of which Taxes paid		(61,068)		(39,568)	
of which Interest paid		(24,148)		(6,056)	
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	**7**	(83,826)	0	(79,756)	0
Investments in intangible assets	**8**	(26,650)	0	(18,009)	0
Increase/(Decrease) in trade payables for investments	**21**	38,878	2,906	27,877	(7,441)
Decrease/(Increase) in trade receivables for investments	**13**	0	0	750	0
Increase/(Decrease) in trade payables for equity investments	**9**	0		(1,027)	(1,027)
TOTAL CASH FLOW FROM INVESTING ACTIVITIES - (C)		**(71,598)**		**(70,165)**	
Net cash flow generated/(absorbed) from financing activities					
New medium and long term loans	**20**	360,000	0	180,000	0
(Repayments) of medium and long-term loans	**20**	(428,748)	0	(66,206)	0
Net change in financial liabilities	**20**	(4,418)	0	106	0
Issue/(Repayment) of bond loan	**20**	0	0	(180,000)	0
(Increase)/Decrease in current and non-current financial assets	**10**	0	0	0	0
Purchase of treasury shares	**17**	(2,158)	0		
Dividend distribution	**17**	(106,436)	(56,709)	(58,410)	(31,172)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES (D)		**(181,760)**		**(124,510)**	
Total cash flow (E = B+C+D)		**(42,743)**		**42,222**	
Exchange rate differences on cash and cash equivalents (F)		(113)		200	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (G = A+E+F)	**16**	**224,876**		**267,732**	

Notes to the Consolidated Financial Statements of the ENAV Group

1. General information

ENAV S.p.A. (hereinafter also the "Company" or the "Parent Company"), was established in 2001 following the transformation with Law 665/1996 of the "Ente Pubblico Economico denominato Ente Nazionale di Assistenza al Volo" (the National Agency for Flight Assistance), a public enterprise, that was formerly known as the "'Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale" (A.A.A.V.T.A.G.) (Autonomous Company providing Flight Assistance for General Traffic) and has its registered office in Rome (Italy), 716 Via Salaria and other secondary offices and operating facilities located throughout Italy.

Since 26 July 2016, ENAV shares have been listed on the Mercato Telematico Azionario (EXM – Euronext Milan) organised and operated by Borsa Italiana S.p.A. and, at 31 December 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 service, carried out by the Parent Company, of management and control of air traffic from 45 Control Towers and four Area Control Centers (ACC) on the domestic territory 24 hours a day and other essential services provided by the Parent Company for air navigation in Italian airspace and at the national civil airports for which it is responsible, as well as the technical operation and maintenance of air traffic control equipment and systems, the sale of aeronautical software solutions and commercial development and aeronautical consulting activities. The measurement and presentation of operations is broken down into four operating sectors, namely *flight assistance services, maintenance services, AIM software solutions* and a remaining sector defined as *other sectors*.

The Group's Consolidated Financial Statements for the year ended 31 December 2023 include the financial statements of ENAV S.p.A. and its subsidiaries and were approved by the Board of Directors on 20 March 2024, which authorised their dissemination. These financial statements have undergone statutory audit by EY S.p.A. which was engaged for the 2016-2024 period by the Shareholders' Meeting on 29 April 2016.

2. Form and content of the Consolidated Financial Statements

The Consolidated Financial Statements at 31 December 2023 of ENAV S.p.A. and its subsidiaries (hereinafter also the "Group") were prepared in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002 as well as Legislative Decree No. 38 of 28 February 2005, which governed the application of the IFRS under the scope of Italian law.

"IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the related EU Regulations published up to 20 March 2024, the date on which the ENAV S.p.A. Board of Directors approved the Consolidated Financial Statements.

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

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

The financial statements used and associated classification criteria adopted by the ENAV Group are indicated below under the scope of the options provided for in IAS 1 *Presentation of Financial Statements* and in conformity with the provisions of CONSOB Resolution No. 15519 of 27 July 2006 with regard to reporting the value of positions or transactions with related parties in the financial statements and, where applicable, the representation in the consolidated income statement of revenue and expense from significant non-recurring transactions or circumstances that do not occur frequently in regular operations. In 2023, there were no atypical or significant transactions requiring separate reporting. The following financial statements were used:

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

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

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

Each item of the Consolidated Financial Statements is compared with the corresponding figure for the previous year.

Directive 2004/109/EC (the Transparency Directive) and EU Delegated Regulation 2019/815 introduced the requirement for issuers of securities listed on regulated markets in the European Union to prepare their Annual Financial Report in a single electronic reporting format (European Single Electronic Format), approved by ESMA. Accordingly, it was envisaged that the Annual Financial Report be prepared in the XHTML format and that, for financial years commencing on or after 1 January 2022, the Explanatory Notes to the Consolidated Financial Statements, in addition to the related financial statements, be prepared using the ESMA-IFRS taxonomy and the iXBRL integrated computer language.

In accordance with these provisions, the Annual Financial Report was published in the single electronic communication format in addition to the usual courtesy format.

3. Principles and scope of consolidation

Subsidiaries

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

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

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

- power over the investee (or holds valid rights that give it the current ability to manage the relevant activities of the investee);
- exposure or rights to variable returns arising from the relation with the entity of the investment;
- ability to exercise its power on the entity of the investment to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entails control. In support of this presumption and when the Group holds less than the majority of voting rights or similar rights, the Group considers all the relevant facts and circumstances to determine whether it controls the investee, including:

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

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

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

The Financial Statements of the subsidiaries are prepared with reference to 31 December 2023, the reference date of the Consolidated Financial Statements, specifically drawn up and approved by the administrative bodies of the individual entities, appropriately adjusted, where necessary, to ensure uniformity with the accounting policies applied by the ENAV Group.

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

- the assets and liabilities, income and expenses of the fully consolidated entities are consolidated on a line-by-line basis in the Consolidated Financial Statements;
- the carrying amount of equity investments is eliminated against the corresponding fraction of the shareholders' equity of the investees, attributing to the individual elements of assets or liabilities their fair value at the date of the acquisition of control;

- unrealised gains and losses of the Group on transactions between Group companies are eliminated, as are reciprocal debtor and creditor positions and costs and revenues;
- the consolidation adjustments take account of deferred tax effects.

Translation of financial statements of foreign companies

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

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

The exchange rates used to translate the financial statements of companies that use a functional currency other than the euro are shown in the table below:

	31.12.2023		**31.12.2022**	
	12-month average	At 31 December	12-month average	At 31 December
Malaysian ringgit	4.9316	5.0775	4.6292	4.6984
US dollars	1.0816	1.1050	1.0539	1.0666

Translation of amounts in foreign currency

In the Group financial statements, transactions in currencies other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction. At the end of the financial year, monetary assets and liabilities denominated in currencies other than the euro are adjusted to the exchange rate in force at the closing date of the relevant accounting period and any exchange differences that may emerge are reflected in the Consolidated Income Statement.

Business combinations

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

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

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

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

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

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

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

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

Scope of consolidation

The scope of consolidation as at 31 December 2023 did not change from the previous year.

The companies included in the scope of consolidation are shown in the following table, which reports the value of their share capital at 31 December 2023 in thousands of euros and the percentage interest held:

Company Name	Office	Business	Currency	Consolidation Method	Share Capital	% of investment direct	group
Techno Sky S.r.l.	Rome	Services	euro	Line-by-line	1,600	100%	100%
D-Flight S.p.A.	Rome	Services	euro	Line-by-line	50	60%	60%
Enav Asia Pacific	Kuala Lumpur	Services	Malaysian ringgit	Line-by-line	127	100%	100%
Enav North Atlantic	Miami	Services	US dollars	Line-by-line	44,974	100%	100%
IDS AirNav S.r.l.	Rome	Services	euro	Line-by-line	500	100%	100%

4. Accounting policies

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

Property, plant and equipment

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

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

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

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

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

For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item write-downs and impairment losses. These impairments are reinstated if the reasons that generated them no longer apply, within the limits of the net carrying amount that the asset in question would have had if the write-down had not been made and if the depreciation had taken place.

At the time of the sale or when the future economic benefits anticipated from the use of an asset do not exist, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the carrying amount) is recognised through profit or loss in the year of the above-mentioned derecognition. Measurement shall take account of the provisions of IFRS 15.

In accordance with IFRS 16, the rights of use connected with long-term leases are recognised under property, plant and equipment if the lessee has exclusive control of the leased asset and the right to obtain substantially all of the economic benefits deriving from its use.

The right-of-use asset is recognised entered at a value equal to the sum of the present value of the contractual outgoing cash flows, using the rate provided for in the lease or the lessee's incremental borrowing rate as the discount rate factor.

The right-of-use asset is depreciated over the non-cancellable period of the lease, which normally coincides with its term.
For long-term car rentals, the contract is divided into a lease component, i.e. the pure rental payment, and a non-lease component for maintenance services. The lease component is included in the right-of-use asset, while the non-lease component is charged profit or loss.

Intangible assets

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

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. The cost is determined on the basis of the average weighted cost, which includes related ancillary expenses. If inventories can no longer be used because they have become obsolete, they are written down through the provision for inventory losses, directly adjusting the value of the asset.

Investments in other entities

Investments in other entities representing equity instruments are measured at fair value.

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

Financial assets

Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e.: at amortised cost, at fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Group uses to manage them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures financial assets at their fair value plus transaction costs in the case of financial assets not recognised at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied a practical expedient are valued at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (solely payments of principal and interest - SPPI). This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for the management of financial assets regards to the way in which financial assets are managed in order to generate cash flows. The business model determines whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both. The Group holds its financial assets to maturity.

For the purposes of the subsequent measurement, financial assets can be classified into four categories in accordance with IFRS 9: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value through other comprehensive income with reclassification of accumulated gains and losses (debt instruments); iii) financial assets at fair value through other comprehensive income without reclassification of accumulated gains and losses at the time of disposal (equity instruments); and iv) financial assets at fair value through profit or loss.

The Group mainly recognises the categories of financial instrument indicated in points i) and iii) above.

The Group measures financial assets at amortized cost if both of the following requirements are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortized cost are subsequently valued using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued. In the Consolidated Financial Statements, the following items of the financial statements fall into the category of financial assets at amortised cost: current and non-current financial assets, current and non-current trade receivables and other current and non-current assets.

For financial assets at fair value through other comprehensive income in the form of equity instruments, at first-time application of IFRS 9, the Group irrevocably elected to recognise changes in the fair value in other comprehensive income, as these instruments met the definition of equity instrument pursuant to IAS 32

“Financial instruments: Presentation” and were not held for trading. The classification is determined for each individual instrument.
Gains and losses on these financial assets are never recycled to profit or loss.
Dividends are recognised as other revenues in the income statement when the right to payment has been established, except when the Group benefits from such income as part of the cost of the financial asset, in which case those profits are recognised in OCI. Equity instruments recognised at fair value through OCI do not undergo impairment testing.
The Group has elected to irrevocably classify its unlisted equity investment in this category and, consequently, recognises changes in fair value through OCI.
The carrying amount of financial assets, not measured at fair value through profit or loss, is reduced by the new loan impairment model based on estimated credit losses introduced by IFRS 9. This model assumes an assessment of expected losses based on an estimate of the probability of default, the percentage of loss in the event of default and the financial exposure. These assessment factors are determined using historical data, forward-looking information and information available from info providers, where such information can be obtained without undue cost.
For certain categories of financial assets at amortised cost, such as trade receivables and contract assets, the Group adopts the simplified approach to the new impairment model. This simplified approach is based on management of creditor positions by portfolio and on the division of receivables into specific clusters that take account of the specific nature of the business, the client’s operating status, past due information and the specific regulatory framework.
If the amount of an expected loss recognised in the past should decrease and the decrease can be linked to an event that occurred after the recognition of the expected loss, it is reversed to profit or loss.
Financial assets are derecognised when the right to receive the cash flows of the instrument has expired or substantially all the risks and rewards of ownership of the instrument have been transferred.

Cash and cash equivalents

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

Derivative financial instruments

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

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 3: fair value calculated using valuation techniques employing unobservable variables.
For assets and liabilities measured at fair value on a recurring basis, the Group determines whether there has been a transfer between the levels indicated above, identifying the level at the end of each accounting period as the lowest level input that is significant to the entire measurement.

Financial liabilities

Financial liabilities are classified at the time of initial recognition under financial liabilities at fair value through profit or loss, loans and receivables, or derivatives designated as hedging instruments. All financial liabilities are initially recognised at fair value, plus, in the case of loans and payables, any transaction costs directly attributable to them. The Group's financial liabilities include trade payables and other liabilities and loans, including current account overdrafts.
The subsequent measurement approach adopted for financial liabilities depends on their classification. More specifically, financial liabilities at fair value through profit or loss include liabilities held for trading and comprise those assumed with the intent of extinguishing them or transferring them in the short term.
Financial liabilities classified as loans and receivables, which are the most common financial liabilities held by the Group, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liability is extinguished as well as through the process of amortisation.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is reported under financial expense in the income statement.
Trade payables and other financial liabilities are classified as current liabilities except when the contract will expire more than twelve months after the reporting date, in which case they are classified as non-current liabilities. Financial liabilities are derecognised when they are extinguished, or when the obligation specified in the contract is discharged.
Following the entry into force of IFRS 16, current and non-current financial liabilities also include financial liabilities representative of the present value of lease payments to be paid to the lessor under long-term leases, with the right of use being recognised under property, plant and equipment.

Employee benefits

Employee benefits are all forms of consideration paid by the Group for service rendered by employees.
Short-term employee benefits are represented by wages, salaries, social security contributions, indemnities in lieu of holidays and incentives paid in the form of a bonus payable within twelve months of the reporting date. These benefits are accounted for as components of personnel costs in the period in which the service was provided.
Post-employment benefits are divided into two types: defined benefit plans and defined contribution plans. Defined benefit plans are plans under which the employer is committed to paying the necessary contributions sufficient to guarantee the payment of fixed future pension benefits to employees, with the employer assuming an actuarial risk. Since, in defined benefit plans, the amount of the benefit payable can only be determined subsequent to the cessation of employment, the related cost and obligations can only be estimated by actuarial calculations in accordance with IAS 19. Defined contribution plans are those where the employer makes pre-determined contributions to a fund. The obligation of the employer is extinguished

with the payment of contributions to the fund and the actuarial risk is borne by the employee. In defined contribution plans, the contribution costs are recognised in profit and loss when they are incurred at their nominal value.
Employee severance pay (Italy's trattamento di fine rapporto system, or TFR) due to employees pursuant to Article 2120 of the Italian Civil Code accrued up to 31 December 2006 is treated as a defined benefit plan, while severance pay accrued with effect from 1 January 2007, in compliance with Law 296 of 27 December 2006, has been credited to supplementary pension funds or the treasury fund established by INPS (Italy's National Social Security Institute) on the basis of the implicit and explicit choices made by employees. The liability is projected to the future using the projected unit credit method in order to calculate the probable amount to be paid at the time of termination of employment, and is then discounted to take account of the time that will elapse before the effective payment. The liability recognised in the financial statements is based on the conclusion reached by actuaries external to the Group. The calculation takes into account the employee termination benefits accrued for work already performed and is based on actuarial assumptions that mainly concern: demographic bases (such as: employee turnover and mortality) and financial bases (such as: the inflation rate and the discount rate with maturity consistent with the expected maturity of the obligation). The value of the liability recognised in the financial statements is, therefore, in line with the actuarial measurement, and actuarial gains and losses resulting from the calculation are allocated directly to shareholders' equity under other comprehensive income in the period in which they arise, taking account of the related deferred tax effects.
The employee severance pay pursuant to Article 2120 of the Italian Civil Code accrued since 1 January 2007 and mandatorily credited to a supplementary pension fund or to the treasury fund at INPS is considered a defined contribution plan. These plans are managed by third-party fund managers, in relation to which the Group has no obligation. The Group pays contributions, recognising them through profit or loss when they are incurred at their nominal value.
Termination benefits are paid to employees for termination of the employment relationship are recognised as liabilities when the company decides to end the employment relationship with an employee or a group of employees before the normal retirement date, or when an employee or a group of employees decides to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised immediately under personnel costs.

Long-term share-based incentive plan

Long-term share-based incentive plans, in conformity with IFRS 2, are a component of remuneration for the beneficiaries involving payment in the form of equity instruments (equity-settled share-based payment transaction). For this plan, the cost is represented by the fair value of the instruments granted and the forecast of the number of shares that will actually be granted, fair value determined at the grant date, and is recognised under personnel and service costs on a straight-line basis over the vesting period, i.e., the period between the grant date and the vesting date, with a matching entry in a Shareholders' Equity reserve called the Stock Grant Reserve.
The fair value of the shares underlying the incentive plan is determined at the grant date by taking into account forecasts regarding the achievement of performance parameters associated with market conditions and is not adjusted in subsequent years. When the receipt of the benefit is also linked to conditions other than market conditions, the estimate of such conditions is reflected by adjusting over the vesting period the

number of shares that are expected to be actually granted. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs and service costs.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. Provisions are only recognised when there is a current obligation (legal or constructive) arising from a past event, the settlement of which is expected to result in an outflow of resources to discharge the obligation, and when it is possible to reliably estimate the amount. Where the effect of the time value of money is material and the payment dates of the obligations can be reliably estimated, the provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When the provision is discounted, the periodic adjustment of the fair value associated with the time value of money is reflected in profit or loss as financial expense. Where some or all of the expenditure required to settle is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received.

Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.

The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.

Risks for which the recognition of a liability is only possible are disclosed but no provision is made.

Revenues from contracts with customers

Revenues are recognised at the consideration received or receivable, net of discounts and rebates, and are recognised when the entity satisfies a performance obligation to transfer a good or a service to a customer, in accordance with the provisions of IFRS 15. The transfer takes place when the customer obtains control of the good or service, i.e. when the customer has the ability to direct its use and obtain substantially all the benefits. Control can be transferred at a certain point in time or over time, assessing the transfer using appropriate methods for measuring progress (output and/or input methods).

The transaction price also considers (using the expected value and/or most likely amount methods) variable components of the consideration when it is highly probable that there will not be a significant reversal of the revenue in the future. Transactions are also adjusted to take into account the time value of money.

The Group’s revenues are summarised below, broken down by nature:

- *regulated market*: two separate performance obligations to satisfy over time in the context of en-route and terminal streams. Progress is measured using the output method based on service units generated in en-route and terminal services and balance represent the variable consideration, factored into the transaction price of each performance obligation, attributable to the services provided within the en-route and terminal streams, making it possible to measure the actual value of the performance delivered to the customer, adjusted appropriately to take account of the time value of money;
- *non-regulated market*: revenues are broken down by type of transaction, such as the sale of licenses and delivery of services, flight inspection, aeronautical consulting, technical and engineering services, training

and other revenues. Revenues recognised over time are limited mainly to aeronautical consulting and the provision of services, including the maintenance of software solutions already sold. The sale of software licenses and/or hardware to customers is recognised only after the product has been physically delivered to the customer (point in time), except in certain cases of deferred delivery where they meet the requirements set out in the standard.

Balance – Revenues from contracts with customers

Internationally, the countries that belong to Eurocontrol used an en-route charging system until 31 December 2011 known as cost recovery. This system was based on the criterion that the amount of revenues was commensurate with the value of the costs incurred for en-route air navigation control services. By virtue of this principle, the unit rates were kept at the value that made it hypothetically possible to achieve break-even. At the end of the year, if revenues were higher than costs a *negative balance* (*over-recovery*) would be generated, which would give rise to an adjustment in the income statement for the greater revenues and the recognition of a balance payable. If, on the other hand, revenues were lower than the costs incurred, greater revenue would be recognised in the income statement and a *positive balance* (*under-recovery*) would be recorded. In compliance with the cost-recovery principle, the balance therefore represented the result of the correction mechanism used to adjust the amount of revenues to the effective billable costs incurred. The effects of this mechanism were reflected for rate purposes starting from the second year after the reference year and taken to profit or loss with the opposite sign of the balance recognised.
From 1 January 2015, this cost-recovery mechanism applied exclusively to terminal Charging Zone 3.
With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the National Performance Plan, in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore the Parent Company, with regard to both traffic and costs. In particular, the traffic risk mechanism provides for the sharing of traffic risk between airspace providers and airspace users, whereby positive and negative variations of up to 2% of actual traffic, compared to planned traffic, are borne entirely by the providers, while variations of between 2% and 10% are shared to the extent of 70% by the airlines and 30% by the providers. For variations exceeding 10%, the cost recovery methodology applies. Any positive or negative deviation with regard to traffic risk generates, according to the rules described above, the adjustment of en-route revenues using the item Balance for the year. With regard to the cost risk, the possibility of passing on in full to airspace users any deviations between what was planned and what was realised at the end of the year has been eliminated. These changes, whether positive or negative, are borne by the balances of the providers. This EU regulation also applies to terminal services in the first and second charging zones.
In the period 2020-2021, in the wake of the COVID-19 pandemic and the associated impact it has had on the air transport sector, the European Commission adopted a number of exceptional measures for the third reference period with Implementing Regulation (EU) 2020/1627 of 3 November 2020 (2020-2024) concerning the Single European Sky performance and charging scheme, introducing a number of rules partially derogating from Implementing Regulation (EU) 2019/317 for that period. Subsequently, the European

Commission issued Decision 2021/891 setting the performance targets for the third reference period and identifying Determined Unit Cost (DUC) as the reference performance indicator. It is defined as the ratio between determined costs and traffic expressed in service units. The balance referring to the loss of traffic in the two-year period 2020-2021 is exceptionally spread over a five-year period extendable to seven years, starting from 2023. The application of this regulation has been extended to include terminal revenues for Charging Zones 1 and 2, which are subject to the same European regulations.
Current and non-current balance receivables and payables are classified as current and non-current trade receivables and current and non-current trade payables, as contract assets/liabilities consistent with IFRS 15. The amount of credit/debit per balance is separately identifiable in the notes.
For both terminal services and en-route services, the *Balance for the year* item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only be settled ex post. In other words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.
The item *Balance for the year* will be charged to the rate no earlier than two subsequent financial years while, in the closing financial year, the credit/debit for Balance recorded through the item *Balance Utilization* and included in the unit rate for the year is transferred to the income statement.
Bearing in mind that the recovery of asset and liability balance is deferred in time and takes place on the basis of the plans to recovery balance through adjustments to unit rates, in accordance with IFRS 15, the Parent Company takes account of the time value of money in measuring those revenues, with initial recognition at their present value and subsequent recognition of accrued financial income/expense until their incorporation in rates.
If the balance recovery plans are changed, the Group adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balance for previous financial statements but it does require the prospective application of the changes.
The balance also includes a significant financing component, with a time horizon of more than 12 months. For this reason, the Group adjusts the transaction price to take account of the time value of money. The receivables and payables for balance, limited to the amounts recognised in the year, represent variable consideration, or contract assets/liabilities, which will be incorporated in unit rates in the future. The receivables and payables for balance included in unit rates for the year represent the draw-down at the time of invoicing of the contract assets/liabilities mentioned above. These contract assets/liabilities are classified under current and non-current trade receivables/payables, and are reported separately in the explanatory notes.

Grants

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

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

Dividends

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

Costs

Costs are recognised when they involve goods and services sold or consumed in the year or through systematic allocation over a longer period until no future utility can be identified.
Costs are recognised in profit or loss in conjunction with the decline in the economic benefits associated with a reduction in an asset or an increase in a liability if this decrease can be reliably calculated and measured.

Financial income and expense

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

Income taxes

Current IRES (corporate income tax) and IRAP (regional business tax) taxes are calculated on the basis of the best estimate of taxable income for the year and in conformity with the tax regulations in force in the countries in which the Group conducts its activities, applying the tax rates in force. The payable for current taxes is recorded in the statement of financial position net of any pre-paid taxes.
Deferred tax assets and liabilities are calculated in respect of all temporary differences that emerge between the values recognised in the financial statements and the corresponding values calculated for tax purposes, applying the tax rate in force at the date on which the temporary difference will reverse, as determined on the basis of the tax rates set out in applicable regulations or essentially in force at the reference date. Deferred tax assets for all temporary differences that can be deducted in future years are only recognised when their recovery is likely, or if it is expected that sufficient taxable income will be generated in the future to recover the assets. Deferred tax liabilities are recognised for all temporary differences taxable in future years unless such liability arises from: i) the initial recognition of goodwill; ii) the initial recognition of an asset

or a liability in a transaction that does not represent a business combination and which at the time of the transaction does not affect either the accounting profit or taxable income (tax loss).
Current taxes, deferred tax assets and deferred tax liabilities are recognised through profit or loss, with the exception of those relating to items directly debited or credited to components of other comprehensive income, which are recognised in equity. In such cases the tax effect is directly attributable to the components of other comprehensive income in equity.
Deferred tax assets and liabilities in respect of taxes levied by the same taxation authority are offset if there is a legally enforceable right to set off the current tax assets against the current tax liabilities generated at the time of their reversal.
Deferred tax assets and liabilities are classified under non-current assets and liabilities, respectively.
Taxes and duties not related to income are recognised in the income statement under other operating costs.
The Group applied the mandatory exemption for the recognition and disclosure of deferred tax assets and liabilities arising from the Pillar Two Global anti-Base Erosion rules ('GloBE Rules'). Additionally, the Group revised its corporate structure in light of the introduction of Pillar Two regulations in different legislations. As the Group's effective tax rate exceeds 15% in all jurisdictions in which the Group operates, the Group has determined that it does not fall within the scope of the Pillar Two regulations for the calculation of the so-called 'Top-Up tax'. Consequently, the Group's Consolidated Financial Statements do not include the information required by paragraphs 88A-88D of IAS 12, which were introduced following the OECD introduction of the aforementioned restructuring of international tax rules for multinational enterprises.

Related parties

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

Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity: i) that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment; iii) for which discrete financial information is available.
For management purposes, the ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, for the purpose of financial reporting, has three operating segments

(flight assistance services, maintenance services and AIM software solutions) coinciding with the cash generating units (CGU). A fourth operating segment of a residual nature is also present, which includes operations connected with minor activities that do not fall within the scope the main operating segments subject to separate monitoring.
The information for the operating segments for 2023, with the comparative figures for 2022, is provided in Note 32 *Operating segments*.

Basic and diluted earnings/(losses) per share

In accordance with IAS 33, basic earnings per share are calculated as the ratio between the profit or loss for the financial year attributable to shareholders holding ordinary shares of the Parent Company by the weighted average of ordinary shares outstanding during the financial year, excluding treasury shares.
The basic earnings coincide with diluted earnings in view of the fact that as of the date the financial statements are prepared there are no potential ordinary shares, i.e. instruments that have not yet given rise to the issue of shares with potential dilutive effects despite the existence of the legal conditions for doing so.

5. Use of estimates and management judgements

In accordance with the IAS/IFRS, the preparation of the consolidated financial statement requires management to make accounting estimates based on complex and/or subjective judgements, evaluations, estimates based on historic experience and assumptions considered to be reasonable and realistic in view of the related circumstances and on the information available at the time of the estimate. The application of these estimates and assumptions influences the carrying amount of assets and liabilities and the disclosures on contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs in the reference period. Actual results could differ from estimated results as a result of the uncertainty in the assumptions and conditions on which the estimates are based. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the accounts in the period in which the review of the estimate takes place, if the revision only affects the current period, or also in subsequent periods if the revision affects the current period and future periods.
Particular attention was paid to assessing the recoverability of receivables, the value retention of assets and goodwill and determining the balance for the year. Furthermore, in the preparation of the Consolidated Financial Statements, the conditions for operating as a going concern were assessed and it can be reasonably affirmed that the Group will continue to operate in the foreseeable future with a long-term perspective. In the case of future changes in estimation processes, disclosures will be provided about the methodological changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. Such changes in the conditions underlying the assumptions and judgements could have a significant impact on the consolidated figures.

Measurement of revenues for the balance

As described in the section on *Accounting Policies*, the measurement of operating revenues supplemented by the recognition of balance for the year, which measure services already provided by the parent company, requires management to use estimates and valuations. These estimates and assessments relate to the timing of the recovery of the balance-related amounts in the years following the year of accrual as well as the choice of discount rate used. In particular, with reference to the measurement of the fair value of the integration and adjustment component for Balance of the year, management makes a forecast of the timing of recovery by means of future unit rate plans: if the same forecasts change, the amount relative to receivables and payables for Balance is modified to reflect the new forecasts relative to the cash flows connected to them.

Fair value measurement of equity instruments

At each reporting date, the Group updates the fair value of the equity instruments for which it has made an irrevocable election to recognise the related adjustments to OCI in a specific equity reserve. With reference to the valuation of the fair value of the equity investment in Aireon, the analysis conducted by management requires the evaluation of a series of internal and external inputs such as: examination of the annual budget, examination of the long-term business plan and analysis of key market indicators. The evaluation requires extensive use of significant estimates and assumptions by management. In particular, the estimate of the Aireon fair value was carried out on the basis of the economic and financial projections for the period 2024-2038 (the "Plan"), approved during the month of February 2024 by Aireon management. In particular, the evaluation model is based on the following main assumptions:

- the equity value, determined from the equity-side perspective on the basis of the distributable dividends drawn from that Plan. These dividends were determined on the basis of the explicit valuation period, beyond which it was assumed that the Company will generate a sustainable cash flow at a nominal average growth rate (g-rate) in the long term (terminal value);
- the discount rate used is the cost of capital (Ke) of 15.58%, calculated using the Capital Asset Pricing Model (CAPM) method.

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

Impairment of assets and cash generating units

An asset is impaired if the carrying amount of the asset or a cash generating unit (CGU) is greater than its recoverable value (equal to the greater of the fair value of an asset or cash generating unit less costs to sell and its value in use). A CGU is the smallest group of assets that generates largely independent cash flows.
In the process of identifying the CGUs, management has taken into account the specific nature of the activity and the business it belongs to (business areas, legislative framework, etc.), verifying that the inward cash flows from a group of assets are largely independent of those from other assets (or groups of assets). Additionally, the assets included in each CGU were also identified on the basis of the methods through which management monitors and manages them within the scope of its business model.
The number and scope of CGUs are systematically monitored to take account of any external factors that could influence the capacity of groups of corporate assets to generate independent cash flows or in order to allocate the effects of any new business combination or reorganisation operation carried out by the Group.
Based on the current structure of the Group, management has identified two cash generating units (CGUs).

- *flight assistance services*: this CGU coincides with ENAV S.p.A. whose core business is providing air traffic control and management services and other essential flight assistance services in Italian airspace and at the domestic civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology infrastructure of flight assistance systems;
- *Maintenance services*: this CGU coincides with the subsidiary Techno Sky S.r.l. whose core business is the technical management and maintenance of air traffic control equipment and systems.

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

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

Performing the impairment tests required management to make significant estimates, also taking into account any ESG impacts reflected in the business plan. Any changes in the assumptions and inputs used could result in significant changes regarding the recoverable value of the CGU.

For the Maintenance Services CGU and the AIM Software Solutions CGU, the discounted cash flows refer to a 5-year time horizon (2024 - 2028) and are taken from the Business and Financial Plan approved by the Board of Directors of the respective companies, also taking into account the approved budget for the year 2024. These flows, for the explicit forecast period, are formulated on the basis of hypothetical assumptions and associated with the evolutionary expectations of the business, while the years following the explicit period, assumptions of long-term sustainable profitability are developed to allow for business continuity (growth rates and other factors anchored to macroeconomic dynamics).

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

- definition of a NOPAT (Net Operating Profit After Taxes) developed on the basis of the last two explicit forecast years (2027-2028);
- depreciation is aligned with investments to maintain fixed capital;
- working capital with balance of zero;
- the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 1.9% in line with the revision of the inflation forecasts for Italy.

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

In determining the value in use, the expected future cash flows are discounted using a discount rate, the estimation of which is affected by the judgements and assumptions made by management, and which reflects current market assessments of the time value of money and the specific risks of operations. In particular, the discount rate was constructed according to the main following assumptions: the free risk, the country risk premium and the market risk premium were determined on the basis of data observable on the market, the beta was based on an estimate determined on the basis of a sample of comparable companies and, given the characteristics of Techno Sky, a full-equity financial structure was assumed.

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

Determining useful life

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

Provisions for risks

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

Provision for doubtful accounts and provision for writedown of inventories

The provisions for doubtful accounts and the provision for writedown of inventories respectively reflect the estimates of losses on Group receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used.
The valuation model used by the Group takes into account the deterioration of the creditworthiness of a basket of companies representative of the air transport sector.
Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

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

The accounting standards adopted to prepare the Consolidated Financial Statements as at 31 December 2023 are consistent with those used to prepare the Consolidated Financial Statements as at 31 December 2022. The amendments and interpretations that apply for the first time in 2023 have no impact on the Consolidated Financial Statements. The Group has not opted for early adoption of any new standard, amendment or interpretation issued but not yet in force.

New accounting standards, interpretations and amendments that did not have an impact on the Group's Consolidated Financial Statements

Below is a list of the new accounting standards, amendments and interpretations applicable to the Group, starting from 1 January 2023, and not producing significant impacts on the 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 approved 11 August 2022. The amendments to IAS 12 Income

Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. These amendments had no impact on the Group's Consolidated Financial Statements.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Accounting Estimates - issued on 12 February 2021 and approved on 2 March 2022. These amendments clarify the distinction between changes in accounting principles, changes in accounting estimates and error corrections. According to the new definition, accounting estimates are monetary amounts subject to measurement uncertainty, and entities develop such estimates if accounting standards require that the items in the financial statements may involve measurement uncertainty. Furthermore, the Board clarifies that a change in an accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a change in a measurement technique represent a change in an estimate if they do not result from the correction of prior period error. These amendments had no impact on the Group's 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 approved on 2 March 2022. These amendments provide information and examples to assist entities in applying materiality judgements to the disclosure of accounting policies. These amendments aim to help entities provide information on accounting policies by replacing the requirement to provide their 'material' accounting policies with a requirement to provide information on their 'material' accounting policies. The changes only had an impact on the disclosure of the Group's Consolidated Financial Statements, but not on the measurement, recognition or presentation of any item in the Group's financial statements.
- *Amendment to IAS 12 Income Taxes:* International Tax Reform - Pillar Two Model Rules - issued on 23 May 2023 and approved on 8 November 2023. The Pillar Two Global anti-Base Erosion rules (GloBE or Pillar Two Rules), issued by the OECD, represent the first substantial revision of international tax rules. The reform introduced a two-pillar model with the aim of limiting tax competition by introducing a global minimum tax rate of 15% in each jurisdiction where multinational groups operate, the application of which is conditional on certain quantitative thresholds being exceeded (consolidated Group revenues exceeding 750 million in at least two tax years in the last four years). The parent company is therefore required to pay any supplementary tax for subsidiaries operating in low-tax jurisdictions. This represents a current tax in the Consolidated Financial Statements of the Group's ultimate parent company, where, however, a temporary mandatory exception to the recognition of deferred taxes arising from the Pillar Two model and certain disclosure requirements have been introduced.
  The Group was not impacted by the introduction of this amendment.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2023 and not adopted early by the Group

Below is a list of the new accounting standards, amendments and interpretations that will be applied by the Group in the years following the financial year ended 31 December 2023, of which the Group will evaluate the existence of any expected impacts upon first-time adoption, which from preliminary evaluations the following would not appear to emerge:

- *Amendment to IAS 1:* Classification of Liabilities as current or non-current - issued on 23 January 2020, and approved on 19 December 2023. With this amendment, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, that this right must exist at the end of the financial year and that classification is unaffected by the likelihood that an entity will exercise its deferral right. Finally, the amendment also clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. A further amendment to IAS 1, Non-current Liabilities with Covenants, was also published on 31 October 2022, according to which an entity classifies its debt as non-current only if it can avoid repayment of the debt in the 12 months following the reporting date. Often, an entity's ability to produce such a classification is conditional on compliance with certain clauses, so-called covenants. This amendment specifies that covenants to be met after the reporting date do not affect the classification of debt as current or non-current, but rather require adequate disclosure in the notes to the financial statements. The above amendments to the principle will be applicable as from 1 January 2024.

- *Amendment to IFRS 16 Leases:* Lease Liability in a Sale and Lease Back - issued on 22 September 2022, and approved on 20 November 2023. These amendments require a lessee-seller to subsequently measure the liability arising from a leaseback in such a way that no amount of gain or loss relating to the retained right of use is recognised. The new requirements do not prevent the seller from recognising in the income statement any gain or loss related to the partial and/or full termination of a lease. However, the amendment to the standard does not prescribe specific requirements for the measurement of a lease liability arising from a leaseback. The entity will therefore have to define an accounting policy in accordance with IAS 8 for how the liability is to be measured. The above amendments will be applicable as from 1 January 2024.
- *Amendment to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures:* Supplier Finance Arrangements - issued on 25 May 2023, pending approval. The changes concern the disclosure requirements related to reverse factoring agreements, requiring disclosure of terms and conditions related to such agreements, the amounts of liabilities covered by such agreements and an indication of the liability item under which the liabilities are shown in the balance sheet, and other information. The amendments are effective for financial years starting from 1 January 2024, subject to approval.
- *Amendment to IAS 21 The effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability - issued on 15 August 2023, pending approval. The amendment clarifies when one currency cannot be converted into another, how to estimate the exchange rate, and the disclosures to be made in the notes to the financial statement. The amendment enters into force on 1 January 2025.

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 31 December 2023 compared with the previous year.

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Asset under construction	Total
Historical 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)
Residual value at 31.12.2022	**264,568**	**262,642**	**34,038**	**30,188**	**260,256**	**851,692**
Increases	6,935	25,149	2,337	9,437	83,826	127,684
Disposals - historical cost	(581)	(4,254)	(2,847)	(4,325)	0	(12,007)
Disposals - accumulated depreciation	547	4,232	2,847	4,280	0	11,906
Reclassifications	0	(315)	(115)	0	(45,311)	(45,741)
Depreciation	(21,710)	(71,376)	(6,670)	(10,942)	0	(110,698)
Total changes	**(14,809)**	**(46,564)**	**(4,448)**	**(1,550)**	**38,515**	**(28,856)**
Historical cost	571,133	2,030,420	273,645	347,700	298,771	3,521,669
Accumulated depreciation	(321,374)	(1,814,342)	(244,055)	(319,062)	0	(2,698,833)
Residual value at 31.12.2023	**249,759**	**216,078**	**29,590**	**28,638**	**298,771**	**822,836**

(thousands of euros)

Property, plant and equipment decreased by a net €28,856 thousand, reflecting:

- depreciation for the period of €110,698 thousand (€112,442 thousand in 2022);
- an increase in tangible assets of €127,684 thousand, of which €43,858 thousand relating to investments that entered service during the year. These include: i) the implementation of the Arrival Management (AMAN) system, a decision-support tool for air traffic controllers that allows the efficient identification and management of the sequence of flights arriving at one or more airports, through which the optimal arrival times of flights are calculated, reducing the length of trajectories and the delay of each flight according to Flight/Flue Efficiency criteria. This system was implemented in the operations room of the Milan ACC for the optimised management of flight sequences arriving at the airports of Milan Malpensa, Milan Linate and Bergamo Orio al Serio; ii) the integration of the AMAN tool in the SATCAS system, the legacy ATM (Air Traffic Management) system used in the operations rooms of the ACC for en-route and approach air traffic control at the main national airports; iii) the development and implementation of the Automatic Tactical Control Tool (TCTA), which represents a further technological support used by Air Traffic Controllers operating in the ACC for the prevention of potential conflicts between flights operating in the airspace managed by the Parent Company, supporting their automatic identification and classifying them according to levels of urgency. This system came into use in the previous financial year for the ACC in Padua, Brindisi and Milan, and was implemented in 2023 at the ACC in Rome; iv) the centralised monitoring system for the airport weather system E-AWOS (Automatic Weather Observation System); v) work to prepare the physical space that will host the remote towers at the Brindisi ACC; vi) the modernisation of the current system for managing satellite connectivity on various company sites; vii) the modernisation of the Terra Bordo Terra (TBT) radio systems on various company sites; viii) the Cronos

system for the management of Notam, useful information for flight plans, integrated with EAD (European Aeronautical information services Database), the Eurocontrol centralised reference database for the Quality Assurance of aeronautical information, which enables service providers to retrieve AIS data in real time; ix) the modernisation of radio navigation systems on various airport sites; x) the installation of approach radar at Lamezia Terme airport.

Increases of €83,826 thousand refer to tangible assets in progress related 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 for ACC based on the SESAR operational concepts and assuming the Coflight system as a basic component. The new generation Flight data processing system called Coflight supports the controller in the calculation of the expected flight path and is realised in collaboration with the French provider DSNA; ii) the programme to move the approach radar control stations from the current dedicated sites at the airports to the ACC above; iii) the implementation of the new ENET-2 communication network, which will replace the current ENET network that interconnects all domestic operational sites, conveying operational voice, radar, flight plan, weather, AIS and facility control data; iv) the activities related to the implementation of remotely managed Control Towers, which also includes the preparation of the physical space needed at ACC to host them; v) the local digitalisation activities of the air traffic control towers of various sites.

- decreases for reclassifications of a total of €45,741 thousand mainly refer to investment projects concluded and entered into use during the year with classification under their own item for €43,858 thousand, for €603 thousand to the reclassification of some components of operating systems in inventories for spare parts and for the remaining part to amounts classified under intangible assets.

Note that part of the investments, with a historical cost of €267.4 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, projects financed at the European level and contributions deriving from the NRRP. The capital grants for these investments are accounted for as other liabilities and reversed to profit or loss in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €11,311 thousand (€8,470 thousand in 2022).

8. Intangible assets

Intangible assets at 31 December 2023 amounted to €190,297 thousand, with the following changes during the year:

	Industrial patents and intellectual property rights	Other intangible assets	Intangible assets in progress	Goodwill	Total
Historical cost	203,976	12,333	59,954	93,472	369,735
Accumulated amortisation	(183,300)	(6,017)	0	0	(189,317)
Residual value at 31.12.2022	**20,676**	**6,316**	**59,954**	**93,472**	**180,418**
Increases	22,588	0	26,650	0	49,238
Disposals	0	0	0	0	0
Reclassifications	0	0	(21,588)	0	(21,588)
Depreciation	(16,762)	(1,009)	0	0	(17,771)
Total changes	**5,826**	**(1,009)**	**5,062**	**0**	**9,879**
Historical cost	226,564	12,333	65,016	93,472	397,385
Accumulated amortisation	(200,062)	(7,026)	0	0	(207,088)
Residual value at 31.12.2023	**26,502**	**5,307**	**65,016**	**93,472**	**190,297**

(thousands of euros)

Intangible assets increased by a net €9,879 thousand during the year as a result of the following factors:

- depreciation for the year amounting to €17,771 thousand (€13,916 at 31 December 2022);
- increases totalling €49,238 thousand, of which €22,588 thousand referred to investment projects completed during the year and entered into use, and mainly related to: i) software for management systems such as those referring to personnel management system applications and software based on VMware virtualisation technology; ii) certain functionalities of the Aeronautical Information Management (AIM) suite and developments made to the Local Traffic Load Management Tool (LTLMT) and Flight Procedure Design and Airspace Management (FPDAM) software products; iii) the integration and customisation of the new ERP in cloud for a Group company; iv) the Information Technology programme related to the updating of the Digital application park in terms of portals and web applications.

  The remaining €26,650 thousand of the increases refer to projects in progress, including the ERP in the cloud that involves all Group companies and the modernisation of certain management systems, the continuation of software development activities for the technological innovation of AIM Portal products, including custom developments of the SaaS "OnAir" project, and the development and re-engineering of other products; implementations on the Unmanned Aerial Vehicles Traffic Management (UTM) platform. The Company verified that this item had not incurred any impairment loss as at the reporting date;
- decreases in intangible assets due to reclassifications for €21,588 thousand mainly refer to investment projects completed during the year and entered into use under their own heading, net of amounts reclassified within tangible assets.

Goodwill amounted to €93,472 thousand and includes €66,486 thousand in respect of the positive difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets at fair value, and is representative of future economic benefits. This value is allocated entirely to the Maintenance Services CGU, coinciding with the legal entity Techno Sky S.r.l. As of 31 December 2023, in application of the method prescribed by IAS 36 Impairment of Assets, this goodwill was subjected to an impairment test, performed by comparing the recoverable value of the CGU with the carrying value of the net assets related to this unit, consistently with the provisions of IAS 36. It should be noted that no intangible assets with indefinite useful life have been allocated to the CGU in question. In determining recoverable value, reference was made to value in use. The discount rate used is the WACC equal to 8.17% (8.64% in 2022) constructed using the unconditional method with a free risk equal to the average 1-year yield of Italian government bonds with a maturity of 10 years an average beta inferred from comparable companies, and the mature market risk premium. The growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, is equal to 1.9% (2% in 2022), consistent with the revised inflation forecasts for Italy.

Management believed that for the estimate of the recoverable value, reference was made to the value in use estimated on the basis of the cash flows as inferred from the 2024-2028 economic and financial plan prepared by the subsidiary company and approved by the Board of Directors of Techno Sky on 28 February 2024, plan that reflects the market conditions from both an economic and financial perspective, also considering the 2024 budget, the latter approved on 13 December 2023, and the 2023 final data. The plan shows an end-of-plan EBITDA of 17%. The assumptions on which the development of the economic-financial plan was based can be traced back to knowledge of the reference market, which took into account the 2024 budget, and objective data relating to the continuation of the company's core business activities.

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

For the purposes of the sensitivity analysis, an increase in the WACC of 0.5% was assumed while maintaining the growth rate at 1.9%. Headroom was positive at €9.4 million. Assuming a zero growth rate in the event of unchanged WACC, the headroom measurement would be equal to negative €18.1 million.

The remainder of goodwill, equal to €26,986 thousand, regards the positive difference between the acquisition value of the subsidiary IDS AirNav S.r.l. and the current value of net assets, and is representative of future economic benefits. This value, determined following the purchase price allocation process, has been entirely allocated to the AIM Software Solutions CGU, coinciding with the legal entity IDS AirNav.

As of 31 December 2023, in application of the method prescribed by IAS 36 Impairment of Assets, this goodwill was subjected to an impairment test, performed by comparing the recoverable value of the CGU with the carrying value of the net assets related to this unit, consistently with the provisions of IAS 36. It should be noted that, in addition to goodwill, no intangible assets with indefinite useful life have been allocated to the CGU in question. In determining recoverable value, reference was made to value in use. The discount rate used is a WACC of 11.6% (13.32% in 2022), with a growth rate of operating cash flows in nominal terms, equal to 1.9% (2% in 2022), consistent with the revised inflation forecasts for Italy.

The management considered that the recoverable amount was to be estimated with reference to the value in use estimated on the basis of the cash flows inferable from the 2024-2028 business plan prepared by the subsidiary and approved by the Board of Directors of IDS AirNav on 28 February 2024, also taking into account the 2024 budget, the latter approved on 14 December 2023, and the 2023 final figures. The plan shows a revenue growth rate of 10.7% over the period with an end-of-plan operating margin of about 29.4%.

The assumptions on which the company based the preparation of the financial plan are founded on an understanding of the reference market, the information received from the Group’s commercial structure. The test found that the recoverable value is greater than the carrying amount of the CGU and, consequently, no impairment was recognised. The recoverable value for the purposes of the impairment test showed headroom over the corresponding carrying amount of about €5.4 million.

For the purposes of the sensitivity analysis, an increase in the WACC of 0.5% was assumed while maintaining the growth rate at 1.9%. Headroom was positive at €2.5 million. Assuming a zero growth rate and the WACC remaining unchanged, the headroom measurement would be negative by €1.5 million.

9. Investments in other entities

The item Investments in other companies amounted to €46,682 thousand (€36,310 thousand as of 31 December 2022) and recorded, compared to the previous year, an increase of €10,372 thousand referring exclusively to the 8.6% equity investment in Aireon LLC through Aireon Holding Company (Hold Co), which will amount to 10.35% after exercising the redemption clause, and is recognised at fair value without the possibility of reclassification to the income statement. After adjusting the value to both fair value and year-end exchange rate, the investment was recognised at €46.5 million.

The fair value was measured using the valuation techniques provided for in IFRS 13, under which the calculation of fair value should maximise the use of observable data and minimise unobservable data in order to estimate the price at which it would be sold in an orderly transaction to transfer the equity instrument would take place between market participants at the measurement date. With a non-active market, the inputs used are consistent with Level 3 of the fair value hierarchy.

As of 31 December 2023, the Group estimated the fair value of the investment using the following inputs: the flows related to the Long-Term Operating Plan (LTOP) updated by Aireon management in February 2024 and referring to the market assumptions existing as of 31 December 2023, with a time horizon extending to 2038, an increase of five years compared to the previous plan whose explicit period ended in 2033. This extension follows the review and update of the useful life of the technological asset carried out by Aireon management by a further five years, consistent with the same extension assumed by the partner Iridium in 2023 in relation to the satellite constellation. For the purposes of estimating fair value, however, a conservative approach was adopted by limiting the effects to the year 2035 in line with the declarations made by the reference shareholder and considering the dividends distributable over this plan. These economic and financial forecasts, benefiting from the aforementioned useful life extension, show an increase in distributable dividends compared to previous estimates and the development of the new constellation over the broader period considered.

Other elements on which the estimate was based are official stock market prices, historical and forecast economic-financial data for the sector and the average market prices of American government bonds. Following the update of the input parameters, the fair value of the investment in Aireon, as of 31 December 2023, is equal to €46.5 million, corresponding to $51.4 million, an increase of $12.8 million, corresponding to €10.4 million, compared to the figure as of 31 December 2022.

The valuation model used is based on the following assumptions:) fair value, determined from an equity-side perspective, based on a model involving the discounting of the dividends drawn from the explicit period of the plan; ii) the terminal value of the investment was determined by assuming sustainable cash flows at a long-term nominal average growth rate (g-rate); iii) the discount rate used is a cost of capital (Ke) of 15.58% (14.57% in 2022), calculated using the CAPM (Capital Asset Pricing Model) method.

In order to verify the robustness of the fair value estimate, a sensitivity analysis was conducted on the Ke and growth rate g parameters: holding the growth factor constant at 2.3% and assuming a Ke change of +/-0.5%, the value of the investment would appreciate/depreciate by approximately $2.5 million, respectively.

The item Equity investments in other companies also includes the 16.67% share held by the Parent Company in the share capital of the French company ESSP SaS, a company in which the main European service providers participate and which has as its object the management of the satellite navigation system EGNOS and the provision of related services, which in 2023, paid a dividend of €583 thousand, a slight decrease compared to the dividend paid in 2022 (€667 thousand).

10. Current and non-current financial assets

Non-current financial assets amounted to €344 thousand and did not change from 31 December 2022, while current financial assets were reduced to zero due to the maturity of the derivative financial instrument present at 31 December 2022 for €169 thousand.

11. Deferred tax assets and deferred tax liabilities

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

	at 31.12.2022		Incr./decr. through profit or loss		Incr./decr. through equity			at 31.12.2023	
	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities	Exchange rate differences	Temporary differences	Deferred tax assets/liabilities
Deferred tax assets									
Taxed provisions	37,391	8,972	7,637	1,833	0	0	0	45,028	10,805
Write-down of inventories	9,484	2,276	10	2	0	0	0	9,494	2,278
Discounting of receivables	18,721	4,494	(3,887)	(933)	0	0	0	14,834	3,561
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	1,020	245	0	0	0	1,109	267
Fair value of derivatives	4	1	0	0	0	0	0	4	1
Fair value of investment	20,827	4,465	0	0	(11,629)	(2,442)	(91)	9,198	1,932
Others	64,948	15,906	(3,993)	(953)	0	0	(393)	60,955	14,560
Total	**152,076**	**36,321**	**787**	**194**	**(11,629)**	**(2,442)**	**(484)**	**141,234**	**33,589**
Deferred tax liabilities									
Others	7,823	1,878	(286)	(68)	0	0	0	7,537	1,810
Discounting on debts	1,094	263	(394)	(94)	0	0	0	700	169
Tax effect of IFRS conversion	1,504	470	(471)	(130)	0	0	0	1,033	340
Discounting employee severance pay	407	98	0	0	(225)	(54)	0	182	44
Fair value of derivatives	2,749	660	0	0	(169)	(40)	0	2,580	620
PPA	0	2,421	0	(722)	0	0	0	0	1,699
Total	**13,577**	**5,790**	**(1,151)**	**(1,014)**	**(394)**	**(94)**	**0**	**12,032**	**4,682**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2023 of €33,589 thousand and €4,682 thousand, respectively, is attributable to the following factors:

- the recognition of the deferred tax liabilities associated with the discounting of receivables and payables for the balance recognised in 2023 and the reversal of the deferred tax liabilities for receivables and payables accruing in 2023;
- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 13 and 18;
- the recognition of deferred tax assets on the tax loss of ENAV North Atlantic;
- the recognition of employee severance pay in accordance with the IAS 19, which produced an actuarial loss for the year recognised in other comprehensive income;
- the reversal of deferred tax assets on the fair value of the investment in Aireon LLC as reported in Note 9;
- the measurement and reversal to profit or loss of the elimination of margins on intercompany transactions;
- the reversal of the deferred tax liabilities connected with the purchase price allocation of the subsidiary IDS AirNav.

The Group considers the deferred tax assets recognised to be reasonably recoverable on the basis of the prospective taxable income inferred from the approved plans.

12. Current and non-current tax receivables

Non-current tax receivables amounted to €13 thousand and record a decrease of €47 thousand compared to the previous year, mainly due to the reclassification of this amount among current tax receivables.

Current tax receivables amounted to €2,774 thousand and recorded a net decrease of €3,103 thousand, mainly due to the use of the tax credit recorded for the purchase of energy products for the third and fourth quarters of 2022 for a total of €2.6 million as compensation.

	at 31.12.2023	at 31.12.2022	Change
Receivable from tax authorities for VAT	1,257	1,470	(213)
IRES receivable	507	1,189	(682)
IRAP receivable	99	178	(79)
Other current tax receivable	911	3,040	(2,129)
Total	**2,774**	**5,877**	**(3,103)**

(thousands of euros)

The IRES credit and the IRAP credit refer to Group companies that have a credit balance as the difference between advances paid and current taxes recognised in 2023.

13. Current and non-current trade receivables

Current trade receivables amounted to €391,303 thousand and non-current trade receivables to €526,841 thousand and recorded the changes reported in the following table during the year compared to 31 December 2022:

	at 31.12.2023	at 31.12.2022	Change
Current trade receivables			
Receivables from Eurocontrol	168,503	156,052	12,451
Receivables from the Ministry of Economy and Finance	11,917	12,506	(589)
Receivables from the Ministry of Infrastructure and Transport	30,000	30,000	0
Receivables from other customers	48,347	43,714	4,633
Balance receivables	173,127	131,804	41,323
	431,894	**374,076**	**57,818**
Provision for doubtful accounts	(40,591)	(40,508)	(83)
Total	**391,303**	**333,568**	**57,735**
Non-current trade receivables			
Balance receivables	526,841	606,775	(79,934)
Total	**526,841**	**606,775**	**(79,934)**

(thousands of euros)

Receivables from Eurocontrol regard to the fees in respect of en-route and terminal revenues not yet received as of 31 December 2023, most of which had not yet fallen due, amounting to €115,244 thousand (€109,289 thousand at 31 December 2022) and €53,259 thousand (€46,763 thousand at 31 December 2022), respectively, gross of the provision for doubtful accounts. The overall increase of €12,451 thousand refers mainly to the higher revenue generated in November and December 2023, compared to the corresponding months of 2022, due to the recovery of air transport connections. The receivable from Eurocontrol, net of the direct portion of the provision for doubtful accounts, amounted to €141,957 thousand (€129,133 thousand as of 31 December 2022).

The Receivable from the Ministry of Economy and Finance (MEF) equal to €11,917 thousand is entirely related to the route and terminal exemptions recognised in 2023, a decrease of €589 thousand, compared to the figure recorded in the previous year, due to the fewer exempt route and terminal service units developed during the year. The 2022 receivable of €12,506 thousand was offset, following the approval of the 2022 budget, with the payable to the Air Force for the collections relating to the en-route rate of €56,152 thousand, resulting in a net payables to the MEF of €43,646 thousand settled in December 2023.

Receivables from the Ministry of Infrastructure and Transport includes the operating grant for the year, equal to €30,000 thousand, which is intended to offset the costs incurred by the Parent Company to guarantee the safety of its plant and operational safety, as provided for by Article 11-septies of Law 248/05. In December, €30 million was recognised in the financial year 2022.

Receivables from other customers amounted to €48,347 thousand and recorded a net increase of €4,633 thousand, compared to the previous year, mainly related to invoices to be issued recognised at year-end on foreign job orders and due to longer collection times on foreign job orders.

The provision for doubtful accounts amounted to €40,591 thousand, with changes in 2023 breaking down as follows:

			Decreases		
	at 31.12.2022	**Increases**	**releases**	**cancellations**	**at 31.12.2023**
Provision for doubtful accounts	40,508	4,703	(2,353)	(2,267)	**40,591**

(thousands of euros)

The year's increase in the provision for doubtful accounts reflects the positions that were subject to total write-down due to the insolvency of certain airlines, the application of the valuation model adopted to take into account the deterioration of creditworthiness, as well as punctual write-downs on specific credit positions.

The decreases in the provision for doubtful accounts refer for €2,353 thousand to receivables prudentially written down in previous years and collected during 2023 and for €2,267 thousand to the write-off of receivables in respect of Eurocontrol, which does not affect the right to recover the receivable, and towards third-party customers for the closure of the bankruptcy proceedings.

The uses are recognised through profit or loss under the item "write-downs and impairment (reversals of impairment)".

The Balance receivable, net of the discounting effect, totalled €699,968 thousand (€738,579 thousand as of 31 December 2022) classified within current receivables for €173,127 thousand, which includes, net of the financial effect, the portion included in the unit rate in 2024 relating mainly to the second portion of the balance recognised in the two-year period 2020-2021, subject to recovery in five years starting from 2023 for the route credit and terminal credit referred to the first two charging zones and in seven years relative to the terminal credit of the third charging zone, in compliance with the request made by the ENAC regulator and provided for as a recovery timeframe by EU Regulation 2020/1627. The non-current portion of the balance receivable includes the positive balance that emerged in 2023, which, gross of the financial component, amounted to €96.4 million and refer to the inflationary balance for a total of €62.5 million (€34.7 million at 31 December 2022) recognised following the increase in the inflation rate, which in 2023 was 5.9% for Italy, compared to the 1.15% included in the Performance Plan; to the balance for traffic risk of the first charging zone for €1.1 million as the service units determined in the final balance were lower than planned by -6.47%; to the balance for the bonus capacity both of the route and of the first two charging zones for a total of €10.5 million, having determined a 0.01 minute of delay per assisted flight deriving from causes attributable exclusively to ENAV, as defined in the new targets communicated by ENAC to the European Commission, which has set a target of 0.04 minute of delay per assisted flight for 2023, and for €21.2 million to the positive balance related to the recovery of higher interest rates that emerged at the end of the year, compared to what was planned in the performance plan.

14. Inventories

Inventories, which are mainly represented by spare parts, amounted to €61,770 thousand net of the provision for inventory losses, an increase of €687 thousand on the previous year. Changes during the year break down as follows:

	at 31.12.2022	Increases	Decreases	at 31.12.2023
Bonded inventory	65,247	2,855	(2,380)	65,722
Direct Inventory	5,321	552	(330)	5,543
	70,568	**3,407**	**(2,710)**	**71,265**
Provision for inventory losses	(9,485)	(10)	0	(9,495)
Total	**61,083**	**3,397**	**(2,710)**	**61,770**

(thousands of euros)

The increase of €3,397 thousand, net of the inventory loss provision, mainly reflects bonded inventory for the purchase of spare parts for operating systems used for air navigation, including spare parts to support radar systems, telecommunications and meteorological systems. Part of the increase, equal to €603 thousand, was attributable to parts of systems classified to inventories from tangible assets. The decrease of €2,710 thousand relates to the use of spare parts in operating systems, which were lower than the purchases made during the year.

15. Other current and non-current assets

Other current assets amounted to €34,070 thousand, an increase of €1,508 thousand compared with the previous year, while other non-current assets totalled €36 thousand, a decrease of €6,042 thousand on 31 December 2022.

The item breaks down as follows:

	at 31.12.2023	at 31.12.2022	Change
Other current assets			
Receivables from government entities for capital grants	13,419	14,224	(805)
Receivables from personnel	3,648	3,769	(121)
Receivables from various entities for projects funded	13,042	13,017	25
Accruals and deferrals	2,743	816	1,927
Other receivables	3,497	3,204	293
	36,349	**35,030**	**1,319**
Provision for other doubtful accounts	(2,279)	(2,468)	189
Total	**34,070**	**32,562**	**1,508**
Other non-current assets			
Receivables from government entities for capital grants	0	6,029	(6,029)
Other receivables	36	49	(13)
Total	**36**	**6,078**	**(6,042)**

(thousands of euros)

Receivables from public entities for grants recorded an overall net decrease of €6,834 thousand, compared to 31 December 2022, due, on one hand, to the expiry of the financing period of the projects under the PON Transport 2014-2020 programme, which sees the recognition of the projects whose progress and related payment occurred by the end of the financial year 2023, with the simultaneous cancellation of the receivable against the related amount recorded under other liabilities for the remaining parts of the projects. On the other hand, the amount of €1.9 million was recognised in relation to the project financed under the NRRP of the subsidiary D-Flight, in accordance with the agreement entered into with the former Ministry of Infrastructures and Sustainable Mobility, for the portion related to the physical and financial progress of the project financed formally accepted by the NRRP Mission Unit operating within the Ministry of Infrastructures and Transport.

Receivables from personnel refer to the mission advances paid to employees whose travel expenses are not yet completed at the end of the year, of which the largest portion (€2,279 thousand) regards expense advances paid to former employees of the Parent Company, already investigated by judicial authorities and prudently written down in previous years. In 2023, €54 thousand was collected, which was deducted from the provision, and €135 thousand was written off on positions considered to be non-recoverable. In order to secure the receivable, one-fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in a number of cases, real estate were also seized.

Receivables from various entities for projects financed amounted to €13,042 thousand and were basically unchanged compared to the balance at 31 December 2022, affected by various movements during the year for the collection of projects financed under the Connecting European Facility (CEF) call 2014 and call 2015 and the recognition of new projects reported under both the CEF call 2016 and 2017 and for the portion of SESAR projects in which the Group participates.

The increase in deferred assets in the amount of €1,927 thousand is mainly related to the purchase of hardware necessary for the activities of certain foreign job orders that will be delivered in 2024.

16. Cash and cash equivalents

Cash and cash equivalents totalled €224,876 thousand, a net decrease of €42,856 thousand on the previous year. This change is mainly associated with the dynamics of collections and payments connected to ordinary operations that produced a positive cash flow, closely related to the resumption of air transport activities with consequent greater collections from the core business of the Parent Company, which made it possible to cover the greater payments to staff due upon successful contractual renewal. In FY2023 cash flow was also affected by other transactions, including: i) the payment of the dividend for a total of €106.4 million (€58.4 million in the previous financial year); ii) the payment of the debt to the Ministry of Economy and Finance referring to the financial year 2022 for a total of €43.6 million (€31.5 million disbursed in 2022); iii) the payment of the payable to ENAC for the portion of route and terminal receipts pertaining to it and to the Italian Air Force for the portion of terminal receipts pertaining to it for a total of €20.8 million; iv) the repayment of the quarterly and half-yearly instalments of the loans in place according to the contractual amortisation plans for €68.7 million; v) the purchase of treasury shares for €2.2 million.
Cash and cash equivalents are not restricted by encumbrances limiting their availability.

17. Shareholders' equity

Consolidated shareholders' equity at 31 December 2023 amounted to €1,218,734 thousand and breaks down as follows.

	at 31.12.2023	at 31.12.2022	Changes
Share capital	541,744	541,744	0
Legal reserve	47,270	42,650	4,620
Other reserves	442,928	435,789	7,139
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(8,356)	(8,185)	(171)
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 year	112,921	105,004	7,917
Total Group Shareholders' Equity	**1,217,604**	**1,205,553**	**12,051**
Non-controlling capital and reserves	1,341	1,848	(507)
Profit/(loss) attributable to non-controlling interests	(211)	(507)	296
Total shareholders' equity attributable to non-controlling interests	**1,130**	**1,341**	**(211)**
Total shareholders' equity	**1,218,734**	**1,206,894**	**11,840**

(thousands of euros)

On 28 April 2023, at the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2022, it was resolved to allocate the year's earnings 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 the retained earnings reserve. In addition, a resolution was passed to withdraw an amount of €18,668 thousand from the available reserve for retained earnings, in order to distribute, together with the allocation of the year's earnings as dividends, a total dividend of €106,436 thousand, equivalent to €0.1967 for each share outstanding on the ex-dividend date.

Share capital consists of 541,744,385 ordinary shares with no par value, of which 53.28% are held by the Ministry for the Economy and Finance, 46.60% by institutional and individual shareholders and 0.12% by ENAV in the form of treasury shares. At 31 December 2023, all shares are subscribed and paid up and no preference shares have been issued.

Other reserves include €36.4 million for the reserve for capital grants received in the 1996-2002 period, shown net of taxes paid, which therefore became available, €400 million from the allocation of the voluntary reduction in share capital, and €1.9 million for the reserve dedicated to the Group's long-term management incentive plan, which increased during the year due to the recognition of the shares related to the outstanding vesting cycles and reduced as a result of the allocation of the shares related to the first 2020-2022 vesting cycle of the second share-based incentive plan, the reserve for the fair value adjustment of the investment in Aireon net of deferred tax assets, for €3.9 million the capital reserve arising from D-Flight S.p.A. and the reserve for the translation of foreign currency financial statements related to exchange rate differences generated by the translation into euro of the financial statements of companies operating in areas other than the euro.

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

The reserve for actuarial gains/(losses) for employee benefits includes the effects of the actuarial changes in employee severance pay, net of the tax effect, which at 31 December 2023 registered a Group actuarial loss of €171 thousand.

The cash flow hedge reserve includes the impact of the fair value measurement of hedging derivatives, which shows a net decrease of €128 thousand for the year.

The reserve for treasury shares includes the countervalue of treasury shares amounting to 633,604 at an average price of 4.24 per share. During 2023, 500,000 treasury shares were purchased for a countervalue of €2.2 million and 236,915 treasury shares were allocated to the beneficiaries of the first 2020-2022 vesting cycle of the second 2020-2022 performance plan.

Retained earnings/(loss carryforward) reflects results for previous years of the companies included in the scope of consolidation and adjustments made at the consolidated level. The negative change of €6,173 thousand refers mainly to the withdrawal in this item of a portion allocated as dividend paid in October 2023.

The profit for the year attributable to the Group amounts to €112,921 thousand.

At 31 December 2023, non-controlling interests amounted to €1,130 thousand.

Capital management

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

18. Provisions for risks and charges

Provisions for risks and charges amounted to €13,606 thousand, of which the portion classified in current liabilities totalled €12,529 thousand, and changed as follows during the year:

	at 31.12.2022	Increases	To profit or loss	Utilisation	at 31.12.2023
Provisions for disputes with personnel	712	7,970	0	(37)	8,645
Provision for other pending litigation	133	63	(107)	(14)	75
Other risk provisions	883	0	0	0	883
Provisions for other charges	9,714	0	(1,296)	(4,415)	4,003
Total provisions	**11,442**	**8,033**	**(1,403)**	**(4,466)**	**13,606**

(thousands of euros)

As at 31 December 2023, the provision for litigation with personnel amounted to €8,645 thousand, of which the short-term portion was €8,500 thousand. The provision for the year was mainly made to meet requests received from the Parent Company, even though there were solid arguments in support of the position taken by ENAV S.p.A. The contingent liabilities associated with any further litigation are subject to elements of uncertainty associated with the overall uncertainty of the matter. At 31 December 2023 the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.8 million.

The provision for other outstanding disputes, the short-term portion of which was €26 thousand, recorded a net decrease of €58 thousand due to the settlement of certain disputes with suppliers. At 31 December 2023, the estimated charges related to outstanding disputes for which Group legal counsel have deemed the risk of a loss as possible is €0.1 million.

The provision for other charges, entirely classified within current liabilities, regards the charges connected to the measure accompanying the pension governed by Article 4, paragraphs 1-7 ter of Law 92/2012 known as "*Self-pension*" , which in 2023 saw the extension to 30 November 2024 of the agreement signed at the time, without prejudice to the other conditions, and was mainly affected by the following changes: i) reclassification of €3,166 thousand within social security payables for the portion that was paid to INPS in the first months of 2024 and referred to two executives whose employment ended in November 2023; ii) release in the income statement within personnel expenses of €1,296 thousand following the recalculation of the exit windows related to the extension of the agreement report.

19. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €39,429 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.

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

	at 31.12.2023	at 31.12.2022
Liabilities for employee benefits at the beginning of the year	**40,869**	**47,896**
Interest cost	1,734	894
Actuarial (gains)/losses on defined benefits	225	(5,559)
Advances, benefit payments and other variations	(3,399)	(2,362)
Liabilities for employee benefits at the end of the year	**39,429**	**40,869**

(thousands of euros)

The interest cost component of the provision, equal to €1,734 thousand, was recognised under financial expense. The utilisation of €3,399 thousand of the severance pay provision reflected benefits paid out to personnel leaving the Group during the year and advances disbursed to personnel who so requested.

The difference between the expected value of provision at the end of the observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). In 2023 this calculation generated a Group actuarial loss of €225 thousand.

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

	at 31.12.2023	at 31.12.2022
Discount rate	3.08%	3.63%
Inflation rate	2.00%	2.30%
Rate of annual increase in severance pay	3.000%	3.225%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.00%	2.50%

The discount rate used to determine the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, by the IBoxx Corporate AA Index with duration measured at the valuation date and commensurate with the average duration of the collective being valued. The inflation rate was chosen on the basis of the current economic situation in which most economic indicators are particularly volatile. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.

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

	Group liabilities for defined benefits for employees	
	at 31.12.2023	**at 31.12.2022**
Turnover rate +1%	39,972	41,485
Turnover rate -1%	39,768	41,128
Inflation rate +0.25%	40,314	41,779
Inflation rate -0.25%	39,441	40,857
Discount rate +0.25%	39,193	40,596
Discount rate -0.25%	40,576	42,055

(thousands of euros)

The average duration of the liability for defined benefit plans is 8.7 years.

20. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) payables to credit institutions for medium- and long-term loans with the short-term portion shown under current financial liabilities including interest expense recognised on an accrual basis; ii) financial liabilities for leases arising from the application of the new international accounting standard IFRS 16.

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

	at 31.12.2023			at 31.12.2022			Changes		
	current share	non-current share	Total	current share	non-current share	Total	current share	non-current share	Total
Bank loans	19,659	503,492	523,151	431,651	165,094	596,745	(411,992)	338,398	(73,594)
Lease liabilities as per IFRS 16	2,549	2,384	4,933	2,009	2,570	4,579	540	(186)	354
Total	**22,208**	**505,876**	**528,084**	**433,660**	**167,664**	**601,324**	**(411,452)**	**338,212**	**(73,240)**

(thousands of euros)

Bank loans at 31 December 2023 recorded a net decrease of €73,594 thousand as a combined effect of the taking out of new loans and the repayment of the installments of existing loans that incorporate the effects of the amortised cost. In particular, we highlight: i) a refinancing transaction of a portion of the short-term debt that provided for the subscription of a new Term Loan of €360 million with a pool of banks (Intesa Sanpaolo, Unicredit and BNL BNP Paribas) for a term of 3 years to be repaid in full at maturity, formalised on 14 March 2023 and destined at the same time for the full early repayment of the Term Loan of €180 million, entered into in July 2022 and maturing in July 2023, and three Term Loans for a total of €180 million maturing in July 2023. The Term Loan of €360 million was, during the year, positively renegotiated with a reduction in the credit spread, resulting in a positive effect of €2.5 million; ii) repayment of the four quarterly instalments of the loan with Intesa San Paolo of an initial €100 million, for €33,333 thousand, maturing on 30 October 2023; ii) repayment of the four quarterly instalments of the loan with Mediobanca of an initial €50 million, for €16,667 thousand, with a maturity date of 28 October 2023; iii) the repayment of two six-monthly instalments of the loan with EIB referring to two six-monthly instalments of the loan of initial €80 million, for a total of €5,333 thousand, with a maturity date of 12 December 2032, two six-monthly instalments of the loan of initial €100 million, for a total of €8,587 thousand, with a maturity date of 19 December 2029, the

repayment of two six-monthly instalments of the loan of initial €70 million, for a total of €4,828 thousand, with a maturity date of August 2036.
The instalments of the above loans falling due in 2024 in line with the repayment plans are recognised under current liabilities in the total amount of €19,659 thousand, which includes the effect of amortised cost measurement.
At 31 December 2023, the Group had unused committed and uncommitted short-term credit lines totalling €199 million.
The following table provides an analysis of the loans with the general conditions for each individual Group credit relationship with the lenders. With regard to advances from the UniCredit and Intesa Sanpaolo, note that the conditions applied are agreed on a case-by-case basis and reflect market developments, while the conditions of the committed credit lines are determined on the basis of percentage use of the facilities.

Lender	Type	Amount granted	Amount used (nominal value)	Amount available	Carrying amount	Rate
Pool BNL_Unicredit_ Intesa San Paolo	RCF	150,000	0	150,000	0	Euribor + spread
Unicredit	Export advances	15,000	0	15,000	0	Euribor + spread
Unicredit	Financial advances	8,000	0	8,000	0	Euribor + spread
Intesa San Paolo	Financial advances	25,000	0	25,000	0	Euribor + spread
Intesa San Paolo	Overdraft - current account overdraft	1,000	0	1,000	0	Euribor + spread
Total		**199,000**	**0**	**199,000**	**0**	

(thousands of euros)

The average interest rate on bank loans in the reference period was 3.83%, higher than the rate for the previous year (1.47%).
With regard to other financing transactions, note that the fair value of bank loans at 31 December 2023 was estimated at €499.5 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 €4,933 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 course of the year, the above debt increased net mainly due to the new entries made.
The following table reports the composition of net financial debt at 31 December 2023 and 31 December 2022 determined in accordance with the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	at 31.12.2023	of which with related parties	at 31.12.2022	of which with related parties
(A) Cash and cash equivalents	224,876	0	267,732	0
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**224,876**	**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 financial debt	(19,659)	0	(431,651)	0
(H) Other current financial debt	(2,549)	0	(2,009)	0
(I) Current financial debt (F)+(G)+(H)	**(22,208)**	**0**	**(433,660)**	**0**
(J) Net current financial debt /Liquidity (D)+(E)+(I)	**202,668**	**0**	**(165,928)**	**0**
(K) Non-current bank loans	(503,492)	0	(165,094)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current payables	(2,384)	0	(2,570)	0
(N) Non-current trade payables	(19,065)	0	(74,425)	0
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(524,941)**	**0**	**(242,089)**	**0**
D(P) Total Net Financial Debt as per ESMA guidelines (J)+(O)	**(322,273)**	**0**	**(408,017)**	**0**
(Q) Current and Non-Current Derivative Instruments	0	0	169	0
(R) Non-current financial receivables	0	0	0	0
(S) Total ENAV Net Financial Debt (P)+(Q)+('R)	**(322,273)**	**0**	**(407,848)**	**0**

(thousands of euros)

21. Current and non-current trade payables

Current trade payables amounted to €195,715 thousand and recorded a net increase of €55,619 thousand, compared to the previous year, mainly attributable to balance and trade payables, while an overall analysis of both current and non-current trade payables shows a slight increase of €259 thousand.

	at 31.12.2023	at 31.12.2022	Change
Current trade payables			
Payables to suppliers	113,706	98,800	14,906
Payables for advances received for projects with EU financing	5,767	3,109	2,658
Balance payables	76,242	38,187	38,055
Total	**195,715**	**140,096**	**55,619**
Non-current trade payables			
Payables to suppliers	366	730	(364)
Balance payables	18,699	73,695	(54,996)
Total	**19,065**	**74,425**	**(55,360)**

(thousands of euros)

Payables to suppliers of goods and services necessary for the Group's business recorded a net increase of €14,906 thousand, mainly referring to the higher invoicing concentrated in the last month of the year for activities related to both investment projects and purchases connected to the realisation of foreign job orders.

The item payables for advances received on projects financed within Europe, which amounted to €5,767 thousand, increased compared to the figure at 31 December 2022, mainly due to the pre-financing received on some projects financed within the SESAR context.

The Eurocontrol balance payables amounted to a total of €94,941 thousand, of which the part classified under current payables is equal to €76,242 thousand and corresponds to the amount which, gross of the financial effect, will be returned to the carriers through the unit rate in 2024. The overall net decrease in the balance payable of €16,941 thousand was mainly due to the lower recognition of negative balance with respect to the year 2022, which had seen the recognition of the balance for traffic risk of the route and the second charging zone of the terminal for a total of €56.3 million, compared to the current year, where only the balance for traffic risk of the second charging zone emerged for €1.7 million. This item includes the balance depreciation and the balance for projects financed within the European framework that are subject to repayment under EU Regulations totalling €14.6 million (€12.6 million in 2022). The debt for current balance was reduced by the utilisation through the unit rate of the 2023 tranche for a total of €38.2 million.

22. Other current and non-current liabilities

Other current and non-current liabilities showed an overall net decrease of €3,032 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	at 31.12.2023			at 31.12.2022			Changes		
	current share	non-current share	Total	current share	non-current share	Total	current share	non-current share	Total
Payments on account	74,285	0	74,285	70,337	0	70,337	3,948	0	3,948
Other payables	52,495	0	52,495	43,600	0	43,600	8,895	0	8,895
Deferred income	10,643	140,865	151,508	9,746	157,637	167,383	897	(16,772)	(15,875)
Total	**137,423**	**140,865**	**278,288**	**123,683**	**157,637**	**281,320**	**13,740**	**(16,772)**	**(3,032)**

(thousands of euros)

Payments on account totalled to €74,285 thousand and include €69,453 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 and €4,832 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During 2023, the Air Force was paid the share pertaining to terminal services for a total of €15.6 million and the AMI advances for en route services recorded at 31 December 2022 were offset against the credit claimed in the with the Ministry of Economy and Finance (MEF), which revealed a debt amount of €43.6 million, paid in December, together with the share pertaining to ENAC relating to 2022 for an amount equal to €5.2 million.

Other payables**,** which amounted to €52,495 thousand, recorded a net increase of €8,895 thousand compared to the previous year, mainly due to higher payables to personnel recognised for accruals for the year.

Deferred income mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) the PON Infrastructure and Networks contributions relating to the periods 2000/2006, 2007/2013 and 2014/2020 concerning specific investments made in southern airports for an amount, net of the shares charged to the income statement and of the quotas no longer foreseen for the end of the reporting period within the PON Transport 2014-2020, for €50,306 thousand (€63,246 thousand at 31 December 2022); ii) plant grants for investments in military airports, pursuant to the provisions of Law 102/2009, equal to €48,476 thousand (€52,349 thousand at 31 December 2022); iii) contributions linked to investment projects financed with the CEF program for an amount equal to €47,815 thousand (€47,505 thousand at 31 December 2022), which recorded an increase during the year due to the reporting of investment projects financed in scope of the CEF call program 2016 and 2017; iv) plant grants relating to the NRRP for €916 thousand.

23. Tax and social security payables

Tax and social security payables amounted to €37,827 thousand and break down as shown in the following table.

	at 31.12.2023	at 31.12.2022	Change
Tax payables	14,878	30,604	(15,726)
Social security payables	22,949	26,221	(3,272)
Total	**37,827**	**56,825**	**(18,998)**

(thousands of euros)

Tax payables recorded a decrease of €15,726 thousand attributable to lower IRES and IRAP tax payables, which totalled €5.6 million compared to €16.2 million as of 31 December 2022 due to higher tax advances paid during the year and lower IRPEF withholdings, which had increased in the previous year due to the inflationary recovery of the contractual vacancy period recognised to employees in December 2022.

Payables to social security institutions amounted to €22,949 thousand, down €3,272 thousand compared to 31 December 2022, due to the net effect of higher contributions accrued on allocations of personnel expenses and accrued and unused holiday days, for a total of €9,295 thousand (€8,551 thousand as of 31 December 2022), for the higher payable to INPS for self-pension contributions related to two executives terminated at the end of the year and for lower INPS contributions accrued, compared to December 2022, which had been affected by the recognition of the aforementioned inflation recovery to employees, generating a higher contribution payable in January 2023.

24. Revenues from contracts with customers

Revenues from contracts with customers, represented by revenues from operations and the balance adjustment component, amounted to €962,826 thousand in total, up 6.2% compared to the previous year, due to the increased assisted air traffic that returned to the values recorded in the pre-pandemic period, amounting to +5.7% in terms of route service units compared to 2019 and +1.6% in terms of core business revenues. The financial year 2023 marks a new beginning after the difficult years due to the health emergency, and represents an effective year of comparison for air traffic volumes in 2024. This positive result also fully offsets the negative effect of the balance component and incorporates the results of the Group's increased activities in the third market. Specifically, we recorded core business revenues of €947.8 million, up by €66.7 million compared to the financial year 2022, revenues from activities in the non-regulated market of €43.1 million, up by €3.2 million compared to the previous year, and the balance component of negative €28.1 million.

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

	2023	2022	Changes	%
En-route revenues	694,951	648,162	46,789	7.2%
Terminal revenues	240,981	220,469	20,512	9.3%
En-route and terminal exemptions	11,917	12,501	(584)	-4.7%
Revenues from non-regulated market	43,067	39,900	3,167	7.9%
Total Revenues from operations	**990,916**	**921,032**	**69,884**	**7.6%**
Balance	(28,090)	(14,817)	(13,273)	89.6%
Total revenues from contracts with customers	**962,826**	**906,215**	**56,611**	**6.2%**

(thousands of euros)

En-route revenues

Commercial En-route revenues amounted to €694,951 thousand and recorded an increase of €46.8 million, compared to 2022, due to the higher service units developed during the year, which amounted to +11.2% (+66.9% 2022 on 2021, which was still affected by the effect of the health emergency), increase related to the recovery of managed air traffic, with a reduction of 4.2% in the unit rate applied in 2023 compared to the unit rate applied in 2022 (€72.28 in 2023 vs. €75.42 in 2022) a reduction that comes to -15.8% if only the unit rate net of balance is considered.

Considering the en-route revenues also with the component of exempt flights, which recorded a decrease of 4.3%, compared to the 2022 financial year, both due to the lower service units developed in the financial year equal to -0.5% and for the lower unit rate applied and the adjustment component for Balance, en-route revenues amounted to a total of €685,331 thousand, an increase of €40,316 thousand, as shown below:

	2023	2022	Changes	%
En-route revenues	694,951	648,162	46,789	7.2%
En-route exemptions	9,347	9,767	(420)	-4.3%
Subtotal revenues	*704,298*	*657,929*	*46,369*	7.0%
En-route balance for the year	62,665	(25,182)	87,847	n.a.
Discounting of balance for the year	(2,373)	330	(2,703)	n.a.
Change in balance	(2,082)	3,254	(5,336)	n.a.
Use of en-route balance n-2	(77,177)	8,684	(85,861)	n.a.
Subtotal balance	*(18,967)*	*(12,914)*	*(6,053)*	46.9%
Total en-route revenues with balance	**685,331**	**645,015**	**40,316**	**6.3%**

(thousands of euros)

The balance for the year of the route had a positive impact of €62,665 thousand and a positive change of €87,847 thousand, compared to the previous year, in which the balance for traffic risk in restitution to carriers had a negative impact of €49,980 thousand. In the financial year 2023, instead, there was no balance for traffic risk, as service units of +1.54% were achieved compared to the planned figure in the performance plan, thus, within the 2% range that does not involve refunds to carriers. The reporting year is also impacted by the balance related to the inflationary increase, which already emerged as of the third quarter of 2022, determined on the basis of the figure published by Eurostat in January 2024 (+5.9%), greater than the forecast figure reported in the performance plan of 1.15%, for a total value of €53.9 million (€29.9 million as of 2022), the bonus capacity having determined a value of 0.01 minutes of delay per assisted flight associated with causes attributable only to ENAV compared to the target set at 0.04. In addition, in accordance with EU Regulation 2019/317, positive balance related to the recovery of higher interest rates than planned in the performance plan in the amount of €12.3 million, of which the portion referring to 2022 and 2021 was recognised under the item changes in balance, were recognised. These positive effects were partly offset by the recognition of balance depreciation and EU funding in return to carriers, in accordance with rate regulations, totalling €12.8 million.

The item change in balance, amounting to a negative €2,082 thousand, includes both the balance related to the recovery of higher interest rates that emerged in the final balance, compared to the planned figure, referring to the years 2021 and 2022, and the reversal of the bonus balance capacity recorded in the previous year and not recognised by the European Commission, which raised certain exceptions as to its determination.

The balance recognised during the year have been discounted over a time period consistent with EU regulations, i.e. over the two years following recognition, while the item use of en-route balance n-2 refers to the balance included in the 2023 unit rate and concerning both the first portion of the balance recognised in the two-year period 2020-2021 recoverable on a straight-line basis over five years, and the negative balance with reversal in the year for a total value of negative €77.2 million.

Terminal revenues

Commercial Terminal Revenues amounted to €240,981 thousand, an increase of 9.3% compared to the previous year, due to the positive trend of service units developed at individual airports broken down by charging zones, which in total amounted to +11.1% (+64.5% 2022 over 2021), and recovering, compared to

the figures of the 2019 pre-pandemic year, +98.2% in terms of service units with the third charging zone, which instead stands at a total recovery, closing at +3.2% again in terms of units of service.
In particular, *charging zone 1*, represented by Rome Fiumicino airport, recorded an increase in assisted air traffic compared to 2022, expressed in service units, equal to +29.9% (+100.1% 2022 on 2021) with particularly positive results for international air traffic. The unit rate applied in 2023 increased slightly by 0.52% to €183.56 compared to €182.61 in 2022.
Charging zone 2 , represented by the airports of Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio, recorded an increase in assisted air traffic, expressed in service units, of +10.2% compared to 2022 (+61.5% 2022 on 2021) with a positive trend in international air traffic although it is on the domestic air traffic data that it recovers the values that emerged in 2019 (+5.4% of service units). The 2023 unit rate is equal to €214.16, a slight decrease compared to the unit rate applied in 2022 (€214.89).
Charging zone 3, which includes 40 medium and low traffic airports, recorded an increase in assisted air traffic, expressed in service units, of +4.7% compared to 2022 (+54.5% 2022 on 2021) mainly referring to international and recovering air traffic on 2019 in domestic air traffic, which stood at +7.5%. The 2023 unit rate stands at €334.08, a slight reduction compared to the unit rate applied in 2022, which amounted to €334.24.
Considering terminal revenues together with revenues for exempt flights, which decreased by €164 thousand, and the adjustment component for balance, terminal revenues totalled €234,428 thousand, up €13,128 thousand on 2022, as shown below:

	2023	2022	Changes	%
Terminal revenues	240,981	220,469	20,512	9.3%
Terminal exemptions	2,570	2,734	(164)	-6.0%
Subtotal	*243,551*	*223,203*	*20,348*	9.1%
Balance of the terminal year	15,032	(4,984)	20,016	n.a.
Discounting of balance for the year	(555)	(922)	367	-39.8%
Change in balance	(350)	0	(350)	n.a.
Use of terminal balance n-2	(23,250)	4,003	(27,253)	n.a.
Subtotal	*(9,123)*	*(1,903)*	*(7,220)*	n.a.
Total terminal revenues with balance	**234,428**	**221,300**	**13,128**	**5.9%**

(thousands of euros)

The balance of the terminal year has a positive impact of €15,032 thousand and follows the same determination rules as for the en-route rate for the first and second charging zones, while the third charging zone is recognised according to the cost recovery rule. In determining the balance for the year, the inflation balance for the first and second charging zones was affected by a total of €8.6 million, the balance for traffic risk in the first charging zone of €1.1 million, having generated final service units that were -6.47% lower than the forecast figure, the positive balance of the third charging zone in the amount of €4.7 million and the positive balance related to the recovery of the higher interest rates that emerged in the current regulatory period, compared to what was planned in the performance plan, for a total of €2.9 million and the bonus capacity for the first and second charging zones for a total of €0.9 million. These positive effects were partly offset by the entry of the balance for traffic risk in restitution to carriers in the second charging zone, having realised more service units than planned in the performance plan (+5.43%) and the balance depreciation in restitution to carriers totalling €3.5 million.

The item change in balance, amounting to a negative €350 thousand, includes both the balance related to the recovery of higher interest rates that emerged in the final balance, compared to the planned figure, referring to the years 2021 and 2022 and the reversal of the bonus balance capacity for the first and second charging zones recorded in the previous year and not recognised by the European Commission.
The balance recognised during the year were discounted over a time period consistent with EU regulations, while the item use of terminal balance n-2 refers to the balance included in the 2023 unit rate and concerns both the first portion of the balance recognised in the 2020-2021 two-year period recoverable in constant instalments over 5 years for the first and second charging zones and over 7 years for the third, and the negative balance with reversal during the year for a total value of negative €23.2 million.

Revenues from non-regulated market amounted to €43,067 thousand and increased by 7.9%, compared to the previous year, mainly due to the initial activities related to the contract with Saudi Arabia for the restructuring of the airspace, the continuation of activities in favour of the Qatar Civil Aviation Authority for services related to the Performance of flight assistance support services, for the supply of the new aeronautical information management system named "Cronos" for the Taiwan air navigation Service Provider the updating of the Aeronautical Information Management (AIM) system with new specific tools for airport data and navigation obstacles, signed with the Airport Authority of India, and for the modernisation and installation of systems carried out at Libyan airports, as well as the control of the radio navigation systems installed at airports in Croatia and Qatar.
The following table provides a breakdown of non-regulated market revenues by type of activity.

	2023	2022	Changes	%
Revenues from non-regulated market				
Sale of licences and delivery of services	20,166	19,678	488	2.5%
Flight inspection	1,463	1,464	(1)	-0.1%
Aeronautical consulting	8,738	8,406	332	3.9%
Technical and engineering services	9,134	7,324	1,810	24.7%
Unmanned aerial vehicle services	803	611	192	31.4%
Training	131	183	(52)	-28.4%
Other revenues	2,632	2,234	398	17.8%
Total revenues from non-regulated market	**43,067**	**39,900**	**3,167**	**7.9%**

(thousands of euros)

25. Other operating income

Other operating income amounted to €48,488 thousand, up 4.1% compared to the previous year, which saw an increase in grants related to plant for the portion charged to the income statement commensurate with the depreciation generated by the assets to which the grants refer, and which also included the portion related to D-Flight depreciation investments recognised under the NRRP. *Operating grants* recorded a reduction related to the subsidy from the tax credit for electricity and gas recognised by the Aiuti-bis, Aiuti-ter and Aiuti-quater Decrees and recorded in the presence of the conditions governed by the aforementioned decrees for an amount referring only to the first quarter of 2023 compared to the previous year, which included three quarters.

	2023	2022	Changes	%
Capital grants	11,311	8,470	2,841	33.5%
Operating grants	32,436	33,797	(1,361)	-4.0%
European Funding	3,559	3,149	410	13.0%
Other revenues and income	1,182	1,149	33	2.9%
Total other operating income	**48,488**	**46,565**	**1,923**	**4.1%**

(thousands of euros)

The following table provides a breakdown of revenues for 2023 and 2022 by geographical area:

Revenues	2023	% of revenues	2022	% of revenues
Italy	976,275	96.5%	920,339	96.6%
EU	9,381	0.9%	10,200	1.1%
Extra-EU	25,658	2.5%	22,241	2.3%
Total revenues	**1,011,314**		**952,780**	

(thousands of euros)

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

Costs for goods, services, use of third-party assets and other operating costs amounted to a total of €160,610 thousand and recorded an increase of 3.1% compared to the previous year, as shown in the table below.

	2023	2022	Changes	%
Costs for the purchase of goods	8,332	8,009	323	4.0%
Costs for services:				
Maintenance costs	26,536	22,863	3,673	16.1%
Costs for Eurocontrol contributions	43,217	36,471	6,746	18.5%
Costs for utilities and telecommunications	28,616	37,845	(9,229)	-24.4%
Costs for insurance	3,661	3,272	389	11.9%
Cleaning and security	5,154	5,376	(222)	-4.1%
Other personnel-related costs	12,253	11,104	1,149	10.3%
Professional services	16,423	15,067	1,356	9.0%
Other costs for services	10,981	10,925	56	0.5%
Total costs for services	**146,841**	**142,923**	**3,918**	**2.7%**
Costs for leases and rentals	1,544	1,641	(97)	-5.9%
Other operating expenses	3,893	3,139	754	24.0%
Total costs	**160,610**	**155,712**	**4,898**	**3.1%**

(thousands of euros)

Costs for the purchase of goods, which include both the costs incurred for the purchase of spare parts relating to systems and equipment used for air traffic control and related changes in inventories and the purchase of the materials necessary for the sales orders of the subsidiaries, recorded an increase of 4%, due to the greater purchase of materials used in sales orders.

Costs for services recorded an overall net increase of 2.7%, compared to the previous year, including an increase in the maintenance item for new building maintenance contracts that were not present in the year under comparison, higher Eurocontrol contribution costs, an increase in other personnel costs related to employee travel, also in support of the development activities of foreign job orders, and higher professional services associated with the increased technical activities rendered within the framework of sales job orders. These increases were partly offset by lower utility costs due to the reduction of electricity, which also benefited from the measures implemented in this area by the institutions on system charges.

27. Personnel cost

Personnel cost amounted to €568,286 thousand and recorded an increase of €24,307 thousand (or +4.5%), compared to the previous year, due to both the increased assisted air traffic that affected the variable part of remuneration and the renewal of the economic part of the National Collective Labour Agreement for Air Transport (CCNL) for the Parent Company and Techno Sky that affected the fixed part of remuneration.

	2023	**2022**	**Changes**	**%**
Wages and salaries, of which:				
fixed remuneration	309,120	306,692	2,428	0.8%
variable remuneration	94,028	80,889	13,139	16.2%
Total wages and salaries	**403,148**	**387,581**	**15,567**	**4.0%**
Social security contributions	128,690	124,884	3,806	3.0%
Employee severance pay (TFR)	25,775	23,988	1,787	7.4%
Other costs	10,673	7,526	3,147	41.8%
Total personnel cost	**568,286**	**543,979**	**24,307**	**4.5%**

Fixed remuneration amounted to €309,120 thousand, an increase of 0.8%, compared to the figure that emerged in 2022, mainly due to the increase in Group headcount to +88 average and +69 actual headcount, compared to 2022, ending 2023 with an actual Group headcount of 4,254 (4,185 actual Group headcount at the end of 2022) and to advancements in contractual grading levels. Fixed remuneration is also affected by the salary increase related to the renewal of the economic part of the national collective bargaining agreement for the Parent Company and Techno Sky, which provided for new contractual minimums as of 1 January 2023 and a revaluation of the same by 2% as of September 2023, values that compared to the financial year 2022 tend to be in line, as the previous year included the salary increase related to the contractual vacancy period (years 2019 - 2022).

Variable remuneration recorded an increase of €13,139 thousand, mainly attributable to the resumption of activities in the air transport sector, which is reflected in greater overtime in the operational line of CTA (Air Traffic Controller) personnel, an increase in the result bonus determined on the basis of the service units managed, the recognition of a one-off amount in compliance with the agreement with the Trade Unions in May 2023 that introduced an hourly flexibility scheme valid for 2023 only for the summer period, an increase in travel, including training.

Other personnel costs increased by €3,147 thousand, compared to the year 2022, due to the redundancy incentive granted to personnel leaving during the year, which affected the same number of personnel but with higher salary profiles, and the increase in Group personnel health insurance, the cost of which reflects current market conditions.

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

	2023	2022	Change
Executives	52	51	1
Middle managers	408	410	(2)
Office staff	3,794	3,724	70
Workforce at period end	**4,254**	**4,185**	**69**
Average workforce	**4,309**	**4,221**	**88**

28. Capitalised costs for internal work

Capitalised costs for internal works amounted to €28,945 thousand (€27,569 thousand in 2022) and recorded an increase of 5% compared to the figure emerged in the previous year. This item includes Group personnel hours spent on investment projects and the internal implementation of investment projects by the subsidiaries Techno Sky and IDS AirNav.

29. Financial income and expense

Financial income and expenses showed an overall negative balance of €11,237 thousand (negative €551 thousand in 2022), showing a negative increase, mainly due to higher interest expenses on variable-rate bank loans, which were affected by the increase in interest rates starting from the second half of 2022 and by the different composition of financial indebtedness, which in the previous year included the bond loan, which matured in August 2022 and on which fixed interest was accrued. This item includes financial income of €12,831 thousand, financial expenses of €23,328 thousand and the net negative balance of foreign currency transactions of €740 thousand.

The following table provides a breakdown of financial income:

	2023	2022	Changes	%
Income from investments in other entities	583	667	(84)	-12.6%
Financial income from discounting of balance and receiv	6,461	7,987	(1,526)	-19.1%
Other interest income	5,787	966	4,821	n.a.
Total financial income	**12,831**	**9,620**	**3,211**	**33.4%**

(thousands of euros)

Financial income increased by €3,211 thousand, compared to the previous year, due to higher bank interest on current account balances that became profitable again after the zero rates in previous years, and from the financial income of €2.5 million recognised in connection with the positive renegotiation and reduction of the credit spread related to the financial liability of €360 million.

The following table provides a breakdown of financial expense:

	2023	2022	Changes	%
Interest expense on bank loans	21,469	7,102	14,367	n.a.
Interest expense on bonds	0	2,056	(2,056)	-100.0%
Interest expense on employee benefits	1,734	894	840	94.0%
Interest expense on lease liabilities	118	99	19	19.2%
Other interest expense	7	93	(86)	-92.5%
Total financial expense	**23,328**	**10,244**	**13,084**	**n.a.**

(thousands of euros)

The higher value of financial expenses for €13,084 thousand, compared to the previous year, reflects the increase in interest rates on variable financial indebtedness applied to a different composition of financial debt, a trend also confirmed by the average interest rate on bank loans, which increased from 1.47% in FY2022 to 3.83% in FY2023. This trend is also reflected in the Group's interest expense on employee benefits due to the higher discount rates used in determining the present value of the provision, which increased over the quarters to 4% and closed at 3.08%.

30. Income taxes

Income taxes totalled €48,723 thousand, an increase of €5,438 thousand. The increase primarily reflected the increase in taxable income.

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

	2023	2022	Changes	%
IRES (corporate income tax)	40,912	37,359	3,553	9.5%
IRAP (regional business tax)	9,020	7,274	1,746	24.0%
Total current taxes	**49,932**	**44,633**	**5,299**	**11.9%**
Deferred tax assets	(194)	(848)	654	-77.1%
Deferred tax liabilities	(1,015)	(500)	(515)	n.a.
Total current tax and deferred tax assets and liabilities	**48,723**	**43,285**	**5,438**	**12.6%**

(thousands of euros)

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

The IRES tax rate for 2023 was 25.3%, slightly higher than the theoretical rate of 24%.

	2023		2022	
	IRES (corporate income tax)	Incidence %	IRES (corporate income tax)	Incidence %
Profit before taxes	161,433		147,782	
Theoretical tax	38,744	24.0%	35,468	24.0%
Effect of increases/(decreases) compared with ordinary taxation				
Non-deductible expenses	255	0.2%	89	0.1%
Others	(648)	-0.4%	(557)	-0.4%
Temporary differences for taxed provisions	2,561	1.6%	2,359	1.6%
Actual IRES	**40,912**	**25.3%**	**37,359**	**25.3%**

(thousands of euros)

The IRAP tax rate for 2023 was 5.6%, higher than the theoretical rate of 4.78%.

	2023		2022	
	IRAP (regional business tax)	**Incidence %**	**IRAP (regional business tax)**	**Incidence %**
Profit before taxes	161,433		147,782	
Theoretical tax	7,716	4.78%	7,064	4.78%
Effect of increases/(decreases) compared with ordinary taxation				
Others	767	0.5%	184	0.1%
Financial expenses and income	537	0.3%	26	0.0%
Actual IRAP	**9,020**	**5.6%**	**7,274**	**4.9%**

(thousands of euros)

Other information

31. Segment reporting

The ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, for the purposes of monitoring by management, has the three operating segments described below:

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

The column Other services is also provided, which includes the residual activities of the Group that do not fall into the sectors mentioned above and do not present indicators of impairment.

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

FY 2023

	Flight assistance services	Maintenance services	AIM software solutions	Other sectors	Consolidation adjustments / reclassifications	Enav Group
Revenues from third parties	981,145	7,900	20,198	2,071		1,011,314
Intersegment revenues	9,213	91,147	5,579	147	(106,086)	0
Total revenues	**990,358**	**99,047**	**25,777**	**2,218**	**(106,086)**	**1,011,314**
Personnel costs	(497,426)	(60,983)	(9,877)	0	0	(568,286)
Other net costs	(198,673)	(24,215)	(11,289)	(2,058)	104,569	(131,666)
Total operating costs	**(696,099)**	**(85,198)**	**(21,166)**	**(2,058)**	**104,569**	**(699,952)**
Depreciation	(124,646)	(1,487)	(2,342)	(938)	943	(128,470)
Write-downs and provisions	(8,072)	34	(304)	(43)	(1,837)	(10,222)
EBIT	**161,541**	**12,396**	**1,965**	**(821)**	**(2,411)**	**172,670**
Financial income/(expense)	(10,337)	(424)	(369)	(105)	(2)	(11,237)
Income before taxes	**151,204**	**11,972**	**1,596**	**(926)**	**(2,413)**	**161,433**
Income taxes	(44,007)	(3,446)	(509)	(905)	144	(48,723)
Consolidated net profit/(loss) for the year	**107,197**	**8,526**	**1,087**	**(1,831)**	**(2,269)**	**112,710**
Total Assets	**2,353,302**	**125,070**	**38,258**	**80,874**	**(262,075)**	**2,335,429**
Total Liabilities	**1,179,475**	**54,607**	**25,743**	**10,199**	**(153,328)**	**1,116,696**
Net Financial Debt	**(327,699)**	**2,138**	**(1,870)**	**5,158**		**(322,273)**

(thousands of euros)

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

(thousands of euros)

32. Related parties

ENAV Group related parties were identified in accordance with the provisions of IAS 24 Related-party disclosures and are involved in transactions carried out in the interest of the Group, are part of ordinary operations and are settled on market terms and conditions unless otherwise indicated. On 1 July 2021, the Board of Directors of the Parent Company, having obtained a favourable opinion of the Control, Risks and Related Parties Committee, approved the new “Procedure governing related-party transactions”, which incorporates the amendment of the Related Parties Regulation introduced by CONSOB with Resolution no. 21624 of 10 December 2020 in implementation of the enabling authority contained in the amended version of Article 2391-bis of the Italian Civil Code. The procedure was prepared in conformity with that article of the Civil Code and in compliance with the principles dictated by the “Regulation containing provisions on related-party transactions” approved with CONSOB Resolution no. 17221 of 12 March 2010 as amended.

The following tables report the balances of the income statement and statement of financial position resulting from Group transactions with related entities outside the Group, including those with directors, statutory auditors and key management personnel for 2023 and 2022, respectively.

Balance at 31.12.2023					
Company Name	Trade receivables and other current and non-current assets	Trade payables and other current liabilities	Revenues and other operating revenues	Costs for goods and services and other operating costs	Costs for leases and rentals
External related parties					
Ministry of Economy and Finance	11,917	59,253	11,917	0	0
Ministry of Infrastructure and Transport	41,467	0	34,115	0	0
Enel Group	0	1,380	0	4,050	0
Leonardo Group	327	11,589	445	2,785	0
CDP Group	466	396	1,056	754	0
Other external related parties	0	379	106	1,207	24
Balance in financial statements	**425,409**	**333,138**	**1,039,404**	**159,067**	**1,544**
inc.% related parties on balance of Financial Statements	**12.7%**	**21.9%**	**4.6%**	**5.5%**	**1.6%**

(thousands of euros)

Balance at 31.12.2022						
Company Name	Trade receivables and other current and non-current assets	Cash and cash equivalents	Trade payables and other current liabilities	Revenues and other operating revenues	Costs for goods and services and other operating costs	Costs for leases and rentals
External related parties						
Ministry of Economy and Finance	12,506	0	56,152	12,501	0	0
Ministry of Infrastructure and Transport	50,252	0	0	33,070	0	0
Enel Group	0	0	840	0	1,435	0
Leonardo Group	878	0	7,610	781	2,378	0
CDP Group	714	0	535	1,871	587	0
Other external related parties	0	0	10	40	137	24
Balance in financial statements	**372,207**	**267,732**	**263,780**	**952,780**	**150,932**	**1,641**
inc.% related parties on balance of Financial Statements	**17.3%**	**0.0%**	**24.7%**	**5.1%**	**3.0%**	**1.5%**

(thousands of euros)

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

- transactions with the MEF mainly involve receivables and revenue streams connected with the refund of charges for services provided by the Parent Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by the Parent Company relating to the portion attributable to the Italian Air Force for en-route charges. Following approval of the ENAV financial statements, this payable is used to offset the receivable position.
- transactions with the Ministry of Infrastructure and Transport refer to credit and revenue relations deriving both from an operating grant aimed at compensating the costs incurred by the Parent Company to guarantee the safety of its plants and operational safety pursuant to as provided for by the art. 11 septies of Law 248/2005, from credits for contributions towards PON Trasporti plants on the basis of agreements stipulated between the parties and following their registration by the Court of Auditors and from credits for projects financed within the NRRP as per agreements stipulated between the parties. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;

- transactions with the Leonardo Group mainly regard activities connected with Parent Company investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;
- transactions with the Cassa Depositi e Prestiti (CDP) Group refer to the activities pertaining to the Fincantieri Group, particularly with IDS Ingegneria dei Sistemi S.p.A., with which the ENAV Group has relationships related to both active and passive contracts;
- transactions with other related parties contain residual positions.

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

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

	2023	2022
Short/medium-term remuneration	2,212	2,186
Other long-term benefits	0	0
Share-based payments	921	1,057
Total	**3,133**	**3,243**

(thousands of euros)

The remuneration paid by the Group to the Board of Statutory Auditors amounted to €232 thousand (€234 thousand at 31 December 2022).

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

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

33. Disclosures on the long-term incentive plan

On 21 May 2020, the Shareholders' Meeting of the Parent Company approved the "Long-term equity incentive plan" for the period 2020-2022 and at the Board of Directors meeting held on 22 December 2020, the implementing Regulation was approved, subsequently amended with resolutions dated 18 February 2021 and 16 February 2022, and the first 2020-2022 vesting cycle was started. The Board of Directors' meeting held on 11 November 2021 initiated the second vesting cycle 2021-2023, and by resolution of the Board of Directors of 18 October 2022, the third vesting cycle 2022-2024 was initiated and the relevant Rules and Regulations were updated.

At the Shareholders' Meeting held on 28 April 2023, the new Performance Share Plan 2023-2025 was approved and the first vesting cycle 2023-2025 was initiated at the Board of Directors' meeting held on 18 July 2023.
The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. These targets were identified in Relative Total Shareholder Return (TSR), Cumulative EBIT, Cumulative Free Cash Flow and an ESG indicator.
The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also provides for an unavailability constraint (lock-up period) that differs according to the Performance Share Plans involved, i.e. for the plan referring to the 2020-2022 period, an unavailability constraint on 30% of the shares granted to the beneficiaries was defined, i.e., the Chief Executive Officer, Executives with Strategic Responsibilities and the identified Other Managers, a constraint increased to 50% of the shares granted in the 2023-2025 Performance Share Plan, while in both plans the constraint persists for a period of two years from the end of the vesting period.
The performance targets are composed of the following indicators:

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

With regard to the measurement of the long-term share-based incentive plan pursuant to the provisions of IFRS 2, the calculation method used for the market-based component is the Monte Carlo method, which, on the basis of appropriate assumptions, made it possible to define a large number of alternative scenarios over the time horizon considered. By contrast, the non-market-based component is not significant for the purpose of estimating the fair value at the time of the grant, but it is updated at every reporting date to take account of the expectations for the number of rights that may vest based on the performance of EBIT and free cash flow compared with the Plan targets.
As of 31 December 2023, the aggregate fair value of the second and third share incentive cycles of the 2020-2022 Performance Share Plan and the first vesting cycle of the 2023-2025 Performance Share Plan was €0.9 million and takes into account the adjustment related to the first vesting cycle (2020-2022) of the 2020-2022 Performance Share Plan subject to finalisation and assignment in 2023. Details for each individual vesting cycle are given below.

First vesting cycle 2020–2022

The first vesting cycle for the period 2020-2022 concluded with the approval of the 2022 Annual Financial Report and in compliance with the Regulation, 236,915 shares were distributed to the 9 beneficiaries of the plan based on the final data for a value of €0.9 million.

Second vesting cycle 2021–2023

The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 305,522 shares and a fair value of €0.9 million. The cost recognised for 2023 was equal to €0.2 million, while the equity reserve amounted to €0.9 million.

Third vesting cycle 2022-2024

The third vesting cycle for 2022-2024 initially envisaged 12 beneficiaries and assumed achievement of the target with 341,783 shares and a fair value totalling €1 million. In the course of 2023, the plan was re-evaluated due to certain rights losses, which resulted in a total fair value over the three-year plan period of €0.7 million. The cost recognised for 2023 was equal to €0.3 million, and the equity reserve totalled €0.6 million.

First vesting cycle 2023-2025 Share Incentive Plan 2023-2025

The first vesting cycle for 2023-2025 envisaged 12 beneficiaries and assumed achievement of the target with 341,036 shares and a fair value of €1 million. The cost recognised for 2023 was equal to €0.3 million, as well as the equity reserve.

34. Derivative contracts

During April 2019, the Parent Company entered into five derivative contracts, the last of which was exercised in January 2023, resulting in the termination of the transaction. The purpose of the derivative contracts was to hedge exposure to unfavourable developments in the €/$ exchange rate deriving from the Data Services Agreement signed by the Parent Company with Aireon LLC for the acquisition of satellite surveillance data. This contract provided for the payment in dollars of service fees on an annual basis until 2023. The exchange rate risk was managed through forward currency purchases (forwards), the residual notional amount of which settled in January 2023.

35. Assets and liabilities by maturity

	Within following year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	344	0	344
Deferred tax assets	0	33,589	0	33,589
Non-current tax receivables	0	13	0	13
Non-current trade receivables	0	515,643	11,198	526,841
Other non-current receivables	0	36	0	36
Total	**0**	**549,625**	**11,198**	**560,823**
Financial liabilities	22,208	436,503	69,373	528,084
Deferred tax liabilities	0	4,682	0	4,682
Other non-current liabilities	0	28,062	112,802	140,864
Non-current trade payables	0	19,065	0	19,065
Total	**22,208**	**488,312**	**182,175**	**692,695**

(thousands of euros)

Non-current trade receivables beyond the 5th financial year refer to the portion of the balance recorded in 2020 and 2021 for the third charging zone which, in compliance with the EU Regulation on rates and the ENAC Regulator, will be recovered in seven years starting from 2023.

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

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

36. Guarantees and commitments

The guarantees refer to sureties given to third parties in the interest of the Group for €8,881 thousand (€10,920 thousand at 31 December 2022), recording a net decrease of €2,039 thousand mainly deriving from releases of sureties to guarantee foreign contracts.

37. Basic and diluted earnings per share

Basic earnings per share are reported at the end of the income statement and are calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares outstanding during the year.
Share capital, which did not change during the year, is composed of 541,744,385 ordinary shares. The Parent Company owns 633,604 treasury shares, of which 500,000 were purchased during the year and 236,915 shares were granted in June 2023 referring to the first vesting cycle of the 2020-2022 incentive plan.
The table below summarises the calculation.

	2023	**2022**
Consolidated profit	112,921,182	105,004,115
Weighted average number of ordinary shares	541,512,066	541,151,410
Basic profit per share	0.21	0.19
Diluted profit per share	0.21	0.19

38. Transparency in the system of government grants

Law 4 August 2017 no. 124 (annual law for the market and competition) introduced art. 1, paragraphs 125 and 126, some measures aimed at ensuring transparency in the public funding system. The provisions, most recently amended by Decree-Law No. 34 of 30 April 2019, provide, among other things, for the obligation to publish in the notes to the separate financial statements and the Consolidated Financial Statements, if any, the amounts and information relating to grants, contributions or aid, in cash or in kind, received from public administrations and the disbursements made.
Consistent with Assonime Circulars No. 5 of 22 February 2019 and No. 32 of 23 December 2019, the criterion followed in the disclosure below concerned disbursements in excess of €10 thousand made by the same disbursing entity during 2023, including through a plurality of economic transactions and on a cash basis.

Disbursing party	Date of receipt	Amount	Description
Ministry of Infrastructure and Transport	18/12/2023	30,000	Operating grant to offset the costs incurred by the Parent Company to ensure the safety of its plants and operational safety pursuant to Article 11 septies of Law 248/05
Total Ministry of Infrastructure and Transport		**30,000**	
Overall total		**30,000**	

(thousands of euros)

39. Management of financial risks

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

Credit risk

The Group is exposed to credit risk, which is the risk that one or more commercial counterparties may become unable to honour all or part of their payment obligations. This risk mainly appears in respect of current trade receivables relating to operating activities, and particularly in connection with receivables deriving from operations on the non-regulated market and with en-route services and terminal services, which represent the biggest exposure in the financial statements. These amounts mainly refer to receivables accrued in respect of Eurocontrol. In this context, the measurement of the credit risk in respect of Eurocontrol is directly correlated with the risk associated with the airline industry. More specifically, Eurocontrol does not assume any credit risk with regard to the possible insolvency of carriers and it only settles its liabilities with the Parent Company after it has collected the respective sums from the carriers. Eurocontrol will, however, take direct action to recover en-route receivables, initiating legal proceedings where necessary, and work in collaboration with the Parent Company for terminal receivables.
A provision for doubtful accounts (expected credit loss allowance) is recorded in the financial statements against the risk of default by the Group's debtors in accordance with IFRS 9. It was specifically updated during the year, based on the deterioration of the credit standing of a basket of companies representing the air transport sector.

Liquidity risk

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

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

At 31 December 2023, the Group had €224.9 million in available cash and €199 million in unused short-term lines of credit. These consist of: i) uncommitted credit lines, subject to revocation, for €49 million, which do not require compliance with covenants or other contractual commitments, of which €1 million in the form of current account overdrafts, €33 million in financial advances usable without any restriction and €15 million for export advances; ii) committed credit lines totalling €150 million with maturity in March 2026.

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

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

The Group's gross financial exposure, as of 31 December 2023, is equal to €525.1 million and is represented by debt to the banking system for medium- and long-term loans, of which €18.9 million due within twelve months.

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

Lender	Type	Outstanding debt at 31.12.2023	<1 year	1 to 2 years	3 to 5 years	> 5 years
EIB - European Investment Bank	M/L term 15 years	54,335	8,718	8,850	27,366	9,401
EIB - European Investment Bank	M/L term 15 years	48,000	5,333	5,333	16,000	21,333
EIB - European Investment Bank	M/L term 16 years	62,759	4,828	4,828	14,483	38,621
Term loan pool of banks	M term 3 years	360,000	0	0	360,000	0
Total		**525,094**	**18,879**	**19,011**	**417,849**	**69,355**

(thousands of euros)

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

In particular, the following are noted:

- the financing agreements signed between the Parent Company and the European Investment Bank (EIB) respectively for an amount of €180 million in 2014 and €70 million in 2016 for the purpose of financing

the investment programmes related to the 4-flight and other projects, financing fully utilised as of 31 December 2023, provide for the following repayment schedule: i) for the €100 million tranche, semi-annual instalments in arrears commencing in December 2018 and maturing in December 2029 and bearing interest at a fixed rate of 1.515%; ii) for the €80 million tranche, deferred semi-annual instalments commencing in June 2018 and expiring in December 2032 and bearing interest at a fixed rate of 1.01%; iii) for the €70 million tranche, deferred semi-annual instalments commencing in August 2022 and expiring in August 2036 and bearing interest at a fixed rate of 0.638%. In October 2023, a new loan agreement was signed between the Parent Company and the European Investment Bank (EIB) in the amount of €160 million for the purpose of financing a number of investment projects relating to the implementation of remote control systems for towers at smaller airports and the modernisation and digitalisation of a number of infrastructures and systems to be implemented in the period 2023-2028. As at 31 December 2023, the loan has not yet been drawn down and the availability period is three years.
These agreements include:

- a negative pledge clause, i.e. a commitment by the Parent Company not to establish or allow the establishment of encumbrances on any of its assets, where encumbrances refer to any agreement or transaction relating to goods, receivables or cash used as an instrument to obtain credit or fund the acquisition of an asset;
- a cross-default clause, which gives the EIB the right to demand early repayment of the loan if the Parent Company or any other Group company does not comply with the obligations under any loan or other financial transaction other than this loan agreement;
- a change of control clause, which gives the EIB the right to demand early repayment of the loan if any party or group of parties acting in concert obtains control or ENAV, or if the Italian Republic no longer retains control of the issuer.

The first two loans also provide for compliance with certain financial covenants, verified on an annual and half-yearly basis and calculated on the Group's consolidated data: i) ratio of gross financial debt to EBITDA of less than 3; ii) ratio of EBITDA to financial expense of at least 6. With regard to the first of the two covenants, a contractual amendment was agreed with the EIB in June 2021, providing for its replacement with a ratio of net financial debt to EBITDA of less than 4 times for the period between 30 June 2021 and 31 December 2024. As of 30 June 2025, the covenant originally stipulated in the contract will again apply. This contractual amendment did not entail additional charges for the Group. Regarding the last loan signed in 2023, the covenants are i) the ratio of gross financial debt to EBITDA to be less than 4 times and ii) the ratio of EBITDA to financial expenses to be not less than 6 times;

- the pool loan agreement between the Parent Company and the banks BNL BNP Paribas, Intesa Sanpaolo and UniCredit, signed in March 2023 and amended on 20 September 2023 with non-substantial amendments, for a total amount of €360 million, with a term of three years and full repayment at maturity, provides for a variable rate indexed to the 3-month Euribor rate and with the introduction of price adjustment mechanisms linked to sustainability parameters. This loan agreement requires compliance with the financial covenant given by the ratio of net financial debt to EBITDA of less than 4 times, verified on an annual and half-yearly basis and calculated on the Group's consolidated data. In accordance with market practices, the financing contract also includes negative pledge, *pari passu*, cross-default and change of control clauses.

In previous years, the Parent Company has always complied with the covenants set out in each loan. At 31 December 2023, based on the figures for performance and financial position reported in the Consolidated Financial Statements, it is felt that the covenants in the existing loan agreements have been complied with.

Interest rate risk

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

At 31 December 2023, about 31% of gross financial debt was fixed-rate, with the remainder being variable rate. For floating-rate loans, as is known, the macroeconomic context of reference has seen a generalised rise in market rates with a significant impact on borrowing costs during 2023. The current variable-rate debt exposure has a residual maturity of just over two years. Despite the reduced tenor of the loans in question and the current macro-economic context that, as far as is known, hints at prospects of lower interest rates, there is a risk that rising interest rates could negatively affect the level of net financial expenses recognised in the Income Statement and the value of future cash flows. Assuming a further +/- 25bps change in interest rates, the effect on the income statement would have been higher/lower financial expenses of approximately €1.1 million, which, net of the tax effect, would have affected the result for the year and shareholders' equity by approximately +/- €0.8 million.

In order to limit the potential adverse effects of interest rate fluctuations, the Group implements policies designed to contain the cost of funding over time, limiting the volatility of its results. The Group pursues this goal by systematically negotiating with leading banks in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, maturity and interest rate conditions (variable-rate/fixed-rate). With regard to the loan signed with the EIB but not yet drawn down (loan commitment), the exposure to interest rate risk is also mitigated by the Group's option to opt - for each tranche of utilisation - for a fixed or variable rate. In 2023, the average cost of bank debt was around 3.83% (1.47% in the previous year).

At present, the Group does not hold financial instruments valued at fair value and as such exposed to adverse changes as a result of changes in the market level of interest rates.

To date, no derivative financial instruments have been used to manage interest rate risk.

Exchange risk

The Group's exposure to the risk of unfavourable changes in the current level of exchange rates due to its transactions in other currencies could have an adverse impact on its financial performance and the value of balance sheet items denominated in foreign currency. Although the Group operates primarily in the Italian market, it does have an exposure to foreign exchange risk deriving mainly from cash flows from investments denominated in foreign currency, mainly the US dollar, as well as from the purchase of the equity interest of 10.35% in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, the Group has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.

In particular, in April 2019, 5 forward foreign currency purchase transactions ($ vs €) were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon. The total purchase of $4.5 million was made with a total sale of €3.8 million and forward exchange rates (€/$) negotiated for each maturity and concluded in January 2023. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks. At the reporting date, the Group had no exposure to derivative financial instruments.
Lastly, it is noted that the risk resulting from the conversion of the assets and liabilities of ENAV subsidiaries that prepare their financial statements in functional currencies other than the euro is not usually hedged, unless a specific different assessment has been performed.

Climate change risks

All possible direct impacts for the Parent Company related to the effects of climate change translate in the long term into potential interruptions/degradations in the provision of services due to damage to infrastructures or technological assets and reduction of traffic flow also due to the reduction of airport capacity and, therefore, into potential lost revenues and/or increases in operating costs in addition to any impairment losses.
The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular, the EUROCONTROL document "Climate change risks for European aviation" identifies five main types of weather phenomena that could potentially impact aviation: 1) precipitation, meaning rain, snow and hail, which at intense levels may require greater separation distances between aircraft and thus have a direct impact on airport capacity. In addition, airport infrastructures, as well as electronic equipment, can be exposed to the risk of flooding; 2) temperature, the rise in which can cause impacts on infrastructures, with a consequent increase in the related energy costs; 3) sea level rise and river flooding with a risk concentrated on airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in the airport context can impact flight safety. This could result in the need to change flight procedures and redesign airspace; 5) extreme events such as thunderstorms and hurricanes that could impact flight delays.
The parent company conducted a specialised study to assess in detail the effects of climate change in the provision of ENAV services in Italy and in particular at airports. The study was carried out to assess the impacts of climate change over two different time horizons (2030 and 2050) and two different climate scenarios used by the Intergovernmental Panel on Climate Change (IPCC). The first scenario (SSP8.5), the most pessimistic, assumes, by 2100, atmospheric CO_2 concentrations will triple or quadruple (840/1120 ppm) compared to pre-industrial levels (280 ppm). This scenario is defined energy-intensive with total consumption continuing to grow over the century to well over 3 times current levels.
The study determined the following: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which should affect an increasing number of airports over time, particularly the airports of Rome Fiumicino, Milan Malpensa, Bolzano and Bari, starting from a baseline (5-year forecast) that sees the airports of Genoa, Ronchi dei Legionari and Milan Malpensa as those most impacted on average; (ii) the temperature is expected to increase by 1/1.5° in the medium term and 2/2.5° in the long term, phenomena that will mainly affect the airports of Lampedusa, Catania Fontanarossa, Rome Ciampino, Rome Urbe, Rome Fiumicino and Naples, which already present the highest maximum temperatures in the baseline (5 years), to which Bologna will be added in the long term (2050), which will also present an increase in the

number of days with a maximum temperature over 43° C. Rising temperatures may cause energy costs to rise. On the other hand, with regard to impacts on technological systems and those more specifically aeronautical (impacts on engine performance and aircraft aerodynamics, with potential impact on flight procedures and noise footprint in the areas surrounding airports), the risks are considered acceptable and managed in the context of the technologies and procedures already available today; with regard to the rise in sea level, the risk of flooding of infrastructures located in coastal areas remains almost unchanged, which would mainly affect the Cagliari airport and related sites, Venice and Genoa and the remote VOR/DME sites of Chioggia and Radar in Ravenna; with regard to wind, there do not seem to be any criticalities since the forecast scenarios are oriented towards a decrease in its average intensity (consequently, the crosswind component should decrease proportionally).

The results of the analyses conducted form the basis for monitoring the phenomena under study over time, with the scenario analyses required to assess the operational and financial impacts of climate risks being systematically updated every several years.

In 2030, no critical issues are identified in terms of territorial expansion of said phenomena compared to the current scenario.

In the long run, the Parent Company's ability to ensure the pursuit of its business objectives, first and foremost by guaranteeing the continuity of its service provision, is undoubtedly interdependent on the resilience to the effects of climate change of the entire air transport system. 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 or cash flow impacts are expected.

Macroeconomic Context

The offensive action taken by the Russian government against Ukraine, has wrought changes in the geopolitical balances and inevitable repercussions on the global macroeconomic framework are evident. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, the Group took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.

During 2023, the ENAV Group did not record any operational, commercial or economic-financial impacts directly related to the Russian-Ukrainian conflict. Any open positions with customers belonging to the Russian Federation were already written down during the 2022 financial year, and there are no further outstanding relationships with parties affected by the sanctions regime.

Energy prices peaked in Q4 2022 with a subsequent return to values in line with historical trends from Q2 2023.

Globally, however, there are new critical issues in international trade due to the repeated attacks on cargo ships (mostly owned, flagged or operated by Israel) by Huthi rebels in the Suez Canal. These attacks, which were initiated in response to the new conflict in the Gaza Strip that erupted following the 7 October 2023 Hamas terrorist attack in southern Israel, have generally led to significant consequences in terms of i) diversion of shipping routes by taking longer routes, ii) consequent increases in transport costs and insurance premiums, and iii) delays in delivery times due to longer distances.

With reference to the ENAV Group, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. In addition, the Group holds an adequate back-up stock of materials necessary for the operational systems supporting its business, such that any delays in the supply chain are contained. The Group continues to monitor the impact on its business and to take all appropriate steps to ensure full compliance with the sanctioning regime adopted by the European Union states and to promptly identify possible consequences on its current and prospective business in view of the ongoing critical nature of the scenario.

With reference to the above, the Group has no significant impacts on the main alternative performance indicators and no impacts are foreseen on expected cash flows as depicted in the approved Business Plan.

Litigation risk

Litigation regarding taxation, administrative, civil or labour matters is handled by the competent functions of the ENAV Group. For the purpose of preparing these financial statements, they have provided a comprehensive picture of the various civil, administrative and labour proceedings. The Group has performed a detailed assessment of the risk of unfavourable rulings in that litigation, which determined the need to prudentially set aside specific provisions for disputes whose adverse outcome has been deemed probable and where the amount could be reasonably quantified. Pursuant to the regulations governing the preparation of financial statements, no specific provisions have been recognised for proceedings for which an unfavourable outcome was considered merely possible.

Currently, we do not believe that the pending litigation could result in significant charges for the Group in excess of the amounts already provisioned for this purpose at 31 December 2023.

Civil and administrative litigation

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

Criminal proceedings

The criminal proceeding established following the lawsuit brought by the Parent Company with regard to the illegal removal of goods and materials belonging to ENAV which were stored at a third-party warehouse has been settled on appeal. In this proceeding, the Company was a civil plaintiff against the director of the warehousing company for the criminal offence envisaged under Article 646 of the Criminal Code and, with a ruling handed down on 16 February 2015, the Court found the defendant guilty of, among other things, the offence pursuant to Article 646 and sentenced him for that and other offences he was accused of, to 6 years and 6 months of prison and a fine of €3,000. The Court also ordered an immediately enforceable provisional award of €1 million in favour of the Parent Company, referring the settlement of the greater damages suffered by ENAV to another court. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor’s Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding. Following the appeal against the judgement of the Court of First Instance, the first appearance hearing before the Court of Appeal was scheduled.

Following a court order of discovery notified on 24 November 2016, the Company produced documentation concerning certain contracts involving the subsidiary Enav North Atlantic. On the basis of available information, the investigation is pending before the Rome Public Prosecutor’s Office, and the Company is not aware of any person under investigation or any official charge having been filed.

In response to an order of discovery, on 13 June 2018 ENAV produced documentation relating to the selection of a person related to the former Sole Director of the Company for the position of air traffic controller. On the basis of available information, the matter is being investigated by Public Prosecutor’s Office of Rome.

The investigations have been concluded with reference to the criminal proceedings initiated by the Public Prosecutor's Office of Florence relating to an alleged violation of environmental regulations concerning to the supply, by a third party, of material used, among other things, for the execution of certain civil works connected with the project for the modernisation of the Pisa airport. As part of this contract, which was awarded by the Italian Air Force to the temporary business grouping of Thales/Techno Sky, the civil works were subcontracted by Techno Sky to another company, which in turn procured the material from another company, the origin of the pending proceeding.

As a result of the investigations by the Public Prosecutor's Office of Pisa, following the request for committal for trial by the prosecutor in charge, it appears that a decree of preliminary hearing has been served against third parties in which Techno Sky has been identified as one of the offended parties. In these proceedings, the defendants are charged with criminal conspiracy, waste trafficking and environmental pollution offences, offences against the public administration and fraud offences against the various parties involved.

40. Fees of the independent auditor pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation

The fees for 2023 paid to the independent auditor of the Parent Company and the subsidiaries, EY S.p.A. are summarised in the following table in accordance with the provisions of Article 149-duodecies of the CONSOB Issuers' Regulation:

Type of Services	Entity providing the service	2023
ENAV		
Audit services	EY S.p.A.	493
Certification services	EY S.p.A.	31
Other services	EY S.p.A.	0
SUBSIDIARIES		
Audit services	EY S.p.A.	207
	Network EY S.p.A.	10
Certification services	EY S.p.A.	18
Other services	EY S.p.A.	0
Total		**759**

(thousands of euros)

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

41. Events after the reporting date

No significant events occurred after 31 December 2023.

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

Attestation of the ENAV Group's consolidated financial statement for the year ended 31 December 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 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 ENAV Group and
   - the effective application of the administrative and accounting procedures adopted in preparation of the ENAV Group's consolidated financial statements during the year ended 31 December 2023.
2. In this regard, it should be noted that:
   - the administrative and accounting procedures adopted in preparation of the ENAV Group's consolidated financial statements for the year ended 31 December 2023 were drawn up, and their adequacy assessed, based on the regulations and methods adopted by ENAV Spa in accordance with the *Internal Control – Integrated Framework Model* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the ENAV Group's consolidated financial statements for the year ended 31 December 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) provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

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

Rome, 20 March 2024

Chief Executive Officer	Manager responsible for financial reporting
Pasqualino Monti	**Loredana Bottiglieri**
(original signed)	(original signed)

Independent Auditor's Report

on the Consolidated Financial Statements

Building a better
working world

Enav S.p.A.

Consolidated financial statements as at December 31, 2023

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

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

To the Shareholders of
Enav S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enav Group (the Group), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of the goodwill Goodwill as at December 31, 2023 amounts to Euro 93.5 million, of which Euro 66.5 million allocated to the Cash Generating Unit ("CGU") "Maintenance Services" and 27 million allocated to the CGU "Soluzioni software AIM". The processes and methodologies for assessing	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the impairment process of goodwill; • testing the CGUs identification process and the allocation of assets and

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and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions sometimes complex, that due to their nature require Directors' judgement, particularly with reference to the forecasted future cash flows of each CGU derived from business plans, considering budget for 2024, the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows.

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

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

liabilities to the CGUs;

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

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

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

Fair value measurement of Aireon Holdings LLC

Investments in other entities include the investment in Aireon Holdings LLC, which entirely holds investment in Aireon LLC, for an amount of Euro 47 million that is measured at fair value. Directors measured the investment as a financial instrument categorized at level 3 of fair value hierarchy in absence of a quoted price in an active market.

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

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

The disclosures related to the valuation of the

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

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

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

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

Recognition and measurement of revenues – *Balance*

Revenues from contracts with customers as at December 31, 2023 amount to Euro 963 million including *Balance* adjustment for a negative amount of Euro 28 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

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

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

The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Enav as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements of Enav Group as at December 31,2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Enav Group as at December 31, 2023 and comply with the applicable laws and regulations.

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

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

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

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

Rome, April 9, 2024

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

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

ENAV S.p.A. FINANCIAL STATEMENTS

AT 31 DECEMBER 2023

ENAV S.p.A. Separate Financial Statements at 31 December 2023

ENAV S.p.A. FINANCIAL STATEMENTS

Statement of Financial Position

ASSETS

(figures in euro)	Notes	at 31.12.2023	of which with related parties (Note 31)	at 31.12.2022	of which with related parties (Note 31)
Non-current assets					
Property, plant and equipment	6	832,807,936	0	863,330,861	0
Intangible assets	7	81,682,544	0	71,673,385	0
Investments	8	188,247,822	0	186,411,372	0
Non-current financial assets	9	3,198,114	3,198,114	8,553,624	8,553,624
Deferred tax assets	10	16,686,912	0	15,439,761	0
Non-current tax receivables	11	12,990	0	49,729	0
Non-current trade receivables	12	526,841,074	0	606,775,456	0
Other non-current assets	15	0	0	6,028,651	6,028,651
Total non-current assets		**1,649,477,392**		**1,758,262,839**	
Current assets					
Inventories	13	61,762,143	0	61,075,103	0
Current trade receivables	12	364,400,389	41,916,700	311,845,930	42,763,413
Receivables from Group companies	14	33,672,208	33,672,208	32,761,174	32,761,174
Current financial assets	9	5,441,088	5,441,088	1,928,761	1,760,000
Tax receivables	11	1,210,145	0	3,495,895	0
Other current assets	15	29,381,022	11,466,561	31,295,201	14,223,668
Cash and cash equivalents	16	207,958,070	0	246,692,298	0
Total current assets		**703,825,065**		**689,094,362**	
TOTAL ASSETS		**2,353,302,457**		**2,447,357,201**	

Statement of Financial Position

EQUITY AND LIABILITIES

(figures in euro)	Notes	at 31.12.2023	of which with related parties (Note 31)	at 31.12.2022	of which with related parties (Note 31)
Shareholders' equity					
Share capital	**17**	541,744,385	0	541,744,385	0
Reserves	**17**	476,145,200	0	472,918,470	0
Retained earnings/(loss carryforward)	**17**	48,740,792	0	67,516,833	0
Profit/(Loss) for the year	**17**	107,197,485	0	92,400,896	0
Total shareholders' equity		**1,173,827,862**		**1,174,580,584**	
Non-current liabilities					
Provisions for risks and charges	**18**	1,077,000	0	1,456,200	0
Severance pay and other employee benefits	**19**	29,356,793	0	29,651,422	0
Deferred tax liabilities	**10**	2,971,443	0	3,344,785	0
Non-current financial liabilities	**20**	505,071,789	53,278	165,791,984	199,653
Non-current trade payables	**21**	18,698,606	0	73,695,168	0
Other non-current liabilities	**22**	140,304,738	0	157,609,043	0
Total non-current liabilities		**697,480,369**		**431,548,602**	
Current liabilities					
Short-term portion of provisions for risks and charges	**18**	12,444,865	0	9,885,425	0
Current trade payables	**21**	175,370,733	10,159,468	127,225,730	6,225,812
Payables to Group companies	**14**	110,883,158	110,883,158	103,034,012	103,034,012
Tax and social security payables	**23**	34,004,788	0	51,302,055	0
Current financial liabilities	**20**	20,524,947	158,426	432,407,957	187,499
Other current liabilities	**22**	128,765,735	59,267,320	117,372,836	56,165,617
Total current liabilities		**481,994,226**		**841,228,015**	
Total Liabilities		**1,179,474,595**		**1,272,776,617**	
Total shareholders' equity and liabilities		**2,353,302,457**		**2,447,357,201**	

Income Statement

(figures in euro)	Notes	2023	related parties (Note 31)	2022	of which with related parties (Note 31)
Revenues					
Revenues from operations	24	962,091,924	12,123,581	894,972,762	13,075,631
Balance	24	(28,089,572)	0	(14,817,486)	0
Total revenues from contracts with customers		*934,002,352*		*880,155,276*	
Other operating income	25	56,355,799	43,549,798	54,168,239	41,698,917
Total revenues		**990,358,151**		**934,323,515**	
Costs					
Costs for raw materials, supplies, consumables and goods	26	(3,030,932)	(1,189,075)	(3,400,648)	(641,119)
Costs for services	26	(201,637,792)	(83,515,940)	(198,308,045)	(77,393,710)
Personnel cost	27	(497,426,002)	0	(474,688,266)	0
Costs for leases and rentals	26	(879,927)	(57,406)	(900,827)	(56,946)
Other operating expenses	26	(3,472,597)	0	(2,764,731)	0
Capitalised costs for internal work	28	10,348,520	0	9,321,185	0
Total costs		**(696,098,730)**		**(670,741,332)**	
Depreciation	6 and 7	(124,645,534)	0	(123,598,161)	0
(Write-downs)/write-backs for impairment of receivables	12	(1,966,843)	0	(4,699,846)	0
(Writedowns)/Writebacks for investments	8	1,836,449	0	(1,836,450)	0
Provisions	18	(7,942,134)	0	(132,968)	0
Operating income		**161,541,359**		**133,314,758**	
Financial income and expense					
Financial income	29	13,033,266	217,999	9,728,529	252,760
Financial expense	29	(22,861,853)	0	(9,936,209)	0
Exchange rate gains (losses)	29	(508,690)	0	42,600	0
Total financial income and expense		**(10,337,277)**		**(165,080)**	
Income before taxes		**151,204,082**		**133,149,678**	
Income taxes	30	(44,006,597)	0	(40,748,782)	0
Profit/(Loss) for the year		**107,197,485**		**92,400,896**	

Statement of Other Comprehensive Income

(figures in euro)	Notes	2023	2022
Profit/(Loss) for the year	**17**	**107,197,485**	**92,400,896**
Other comprehensive income recyclable to profit/(loss):			
- fair value measurement of derivative financial instruments	**9 and 17**	(168,761)	15,968
- tax effect of the fair value measurement of derivative financial instruments	**9 and 17**	40,503	(3,833)
Total other comprehensive income recyclable to profit or loss		**(128,258)**	**12,135**
Other comprehensive income not recyclable to profit or loss:			
- actuarial gains/(losses) on employee benefits	**17 and 19**	(195,096)	4,508,344
- tax effect of actuarial gains/(losses) on employee benefits	**10 and 17**	46,823	(1,082,002)
Total other comprehensive income not recyclable to profit or loss		**(148,273)**	**3,426,342**
Total Comprehensive Income		**106,920,954**	**95,839,373**

Statement of Changes in Shareholders' Equity

(figures in euro)	Share capital	Legal reserve	FTA Reserve	Sundry reserves	Reserve for actuarial gains/(losses) for employee benefits	Cash Flow Hedge Reserve	Total reserves	Retained earnings/(loss carryforward)	Profit/(loss) for the year	Total shareholders' equity
Shareholders' equity at 31 December 2021	**541,744,385**	**39,570,974**	**(3,044,940)**	**435,695,892**	**(8,847,815)**	**2,073,295**	**465,447,406**	**67,410,148**	**61,588,435**	**1,136,190,374**
Allocation of net profit from the previous year	0	3,079,422	0	0	0	0	3,079,422	58,509,013	(61,588,435)	0
Dividend distribution	0	0	0	0	0	0	0	(58,506,483)	0	(58,506,483)
(Purchase)/award of treasury shares	0	0	0	614,615	0	0	614,615	104,155	0	718,770
Long-term incentive plan	0	0	0	338,550	0	0	338,550	0	0	338,550
Comprehensive profit/(loss), of which:										
- profit/(loss) recognised directly in equity	0	0	0	0	3,426,342	12,135	3,438,477	0	0	3,438,477
- profit/(loss) for the year	0	0	0	0	0	0	0	0	92,400,896	92,400,896
Shareholders' equity at 31 December 2022	**541,744,385**	**42,650,396**	**(3,044,940)**	**436,649,057**	**(5,421,473)**	**2,085,430**	**472,918,470**	**67,516,833**	**92,400,896**	**1,174,580,584**
Allocation of net profit from the previous year	0	4,620,045	0	0	0	0	4,620,045	87,780,851	(92,400,896)	0
Dividend distribution	0	0	0	0	0	0	0	(106,436,491)	0	(106,436,491)
(Purchase)/award of treasury shares	0	0	0	(1,152,527)	0	0	(1,152,527)		0	(1,152,527)
Long-term incentive plan	0	0	0	35,743	0	0	35,743	(120,401)	0	(84,658)
Comprehensive profit/(loss), of which:										
- profit/(loss) recognised directly in equity	0	0	0	0	(148,273)	(128,258)	(276,531)	0	0	(276,531)
- profit/(loss) for the year	0	0	0	0	0	0	0	0	107,197,485	107,197,485
Shareholders' equity at 31 December 2023	**541,744,385**	**47,270,441**	**(3,044,940)**	**435,532,273**	**(5,569,746)**	**1,957,172**	**476,145,200**	**48,740,792**	**107,197,485**	**1,173,827,862**

Statement of Cash Flows

	Notes	2023	of which with related parties	2022	of which with related parties
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (A)	**16**	**246,692**		**195,089**	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the year	**17**	107,197	0	92,401	0
Depreciation	**6 and 7**	124,646	0	123,598	0
Net change in liabilities for employee benefits	**19**	(489)	0	(585)	0
Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	**6**	25	0	48	0
Provisions/absorption of provisions for risks and charges	**18**	7,942	0	133	0
Non-monetary change	**8**	(1,836)	0	1,837	0
Provision for stock grant plans	**27**	921	0	1,057	0
Net change in deferred tax assets and deferred tax liabilities	**10**	(1,533)	0	1,003	0
Decrease/(Increase) in inventories	**13**	(84)	0	585	0
Decrease/(Increase) in current and non-current trade receivables	**12**	27,380	846	(74,593)	(1,376)
Decrease/(Increase) in tax receivables and tax and social security payables	**11 and 23**	(18,169)	0	18,345	0
Changes in Other current assets and liabilities	**15 and 22**	10,738	5,858	43,608	27,752
Change in receivables from and payables to Group companies	**14**	6,938	6,938	12,947	12,947
Change in other non-current assets and liabilities	**15 and 22**	(11,276)	6,029	(11,225)	284
Increase/(decrease) in current and non-current trade payables	**21**	(40,062)	1,027	34,932	642
TOTAL CASH FLOW FROM OPERATING ACTIVITIES (B)		**212,338**		**244,091**	
of which Taxes paid		**(56,707)**		**(33,984)**	
of which Interest paid		**(24,077)**		**(5,988)**	
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	**6**	(83,178)	0	(80,856)	0
Investments in intangible assets	**7**	(21,910)	0	(16,509)	0
Increase/(Decrease) in trade payables for investments	**21**	33,490	2,906	27,477	(7,440)
Decrease/(Increase) in trade receivables for investments	**12**	0	0	750	0
(Investments)/Divestments in investments	**8**	0	0	0	0
Increase/(Decrease) in trade payables for equity investments	**8**	0	0	(1,027)	(1,027)
TOTAL CASH FLOW FROM INVESTING ACTIVITIES (C)		**(71,598)**		**(70,165)**	
Net cash flow generated/(absorbed) from financing activities					
New medium/long-term loans	**20**	360,000	0	180,000	0
(Repayments) of medium and long-term loans	**20**	(428,748)	0	(66,206)	0
Net change in short/long-term financial liabilities	**20**	(3,807)	(176)	831	(77)
Issue/(Repayment) of bond loan	**20**	0	0	(180,000)	0
(Increase)/Decrease in current and non-current financial assets	**9**	1,675	1,675	1,462	1,462
Purchase of treasury shares	**17**	(2,158)		0	
Dividend distribution	**17**	(106,436)	(56,709)	(58,410)	(31,172)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES (D)		**(179,474)**		**(122,323)**	
Total cash flow (E = B+C+D)		**(38,734)**		**51,603**	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (F = A+E)	**16**	**207,958**		**246,692**	

Notes to the Financial Statements of ENAV S.p.A.

1. General information

ENAV S.p.A., a joint-stock company listed on the Mercato Telematico Azionario, was established in 2001 following the transformation with Law 665/1996 of the "Ente Pubblico Economico denominato Ente Nazionale di Assistenza al Volo" (the National Agency for Flight Assistance), a public enterprise, that was formerly known as the "Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale" (A.A.A.V.T.A.G.) (Autonomous Company providing Flight Assistance for General Traffic).

Since 26 July 2016, ENAV shares have been listed on the Mercato Telematico Azionario (EXM – Euronext Milan) organised and operated by Borsa Italiana S.p.A. and, at 31 December 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.

ENAV provides air traffic control and management services from 45 Control Towers and four Area Control Centers (ACC) on the domestic territory 24 hours a day and other essential fair navigation services in Italian airspace and at the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology and infrastructure of flight assistance systems. This infrastructure requires constant maintenance and continuous development to ensure safety, punctuality and operational continuity. This is clearly stated in the European Union's Single European Sky regulations, which on the one hand define the structure of the air traffic management system and on the other set the technological, qualitative, financial and environmental targets that all service providers must meet.

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

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

The separate financial statements were approved by the Board of Directors of the Company at its meeting of 20 March 2024, which also approved their dissemination. These financial statements have been audited by EY S.p.A. pursuant to Articles 14 and 16 of Legislative Decree 39/2010 by virtue of their appointment to conduct statutory audit activities for the 2016-2024 period by the Shareholders' Meeting on 29 April 2016.

2. Form and content of the Financial Statements

The separate financial statements of ENAV at 31 December 2023 were prepared in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002 as well as Legislative Decree 38 of 28 February 2005, which governed the application of the IFRS under the scope of Italian law.

"IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the related EU Regulations published up to 20 March 2024, the date on which the ENAV S.p.A. Board of Directors approved the separate financial statements.

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

The separate financial statements were prepared and presented in euros, which is the functional currency of the Company. All the amounts in the tables in the notes and comments below are stated in thousands of euros, unless indicated otherwise.
The financial statements used and associated classification criteria adopted by the Company are indicated below under the scope of the options provided for in IAS 1 Presentation of Financial Statements and in conformity with the provisions of CONSOB Resolution No. 15519 of 27 July 2006 with regard to reporting the value of positions or transactions with related parties in the financial statements and, where applicable, the representation in the income statement of revenue and expense from significant non-recurring transactions or circumstances that do not occur frequently in regular operations. In 2023, there were no atypical or significant transactions requiring separate reporting. The following financial statements were used:

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

The Company has also applied the definition of material introduced with amendments to IAS 1 and IAS 8, which states that information is material if omitting, misstating or obscuring could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of the information, or both. The Company assesses whether information, individually or in combination with other information, is material in the context of the financial statements considered as a whole.
The separate financial statements were prepared on a historic cost basis with the exception of financial statement items that must be measured at fair value.
Each item of the financial statements is compared with the corresponding figure for the previous year.

3. Accounting policies

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

Property, plant and equipment

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

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

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

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

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

For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item write-downs and impairment losses. These impairments are reinstated if

the reasons that generated them no longer apply, within the limits of the net carrying amount that the asset in question would have had if the write-down had not been made and if the depreciation had taken place.
At the time of the sale or when the future economic benefits anticipated from the use of an asset do not exist, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the carrying amount) is recognised through profit or loss in the year of the above-mentioned derecognition. Measurement shall take account of the provisions of IFRS 15.
In accordance with IFRS 16, the rights of use connected with long-term leases are recognised under property, plant and equipment if the lessee has exclusive control of the leased asset and the right to obtain substantially all of the economic benefits deriving from its use.
The right-of-use asset is recognised entered at a value equal to the sum of the present value of the contractual outgoing cash flows, using the rate provided for in the lease or the lessee's incremental borrowing rate as the discount rate factor.
The right-of-use asset is depreciated over the non-cancellable period of the lease, which normally coincides with its term.
For long-term car rentals, the contract is divided into a lease component, i.e. the pure rental payment, and a non-lease component for maintenance services. The lease component is included in the right-of-use asset, while the non-lease component is charged profit or loss.

Intangible assets

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

Intangible assets include rights to use intellectual property represented by licenses and software and other intangible assets with an estimated useful life of three years.

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. The cost is determined on the basis of the average weighted cost, which includes related ancillary expenses. If inventories can no longer be used because they have become obsolete, they are written down through the provision for inventory losses, directly adjusting the value of the asset.

Investments

Investments in subsidiaries are recognised at purchase cost, including directly attributable ancillary costs, adjusted for any impairment losses, which are recognised through profit or loss. If the causes of impairment no longer exist, the value is reversed up to the amount of the impairment loss recognised. Said reversal is recognised in the income statement.
Subsidiaries are all companies in which ENAV has the power to directly or indirectly determine their financial and operating policies (relevant activities) in order to obtain the benefits resulting from their activities (variable returns), having the ability to exercise its power over them to affect the amount of the returns.
Investments in other entities are measured at cost adjusted for impairment because the fair value cannot be reliably calculated.

Financial assets

Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e.: at amortised cost, at fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of assets and on the business model that the Company uses for their management. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures financial assets at their fair value plus transaction costs in the case of financial assets not recognised at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the price of the transaction determined in accordance with IFRS 15.
In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (solely payments of principal and interest - SPPI). This assessment is referred to as the SPPI test and is performed at the instrument level.
The Company's business model for the management of financial assets refers to the way in which financial assets are managed in order to generate cash flows. The business model determines whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both. ENAV holds its financial assets to maturity.
For the purposes of the subsequent measurement, financial assets can be classified into four categories in accordance with IFRS 9: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value

through other comprehensive income with reclassification of accumulated gains and losses (debt instruments); iii) financial assets at fair value through profit or loss. The Company mainly holds financial assets measured at amortised cost, which applies if the following requirements are met.

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortized cost are subsequently valued using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued. Within the financial statements, this category includes the following current and non-current financial assets, current and non-current trade receivables and other current and non-current assets.

Trade receivables and other current assets that are not held on normal market terms and conditions and do not generate interest are discounted on an analytical basis using assumptions and estimates. Trade receivables with a maturity falling within normal commercial terms are not adjusted to present value. Trade receivables and other receivables are carried under current assets unless they will mature at more than twelve months from the reporting date, in which case they are classified under non-current assets.

The carrying amount of financial assets at amortised cost, not measured at fair value through profit or loss, is reduced by means of the new loan impairment model based on estimated credit losses introduced by IFRS 9. This model assumes an assessment of expected losses based on an estimate of the probability of default, the loss in the event of default and the financial exposure. These assessment factors are determined using historical data, forward-looking information and information available from info providers.

For certain categories of financial assets at amortised cost, such as trade receivables and contract assets, the Company adopts the simplified approach to the new impairment model. This simplified approach is based on management of creditor positions by portfolio and on the division of receivables into specific clusters that take account of the specific nature of the business, the client's operating status, past due information and the specific regulatory framework.

If the amount of an expected loss recognised in the past should decrease and the decrease can be linked to an event that occurred after the recognition of the expected loss, it is reversed to profit or loss.

Financial assets are derecognised when the right to receive the cash flows of the instrument has expired or substantially all the risks and rewards of ownership of the instrument have been transferred.

Cash and cash equivalents

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

Derivative financial instruments

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

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

Financial liabilities classified as loans and receivables, which are the most common financial liabilities held by the Company, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liability is extinguished as well as through the process of amortisation. Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is reported under financial expense in the income statement.

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

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

Employee benefits

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

Short-term employee benefits are represented by wages, salaries, social security contributions, indemnities in lieu of holidays and incentives paid in the form of a bonus payable within twelve months of the reporting date. These benefits are accounted for as components of personnel costs in the period in which the service was provided.

Post-employment benefits are divided into two types: defined benefit plans and defined contribution plans. Defined-benefit plans are plans under which the employer is committed to paying the necessary contributions sufficient to guarantee the payment of fixed future pension benefits to employees, with the employer assuming an actuarial risk. Since, in defined benefit plans, the amount of the benefit payable can only be determined subsequent to the cessation of employment, the related cost and obligations can only be estimated by actuarial calculations in accordance with IAS 19. Defined contribution plans are those where the employer makes pre-determined contributions to a fund. The obligation of the employer is extinguished with the payment of contributions to the fund and the actuarial risk is borne by the employee. In defined-contribution plans, the contribution costs are recognised in profit and loss when they are incurred at their nominal value.

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

The employee severance pay pursuant to Article 2120 of the Italian Civil Code accrued since 1 January 2007 and mandatorily credited to a supplementary pension fund or to the treasury fund at INPS is considered a defined-contribution plan. These plans are managed by third-party fund managers, in relation to which the Company has no obligation. The Company pays contributions, recognising them through profit or loss when they are incurred at their nominal value.

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

Long-term share-based incentive plan

Long-term share-based incentive plans, in conformity with IFRS 2, are a component of remuneration for the beneficiaries involving payment in the form of equity instruments (equity-settled share-based payment transaction). For this plan, the cost is represented by the fair value of the instruments granted and the forecast of the number of shares that will actually be granted, fair value determined at the grant date, and is recognised under personnel and service costs on a straight-line basis over the vesting period, i.e., the period between the grant date and the vesting date, with a matching entry in a Shareholders' Equity reserve called the Stock Grant Reserve.

The fair value of the shares underlying the incentive plan is determined at the grant date by taking into account forecasts regarding the achievement of performance parameters associated with market conditions and is not adjusted in subsequent years. When the receipt of the benefit is also linked to conditions other than market conditions, the estimate of such conditions is reflected by adjusting over the vesting period the number of shares that are expected to be actually granted. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs and service costs.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. Provisions are only recognised when there is a current obligation (legal or constructive) arising from a past event, the settlement of which is expected to result in an outflow of resources to discharge the obligation, and when it is possible to reliably estimate the amount. Where the effect of the time value of money is material and the payment dates of the obligations can be reliably estimated, the provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When the provision is discounted, the periodic adjustment of the fair value associated with the time value of money is reflected in profit or loss as financial expense. Where some or all of the expenditure required to settle is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received.

Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.

The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.

Risks for which the recognition of a liability is only possible are disclosed but no provision is made.

Revenues from contracts with customers

Revenues are recognised at the consideration received or receivable, net of discounts and rebates, and are recognised when the entity satisfies a performance obligation to transfer a good or a service to a customer. The transfer takes place when the customer obtains control of the good or service, i.e. when the customer has the ability to direct its use and obtain substantially all the benefits. Control can be transferred at a certain point in time or over time, assessing the transfer using appropriate methods for measuring progress (output and/or input methods)

The transaction price also considers (using the expected value and/or most likely amount methods) variable components of the consideration when it is highly probable that there will not be a significant reversal of the revenue in the future. Transactions are also adjusted to take into account the time value of money.

Revenues from contracts with customers are summarised below, broken down by nature:

- *regulated market*: two separate performance obligations to satisfy over time in the context of en-route and terminal streams. Progress is measured using the output method based on service units generated in en-route and terminal services and balance represent the variable consideration, factored into the transaction price of each performance obligation, attributable to the services provided within the en-route and terminal streams, making it possible to measure the actual value of the performance delivered to the customer, adjusted appropriately to take account of the time value of money;
- *non-regulated market*: revenues are broken down by type of transaction, such as the sale of licenses and provision of services, flight inspection, aeronautical consulting, technical and engineering services, training and other revenues. Revenues recognised over time are limited mainly to aeronautical consulting.

Balance – Revenues from contracts with customers

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

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

With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the National Performance Plan, in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore the Parent Company, with regard to both traffic and costs. In particular, the traffic risk mechanism provides for the sharing of traffic risk between airspace providers and airspace users, whereby positive and negative variations of up to 2% of actual traffic, compared to planned traffic, are borne entirely by the providers, while variations of between 2% and 10% are shared to the extent of 70% by the airlines and 30% by the providers. For variations exceeding 10%, the cost recovery methodology applies.

Any positive or negative deviation with regard to traffic risk generates, according to the rules described above, the adjustment of en-route revenues using the item Balance for the year. With regard to the cost risk, the possibility of passing on in full to airspace users any deviations between what was planned and what was realised at the end of the year has been eliminated. These changes, whether positive or negative, are borne by the balances of the providers. This EU regulation also applies to terminal services in the first and second charging zones.
In the period 2020-2021, in the wake of the COVID-19 pandemic and the associated impact it has had on the air transport sector, the European Commission adopted a number of exceptional measures for the third reference period with Implementing Regulation (EU) 2020/1627 of 3 November 2020 (2020-2024) concerning the Single European Sky performance and charging scheme, introducing a number of rules partially derogating from Implementing Regulation (EU) 2019/317 for that period. Subsequently, the European Commission issued Decision 2021/891 setting the performance targets for the third reference period and identifying Determined Unit Cost (DUC) as the reference performance indicator. It is defined as the ratio between determined costs and traffic expressed in service units. The balance referring to the loss of traffic in the two-year period 2020-2021 is exceptionally spread over a five-year period extendable to seven years, starting from 2023. The application of this regulation has been extended to include terminal revenues for Charging Zones 1 and 2, which are subject to the same European regulations.
Current and non-current balance receivables and payables are classified as current and non-current trade receivables and current and non-current trade payables, as contract assets/liabilities consistent with IFRS 15. The amount of credit/debit per balance is separately identifiable in the notes.
For both terminal services and en-route services, the *Balance for the year* item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only be settled ex post. In other words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.
The item *Balance for the year* will be charged to the unit rate no earlier than two subsequent financial years while, in the closing financial year, the credit/debit for Balance recorded through the item *Balance Utilization* and included in the unit rate for the year is transferred to the income statement.
Bearing in mind that the recovery of asset and liability balance is deferred in time and takes place on the basis of the plans to recovery balance through adjustments to unit rates, in accordance with IFRS 15, the Parent Company takes account of the time value of money in measuring those revenues, with initial recognition at their present value and subsequent recognition of accrued financial income/expense until their incorporation in rates.
If the balance recovery plans are changed, the Group adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balance for previous financial statements but it does require the prospective application of the changes.

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

Grants

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

Dividends

Dividends received from investments in other companies are recognised through profit or loss at the time at which the unconditional right of shareholders to receive the payment is established, which is normally the resolution of shareholders' meeting authorising the distribution of dividends.

Costs

Costs are recognised when they involve goods and services sold or consumed in the year or through systematic allocation over a longer period until no future utility can be identified.
Costs are recognised in profit or loss in conjunction with the decline in the economic benefits associated with a reduction in an asset or an increase in a liability if this decrease can be reliably calculated and measured.

Financial income and expense

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

Income taxes

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

Deferred tax assets and liabilities are calculated in respect of all temporary differences that emerge between the values recognised in the financial statements and the corresponding values calculated for tax purposes, applying the tax rate in force at the date on which the temporary difference will reverse, as determined on the basis of the tax rates set out in applicable regulations or essentially in force at the reference date. Deferred tax assets for all temporary differences that can be deducted in future years are only recognised when their recovery is likely, or if it is expected that sufficient taxable income will be generated in the future to recover the assets. Deferred tax liabilities are recognised for all temporary differences taxable in future years unless such liability arises from: i) the initial recognition of goodwill; ii) the initial recognition of an asset or a liability in a transaction that does not represent a business combination and which at the time of the transaction does not affect either the accounting profit nor taxable income (tax loss).

Current taxes, deferred tax assets and deferred tax liabilities are recognised through profit or loss, with the exception of those relating to items directly debited or credited to components of other comprehensive income, which are recognised in equity. In such cases, the tax effect is directly attributable to the components of other comprehensive income in equity.

Deferred tax assets and liabilities in respect of taxes levied by the same taxation authority are offset if there is a legally enforceable right to set off the current tax assets against the current tax liabilities generated at the time of their reversal.

Deferred tax assets and liabilities are classified under non-current assets and liabilities, respectively.

Taxes and duties not related to income are recognised in the income statement under other operating costs.

Related Parties

Related parties are identified by the Company in accordance with IAS 24. Generally speaking, related parties refer to parties that share the same controlling entity with ENAV, companies that directly or indirectly exercise control, are controlled, or are subject to the joint control of the Company and those in which the latter holds a stake whereby it can exercise considerable influence. The definition of related parties also includes those entities that manage post-pension benefit plans for employees of the Company or related companies, as well as the directors and their immediate family, the standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family, of ENAV and companies controlled directly or indirectly by the latter.

Related parties refer to entities controlled by ENAV. External related parties include the supervising Ministry, namely the Ministry of Infrastructure and Transport, and the controlling Ministry, namely the Ministry for the Economy and Finance (MEF), entities under the control, including joint control, of the MEF and associated companies.

For a detailed analysis of related-party transactions, please see to Note 31 of the separate financial statements.

Translation of amounts in foreign currency

Assets and liabilities deriving from transactions in a currency other than the functional currency of ENAV are recognised at the exchange rate prevailing on the transaction date. At the end of the financial year, said monetary assets and liabilities denominated in currencies other than the euro are adjusted to the exchange rate in force at the closing date of the relevant accounting period and any exchange differences that may emerge are reflected in the Income Statement.

4. Use of estimates and management judgements

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

Particular attention was paid to assessing the recoverability of receivables, the value retention of assets and goodwill and determining the balance for the year. Furthermore, in the preparation of the separate financial statements, the conditions for operating as a going concern were assessed and it can be reasonably affirmed that the Company will continue to operate in the foreseeable future with a long-term perspective. In the case of future changes in estimation processes, disclosures will be provided about the methodological changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. Such changes in the conditions underlying the assumptions and judgements could have a significant impact on the annual figures.

Measurement of revenues for the balance

As described in the section on *Accounting Policies*, the measurement of operating revenues supplemented by the recognition of balance for the year, which measure services already provided by the Company, requires management to use estimates and valuations. These estimates and assessments relate to the timing of the recovery of the balance-related amounts in the years following the year of accrual as well as the choice of discount rate used. In particular, with reference to the measurement of the fair value of the integration and adjustment component for Balance of the year, management makes a forecast of the timing of recovery by means of future rate plans: if the same forecasts change, the amount relative to receivables and payables for Balance is modified to reflect the new forecasts relative to the cash flows connected to them.

Note 24 *Revenues from contracts with customers* provides additional information on the assessments performed by ENAV.

Impairment and recoverability of investments

For every reporting date of the financial statements the Company assesses whether there is objective evidence that investments are impaired.

Investments in subsidiaries are recorded at the purchase cost, as required under IAS 27.

The analyses conducted by management, in order to assess the presence of impairment indicators, require the evaluation of a series of internal and external inputs such as: examination of the annual budget, examination of the long-term business plan, analysis of key market indicators.

The valuation of the present value of cash flows requires management's extensive use of significant estimates and assumptions, also taking into account any ESG impacts reflected in the economic financial plan. It is believed that the estimates of this value are recoverable and reasonable. However, possible changes in the estimation factors on which the calculation of the present value is based could produce different measurements.

With reference to the evaluation of objective evidence of impairment losses with regard to the investment in Techno Sky and IDS AirNav, the test is carried out by calculating the value in use of the investments based on the discounted cash flow method.

The recoverable amount was estimated for Techno Sky and IDS AirNav on the basis of cash flows inferred from the business plan approved by their respective Boards of Directors, with an explicit time horizon of five years (2024-2028), also taking into account the approved budget for the year 2024. These flows, for the explicit forecast period, are formulated on the basis of hypothetical assumptions and associated with the evolutionary expectations of the business, while the years following the explicit period, assumptions of long-term sustainable profitability are developed to allow for business continuity (growth rates and other factors anchored to macroeconomic dynamics).

The assumptions adopted by management for the estimation of “normalised” net operating cash flow are the following:

- definition of a NOPAT (Net Operating Profit After Taxes) developed on the basis of the average of the last two explicit forecast years (2027-2028);
- depreciation is aligned with investments to maintain fixed capital;
- working capital with balance of zero;
- the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 1.9% in line with the revision of the inflation long-term forecasts for Italy.

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

With regard to the valuation of the investment in Enav North Atlantic, it should be stressed that it was established in order to make the investment in the US company, Aireon. Accordingly, the recoverability of the carrying amount of the investment in Enav North Atlantic LLC is mainly connected to the analysis of recoverability of the values for the investment in the latter. Since the investment in Aireon in the

Consolidated Financial Statements is measured at fair value with adjustments recognised through other comprehensive income, net of deferred taxation, for a full examination of the analysis process, please see the section "Use of estimates and management judgements" in the Consolidated Financial Statements.
Section 8 *Investments* provides information relating to the results of the valuations performed by the Company.

Determining useful life

The depreciation and amortisation of property, plant and equipment and intangible assets is recognised on a straight-line basis over the estimated useful life of each asset. The useful life is calculated at the time the assets are acquired and is based on historical experience with similar investments, market conditions and forecasts involving future events that could have an impact on the useful life. Actual economic life may therefore differ from the estimated useful life. The Company evaluates technological changes annually in order to update the residual useful life. This updating could involve a change in the depreciation/amortisation period and therefore also the depreciation/amortisation charge for the year and future years.

Provisions for risks

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

Provision for doubtful accounts and provision for write-down of inventories

The provisions for doubtful accounts and the provision for write-down of inventories respectively reflect the estimates of losses on Company receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used. The model adopted by the Company for the impairment of trade receivables takes into account the deterioration of the creditworthiness of a basket of companies representative of the air transport sector. Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

5. New accounting standards, interpretations and amendments adopted by the Company

New accounting standards, interpretations and amendments that did not have an impact on the Company's Financial Statements

The following is a list of the new accounting standards, amendments and interpretations applicable to the Company as from 1 January 2023 and/or subsequently during the year with no impact on the Company's separate financial statements at 31 December 2023.

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - issued on 7 May 2021, and approved 11 August 2022. The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's separate financial statements.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Accounting Estimates - issued on 12 February 2021 and approved on 2 March 2022. These amendments clarify the distinction between changes in accounting principles, changes in accounting estimates and error corrections. According to the new definition, accounting estimates are monetary amounts subject to measurement uncertainty, and entities develop such estimates if accounting standards require that the items in the financial statements may involve measurement uncertainty. Furthermore, the Board clarifies that a change in an accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a change in a measurement technique represent a change in an estimate if they do not result from the correction of prior period error. The amendments had no impact on the Company's separate 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 approved on 2 March 2022. These amendments provide information and examples to assist entities in applying materiality judgements to the disclosure of accounting policies. These amendments aim to help entities provide more useful information on accounting policies by replacing the requirement for entities to provide their 'material' accounting policies with a requirement to provide information on their 'material' accounting policies. The changes only impacted the disclosure of the Company's separate financial statements, but not the measurement, recognition or presentation of any item in the financial statements.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2023 and not adopted early by the Company

The following is a list of new accounting standards, amendments and interpretations that will be applied by the Company in annual accounting periods after that ending 31 December 2023. The Company 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, and approved on 19 December 2023. With this amendment, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, that this right must exist at the end of the financial year and that classification is unaffected by the likelihood that an entity will exercise its deferral right. Finally, the amendment also clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. A further amendment to IAS 1, Non-current Liabilities with Covenants, was also published on 31 October 2022, according to which an entity classifies its debt as non-current only if it can avoid repayment of the debt in the 12 months following the reporting date. Often, an entity's ability to produce such a classification is conditional on compliance with certain clauses, so-called covenants. This amendment specifies that covenants to be met after the reporting date do not affect the classification of debt as current or non-current, but rather require adequate disclosure in the notes to the financial statements. The above amendments to the principle will be applicable as from 1 January 2024.
- *Amendment to IFRS 16 Leases:* Lease Liability in a Sale and Lease Back - issued on 22 September 2022, and approved on 20 November 2023. These amendments require a lessee-seller to subsequently measure the liability arising from a leaseback in such a way that no amount of gain or loss relating to the retained right of use is recognised. The new requirements do not prevent the seller from recognising in

the income statement any gain or loss related to the partial and/or full termination of a lease. However, the amendment to the standard does not prescribe specific requirements for the measurement of a lease liability arising from a leaseback. The entity will therefore have to define an accounting policy in accordance with IAS 8 for how the liability is to be measured. The above amendments will be applicable as from 1 January 2024.

- *Amendment to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures:* Supplier Finance Arrangements - issued on 25 May 2023, pending approval. The changes concern the disclosure requirements related to reverse factoring agreements, requiring disclosure of terms and conditions related to such agreements, the amounts of liabilities covered by such agreements and an indication of the liability item under which the liabilities are shown in the balance sheet, and other information. The amendments are effective for financial years starting from 1 January 2024, subject to approval.
- *Amendment to IAS 21 The effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability - issued on 15 August 2023, pending approval. The amendment clarifies when one currency cannot be converted into another, how to estimate the exchange rate, and the disclosures to be made in the notes to the financial statements. The amendment enters into force on 1 January 2025.

6. Property, plant and equipment

The table below shows changes in property, plant and equipment at 31 December 2023 compared with the previous year.

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Asset under construction	Total
Historical cost	559,106	2,033,948	279,973	339,822	262,220	3,475,069
Accumulated depreciation	(294,364)	(1,765,557)	(243,502)	(308,315)	0	(2,611,738)
Residual value at 31.12.2022	**264,742**	**268,391**	**36,471**	**31,507**	**262,220**	**863,331**
Increases	6,243	25,149	2,329	9,227	83,178	126,126
Disposals - historical cost	(562)	(4,307)	(2,847)	(4,217)	0	(11,933)
Disposals - accumulated depreciation	531	4,285	2,847	4,198	0	11,861
Reclassifications	0	(315)	(115)	0	(43,986)	(44,416)
Depreciation	(20,596)	(72,671)	(7,213)	(11,681)	0	(112,161)
Total changes	**(14,384)**	**(47,859)**	**(4,999)**	**(2,473)**	**39,192**	**(30,523)**
Historical cost	564,787	2,054,411	279,340	344,832	301,412	3,544,782
Accumulated depreciation	(314,429)	(1,833,879)	(247,868)	(315,798)	0	(2,711,974)
Residual value at 31.12.2023	**250,358**	**220,532**	**31,472**	**29,034**	**301,412**	**832,808**

(thousands of euros)

Property, plant and equipment decreased by a net €30,523 thousand, reflecting:

- depreciation for the period of €112,161 thousand (€114,532 thousand in 2022) of which referring to rights of use for €902 thousand;
- an increase in tangible assets of €126,126 thousand, of which €42,948 thousand relating to investments that entered service during the year. These include: i) the implementation of the Arrival Management (AMAN) system, a decision-support tool for air traffic controllers that allows the efficient identification and management of the sequence of flights arriving at one or more airports, through which the optimal arrival times of flights are calculated, reducing the length of trajectories and the delay of each flight according to Flight/Flue Efficiency criteria. This system was implemented in the operations room of the Milan ACC for the optimised management of flight sequences arriving at the airports of Milan Malpensa, Milan Linate and Bergamo Orio al Serio; ii) the integration of the AMAN tool in the SATCAS system, the legacy ATM (Air Traffic Management) system used in the operations rooms of the ACC for en-route and approach air traffic control at the main national airports; iii) the development and implementation of the Automatic Tactical Control Tool (TCTA), which represents a further technological support used by Air Traffic Controllers operating in the ACC for the prevention of potential conflicts between flights operating in the airspace managed by the Parent Company, supporting their automatic identification and classifying them according to levels of urgency. This system came into use in the previous financial year for the ACC in Padua, Brindisi and Milan, and was implemented in 2023 at the ACC in Rome; iv) the centralised monitoring system for the airport weather system E-AWOS (Automatic Weather Observation System); v) work to prepare the physical space that will host the remote towers at the Brindisi ACC; vi) the modernisation of the current system for managing satellite connectivity on various company sites; vii)

the modernisation of the Terra Bordo Terra (TBT) radio systems on various company sites; viii) the modernisation of radio navigation systems on various airport sites; ix) the installation of approach radar at Lamezia Terme airport.

Increases of €83,178 thousand refer to tangible assets in progress related 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 for ACC based on the SESAR operational concepts and assuming the Coflight system as a basic component. The new generation Flight data processing system called Coflight supports the controller in the calculation of the expected flight path and is realised in collaboration with the French provider DSNA; ii) the programme to move the approach radar control stations from the current dedicated sites at the airports to the ACC above; iii) the implementation of the new ENET-2 communication network, which will replace the current ENET network that interconnects all domestic operational sites, conveying operational voice, radar, flight plan, weather, AIS and facility control data; iv) the activities related to the implementation of remotely managed Control Towers, which also includes the preparation of the physical space needed at ACC to host them; v) the local digitalisation activities of the air traffic control towers of various sites.

- decreases for reclassifications of a total of €44,416 thousand mainly refer to investment projects concluded and entered into use during the year with classification under their own item for €42,948 thousand, for €603 thousand to the reclassification of some components of operating systems in inventories for spare parts and for the remaining amounts to reclassifications made under intangible assets.

Note that part of the investments, with a historical cost of €265.4 million, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006, 2007-2013 and 2014-2020 for initiatives at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/2009 and projects financed at the European level. The capital grants for these investments are accounted for as other liabilities and reversed to profit or loss in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €10,418 thousand.

7. Intangible assets

The table below shows changes in intangible assets at 31 December 2023 compared with the previous year.

	Industrial patents and intellectual property rights	Other intangible assets	Intangible assets in progress	Total
Historical cost	178,566	2,085	58,743	239,394
Accumulated amortisation	(165,636)	(2,085)	0	(167,721)
Residual value at 31.12.2022	**12,930**	**0**	**58,743**	**71,673**
Increases	19,705	0	21,910	41,615
Disposals	0	0	0	0
Reclassifications	0	0	(19,121)	(19,121)
Depreciation	(12,485)	0	0	(12,485)
Total changes	**7,220**	**0**	**2,789**	**10,009**
Historical cost	198,271	2,085	61,532	261,888
Accumulated amortisation	(178,121)	(2,085)	0	(180,206)
Residual value at 31.12.2023	**20,150**	**0**	**61,532**	**81,682**

(thousands of euros)

Intangible assets totalled €81,682 thousand, a net increase of €10,009 thousand, reflecting the following changes:

- depreciation for the year of €12,485 thousand (€9,066 thousand in 2022);
- increases in intangible assets totalling €41,615 thousand, of which €19,705 thousand related to investment projects completed during the year and entered into use, concerning software for management systems such as those referring to applications for the personnel management system and software based on VMware virtualisation technology, and the Information Technology programme related to updating the Digital application park in terms of portals and web applications. The remaining €21,910 thousand of increases refer to projects in progress, including the project to move the ERP to the Cloud and the modernisation of certain management systems. The Company verified that this item had not incurred any impairment loss as at the reporting date;
- decreases in intangible assets of €19,121 thousand, which regarded investment projects completed and entering service that were classified to a specific account and the reclassification of certain amounts under tangible assets.

8. Investments

Equity investments amounted to €188,248 thousand, an increase of €1,837 thousand compared to the previous year.

This change is associated with the revaluation of the investment in Enav North Atlantic, of the amount equal to the devaluation made in the previous year, the 100% interest in Enav North Atlantic, a company incorporated under American law in the legal form of a limited liability company, assumed the obligations deriving from the Subscription Agreement signed in December 2013 for the purchase of 12.5% of the shares of Aireon, a US company in the Iridium Group, whose corporate purpose is the supply of instrumental services to air navigation surveillance activities through a special payload device installed on board the 66 operational Iridium satellites, able to provide the first global air traffic surveillance system with coverage of areas not currently covered by radar. Payment for the acquisition was structured in four instalments, the last of which was settled in 2017, for a total investment of $61.2 million and a stake at 31 December 2023 of 8.6%, which, under a redemption clause envisaged among the obligations deriving from the Subscription Agreement, is expected to rise to 10.35%.

The amount of the investment in Enav North Atlantic reflects the recoverability assumptions underlying the determination of the fair value of the investment in Aireon, reported in the Note 9 *Investments* in other entities to the Consolidated Financial Statements. Considering the revaluation carried out on the equity investment in Aireon, it was deemed appropriate to also revalue the investment in Enav North Atlantic LLC up to the amount of the initial cost of the investment, equal to €47,554 thousand, fully recovering the write-down of €1,837 thousand recorded in the previous year.

The item equity investments also includes:

- the 100% stake in Techno Sky amounting to €99,224 thousand. This carrying amount, which is greater than the corresponding portion of shareholders' equity, underwent impairment testing at 31 December 2023, in order to assess the recoverability of the carrying amount. The recoverable value was estimated based on the cash flows from the 2024-2028 business plan approved by the Techno Sky Board of Directors on 28 February 2024, also taking into account the budget for the year 2024. The flows, for the explicit forecast period, are formulated on the basis of hypothetical assumptions and associated with the evolutionary expectations of the business, while the years following the explicit period, assumptions of long-term sustainable profitability were developed to allow for business continuity. The recoverable value was calculated by discounting the operating cash flows using the discounted cash flow (DCF) method. The discount rate used was the WACC, equal to 8.17%, with a nominal growth rate for operating cash flows post explicit period forecast of 1.9%, consistent with current macroeconomic conditions. Following the test, the recoverable value was found to be higher than the carrying amount and, consequently, no impairment losses have been recognised;
- the investment in IDS AirNav amounting to €41,126 thousand. The carrying amount, which is greater than the corresponding portion of shareholders' equity, underwent impairment testing at 31 December 2023, in order to assess the recoverability of the carrying amount. In determining recoverable value, reference was made to value in use. The discount rate used is a WACC of 11.60% with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 1.9%, consistent with the revised inflation growth forecasts for Italy. The management considered that the recoverable value was to be estimated by reference to the value in use estimated on the basis of cash flows as inferable from the 2024-2028 business plan prepared by the subsidiary, taking into account the 2024 budget, approved by the Board of Directors of IDS AirNav on 28 February 2024. The assumptions on which the company based the preparation of the financial plan are founded on an understanding of the reference market, the information received from the ENAV Strategic Marketing structure. The test found that the recoverable value is greater than the carrying amount of the investment and, consequently, no impairment was recognised.
- the 100% interest in Enav Asia Pacific amounting to €127 thousand and the 60% stake in D-Flight S.p.A. with a carrying amount of €50 thousand.

Investments in other entities include the 16.67% stake in the French company ESSP SaS, in which the main European service providers are shareholders and which operates the EGNOS satellite navigation system and provides the associated services, in the amount of €167 thousand. In 2023, dividends received from the company amounted to €583 thousand.

For comments on the performance of subsidiaries in 2023, please see to the appropriate section of the Report on Operations.

A breakdown of investments held at 31 December 2023, with an indication of the interest held and the related carrying amount, is shown below:

Company Name	Head Office	Balance Sheet Date	Share capital	Profit/(loss) for the year	Shareholders' equity at 31.12.2023	% share	Shareholders' equity attributable/adjusted (*)	Book value at 31.12.2023
Subsidiaries								
Techno Sky S.r.l.	Rome	31.12.2023	1,600	8,526	70,462	100%	70,462	99,224
D-Flight S.p.A.	Rome	31.12.2023	83	(528)	2,719	60%	1,631	50
IDS AirNav S.r.l.	Rome	31.12.2023	500	1,087	12,515	100%	12,515	41,127
Enav Asia Pacific	Kuala Lumpur	31.12.2023	127	(226)	4,353	100%	4,353	127
Enav North Atlantic	Miami	31.12.2023	44,974	(1,047)	63,603	100%	47,553	47,553

(thousands of euros)

(*) the figure includes certain adjustments made to book equity due to exchange rate effects and others required for consolidation purposes.

9. Current and non-current financial assets

Current and non-current financial assets totalled €8,639 thousand, a decrease of €1,844 thousand as represented in the following table:

	at 31.12.2023			at 31.12.2022			changes		
	Current financial assets	Non-current financial assets	Total	Current financial assets	Non-current financial assets	Total	Current financial assets	Non-current financial assets	Total
Financial assets at amortised cost	5,441	3,198	8,639	1,760	8,554	10,314	3,681	(5,356)	(1,675)
Derivative financial instruments	0	0	0	169	0	169	(169)	0	(169)
Total	**5,441**	**3,198**	**8,639**	**1,929**	**8,554**	**10,483**	**3,512**	**(5,356)**	**(1,844)**

(thousands of euros)

Financial assets include: i) the intercompany loan to the subsidiary IDS AirNav for a total of €8 million that provides for repayment in constant principal amounts on 31 December of each year starting from 2022 and up to 2026, together with financial expenses accrued in previous years. At year-end, €1,760 thousand was repaid in respect of principal and accrued interest. The portion expiring in 2024 is classified under current financial assets; ii) the intercompany loan, including accrued interest, disbursed in 2017 to the subsidiary Enav North Atlantic at an annual rate of 2.5% with repayment expected in a single installment on 31 December 2024 and entirely reclassified under current financial assets.

Derivative financial instruments became zero at 31 December 2023 due to the maturity of the underlying contract in January 2023.

10. Deferred tax assets and deferred tax liabilities

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

	at 31.12.2022		Incr./decr. through profit or loss		Incr./decr. through equity		at 31.12.2023	
	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	35,665	8,558	7,426	1,782	0	0	43,091	10,340
Write-down of inventories	9,484	2,276	10	2	0	0	9,494	2,278
Discounting of receivables	18,721	4,494	(3,887)	(933)	0	0	14,834	3,561
Discounting employee severance pay	0	0	0	0	0	0	0	0
Non-deductible portion of severance pay	186	45	811	195	0	0	997	240
Fair value of derivatives	4	1	0	0	0	0	4	1
Others	269	65	835	201	0	0	1,104	266
Total	**64,329**	**15,439**	**5,195**	**1,247**	**0**	**0**	**69,524**	**16,686**
Deferred tax liabilities								
Others	7,751	1,860	(260)	(62)	0	0	7,491	1,798
Discounting on debts	1,094	263	(394)	(94)	0	0	700	169
Tax effect of IFRS conversion	1,504	471	(471)	(130)	0	0	1,033	341
Discounting employee severance pay	374	90	0	0	(195)	(47)	179	43
Fair value of derivatives	2,749	660	0	0	(169)	(40)	2,580	620
Total	**13,472**	**3,344**	**(1,125)**	**(286)**	**(364)**	**(87)**	**11,983**	**2,971**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2023 of €16,686 thousand and €2,971 thousand, respectively, is attributable to the following factors:

- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 12 and 18;
- the recognition of the deferred tax associated with the discounting of balance receivables and payables recognised in 2023, net of the amount reversed to profit or loss for the year;
- the recognition of employee severance pay in accordance with the actuarial method, which produced an actuarial loss recognised in other comprehensive income;
- the fair value measurement of derivative financial instruments, recognised in other comprehensive income.

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

11. Current and non-current tax receivables

Current tax receivables amounted to €1,210 thousand, a decrease of €2,286 thousand compared to 31 December 2022, mainly due to the elimination of the tax credit accrued in relation to expenses incurred for the purchase of energy products used as compensation in the payment of grants.

The reduction in the VAT credit is associated with the utilisation of a credit of €0.5 million when paying the second tax advance in November.

Non-current tax receivables amounted to €13 thousand (€50 thousand as at 31 December 2022) and include tax credits on capital goods that will be used in offsetting on a straight-line basis in subsequent years.

	at 31.12.2023	at 31.12.2022	Change
Receivable from tax authorities for VAT	460	694	(234)
Other current tax receivables	750	2,802	(2,052)
Total	**1,210**	**3,496**	**(2,286)**

(thousands of euros)

12. Current and non-current trade receivables

Current trade receivables amounted to €364,400 thousand and non-current trade receivables amounted to €526,841 thousand, mainly in respect of receivables for balance, as detailed in the following table:

	at 31.12.2023	at 31.12.2022	Change
Current trade receivables			
Receivables from Eurocontrol	168,503	156,052	12,451
Receivables from the Ministry of Economy and Finance	11,917	12,506	(589)
Receivables from the Ministry of Infrastructure and Transport	30,000	30,000	0
Receivables from other customers	19,615	20,462	(847)
Balance receivables	173,127	131,804	41,323
	403,162	**350,824**	**52,338**
Provision for doubtful accounts	(38,762)	(38,978)	216
Total	**364,400**	**311,846**	**52,554**
Non-current trade receivables			
Balance receivables	526,841	606,775	(79,934)
Total	**526,841**	**606,775**	**(79,934)**

(thousands of euros)

Receivables from Eurocontrol regard to the fees in respect of en-route and terminal revenues not yet received as of 31 December 2023, most of which had not yet fallen due, amounting to €115,244 thousand (€109,289 thousand at 31 December 2022) and €53,259 thousand (€46,763 thousand at 31 December 2022), respectively, gross of the provision for doubtful accounts. The overall increase of €12,451 thousand refers mainly to the higher revenue generated in November and December 2023, compared to the corresponding months of 2022, due to the recovery of air transport connections. The receivable from Eurocontrol, net of the direct portion of the provision for doubtful accounts, amounted to €141,957 thousand (€129,133 thousand as of 31 December 2022).

The Receivable from the Ministry of Economy and Finance (MEF) equal to €11,917 thousand is entirely related to the route and terminal exemptions recognised in 2023, a decrease of €589 thousand, compared to the figure recorded in the previous year, due to the fewer exempt service units developed during the year. The 2022 receivable of €12,506 thousand was offset, following the approval of the 2022 budget, with the payable to the Air Force for the collections relating to the en-route rate of €56,152 thousand, which resulted in a payable to the MEF of €43,646 thousand paid in December 2023.

Receivables from the Ministry of Infrastructure and Transport includes the operating grant for the year, equal to €30,000 thousand, which is intended to offset the costs incurred by ENAV to guarantee the safety of its plant and operational safety, as provided for by Article 11-septies of Law 248/2005. In December, €30 million was recognised in the financial year 2022.

Receivables from other customers amounted to €19,615 thousand and recorded a net decrease of €847 thousand, compared to the previous year, due to the collection of foreign receivables and receivables from management companies, also thanks to the formalisation of repayment plans.

The provision for doubtful accounts amounted to €38,762 thousand, with changes in 2023 breaking down as follows:

	at 31.12.2022	Increases	Decreases		at 31.12.2023
			releases	cancellations	
Provision for doubtful accounts	38,978	4,265	(2,244)	(2,237)	38,762

(thousands of euros)

The year's increase in the provision for doubtful accounts includes both the positions that were subject to total write-down due to the insolvency of certain airlines and the prudential write-down implemented on the basis of the valuation model used by the Company.
The decreases in the provision for doubtful accounts refer for €2,244 thousand to credits prudentially written down in previous years and collected during 2023 and for €2,237 thousand mainly to the cancellation of credits within Eurocontrol which does not affect the right to recover the credit and the cancellation of a debt owed to a management company following the conclusion of the bankruptcy proceedings.
The uses are recognised through profit or loss under the item “write-downs and impairment (reversals of impairment)”.

The Balance receivable, net of the discounting effect, totalled €699,968 thousand (€738,579 thousand as of 31 December 2022) classified within current receivables for €173,127 thousand, which includes, net of the financial effect, the portion included in the unit rate in 2024 relating mainly to the second portion of the balance recognised in the two-year period 2020-2021, subject to recovery in five years starting from 2023 for the route credit and terminal credit referred to the first two charging zones and in seven years relative to the terminal credit of the third charging zone, in compliance with the request made by the ENAC regulator and provided for as a recovery timeframe by EU Regulation 2020/1627. The non-current portion of the balance receivable includes the positive balance that emerged in 2023, which, gross of the financial component, amounted to €96.4 million and refer to the inflation balance for a total of €62.5 million (€34.7 million at 31 December 2022) recognised following the increase in the inflation rate, which in 2023 was 5.9% for Italy, compared to the 1.15% included in the Performance Plan; to the balance for traffic risk of the first charging zone for €1.1 million as the service units determined in the final balance were lower than planned by -6.47%; to the balance for the bonus capacity both of the route and of the first two charging zones for a total of €10.5 million, having determined a 0.01 minute of delay per assisted flight deriving from causes attributable exclusively to ENAV, as defined in the new targets communicated by ENAC to the European Commission, which has set a target of 0.04 minute of delay per assisted flight for 2023, and for €21.2 million.

13. Inventories

Inventories, which are represented by spare parts, amounted to €61,762 thousand net of provisions for doubtful accounts, a net increase of €687 thousand on the previous year. Changes during the year break down as follows:

	at 31.12.2022	Increases	Decreases	at 31.12.2023
Bonded inventory	65,247	2,855	(2,380)	65,722
Direct inventory	5,313	552	(330)	5,535
	70,560	**3,407**	**(2,710)**	**71,257**
Provision for inventory losses	(9,485)	(10)	0	(9,495)
Total	**61,075**	**3,397**	**(2,710)**	**61,762**

(thousands of euros)

The increase of €3,397 thousand, net of the inventory loss provision, mainly reflects bonded inventory for the purchase of spare parts for operating systems used for air navigation, including spare parts to support radar systems, telecommunications and meteorological systems. Part of the increase, equal to €603 thousand, was attributable to parts of systems classified to inventories from tangible assets. The decrease of €2,710 thousand relates to the use of spare parts in operating systems, lower than the purchases made during the year.
The spare parts in the bonded inventory are deposited with the subsidiary Techno Sky, which manages them on behalf of ENAV.

14. Intercompany receivables and payables

Receivables and payables with Group companies amounted to €33,672 thousand (€32,761 thousand at 31 December 2022) and €110,883 thousand (€103,034 thousand at 31 December 2022) respectively.
The following table provides a breakdown of intercompany receivables:

	at 31.12.2023	at 31.12.2022	Change
Receivables from Group companies			
Techno Sky	25,592	26,897	(1,305)
Enav Asia Pacific	40	124	(84)
D-Flight	1,407	1,418	(11)
IDS AirNav	6,633	4,322	2,311
Total	**33,672**	**32,761**	**911**

(thousands of euros)

This item recorded an overall net increase of €911 thousand, compared to 31 December 2022, which shows a higher receivable from IDS AirNav for intercompany service contracts referring to services rendered centrally by ENAV and a reduction for the same areas with Techno Sky.

The following table provides a breakdown of intercompany payables:

	at 31.12.2023	at 31.12.2022	Change
Payables to Group companies			
Techno Sky	107,057	99,563	7,494
IDS AirNav	3,600	3,170	430
D-Flight	226	301	(75)
Total	**110,883**	**103,034**	**7,849**

(thousands of euros)

The increase of the item in question for €7,849 thousand mainly regards transactions with the subsidiary Techno Sky, the provision for invoices to be received for the last two months of the maintenance fee for both operational and non-operational systems, maintenance of illuminated visual aids and activities related to investment projects.

15. Other current and non-current assets

Other current assets amounted to €29,381 thousand, while other non-current assets were reduced to zero during the year. The breakdown of the item in question is represented in the following table.

	at 31.12.2023	at 31.12.2022	Change
Other current assets			
Receivables from government entities for capital grants	11,467	14,224	(2,757)
Receivables from personnel	3,532	3,649	(117)
Receivables from various entities for projects funded	13,020	12,995	25
Accruals and deferrals	1,344	621	723
Other receivables	2,297	2,274	23
	31,660	**33,763**	**(2,103)**
Provision for other doubtful accounts	(2,279)	(2,468)	189
Total	**29,381**	**31,295**	**(1,914)**
Other non-current assets			
Receivables from government entities for capital grants	0	6,029	(6,029)
Total	**0**	**6,029**	**(6,029)**

(thousands of euros)

Receivables from public entities for grants recorded an overall net decrease of €8,786 thousand, compared to 31 December 2022, due to the expiry of the financing period of the projects under the PON Transport 2014-2020 programme, which sees the recognition of the projects whose progress and related payment occurred by the end of the financial year 2023, with the simultaneous cancellation of the receivable against the related amount recorded under other liabilities for the remaining parts of the projects.

Receivables from personnel refer to the mission advances paid to employees whose travel expenses are not yet completed at the end of the year, of which the largest portion (€2,279 thousand) regards expense advances paid to former employees of ENAV, already investigated by judicial authorities and prudently written down in previous years. In 2023, €54 thousand was collected, which was deducted from the provision, and €135 thousand was written off on positions considered to be non-recoverable. In order to secure the receivable, one-fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in a number of cases, real estate were also seized.

Receivables from various entities for projects financed amounted to €13,020 thousand and were basically unchanged compared to the balance at 31 December 2022, affected by various movements during the year for the collection of projects financed under the Connecting European Facility (CEF) call 2014 and call 2015 and the recognition of new projects reported under both the CEF call 2016 and 2017 and for the portion of SESAR projects in which the Group participates.

16. Cash and cash equivalents

Cash and cash equivalents totalled €207,958 thousand, a net decrease of €38,734 thousand on the previous year. This change is mainly associated with the dynamics of collections and payments connected to ordinary operations that produced a positive cash flow, closely related to the resumption of air transport activities with consequent greater collections from the core business, which made it possible to cover the greater payments to staff due upon successful contractual renewal. In FY2023 cash flow was also affected by other transactions, including: i) the payment of the dividend for a total of €106.4 million (€58.4 million in the previous financial year); ii) the payment of the debt to the Ministry of Economy and Finance referring to the financial year 2022 for a total of €43.6 million (€31.5 million disbursed in 2022); iii) the payment of the payable to ENAC for the portion of route and terminal receipts pertaining to it and to the Italian Air Force for the portion of terminal receipts pertaining to it for a total of €20.8 million; iv) the repayment of the quarterly and half-yearly instalments of the loans in place according to the contractual amortisation plans for €68.7 million; v) the purchase of treasury shares for €2.2 million.

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

17. Shareholders' equity

Shareholders' equity at 31 December 2023 amounted to €1,173,828 thousand and breaks down as follows.

	at 31.12.2023	at 31.12.2022	Changes
Share capital	541,744	541,744	0
Legal reserve	47,270	42,650	4,620
Other reserves	438,222	438,185	37
IAS FTA reserve	(3,045)	(3,045)	0
Reserve for actuarial gains/(losses) for employee benefits	(5,570)	(5,421)	(149)
Cash Flow Hedge Reserve	1,957	2,085	(128)
Reserve for treasury shares	(2,688)	(1,535)	(1,153)
Retained earnings/(loss carryforward)	48,741	67,517	(18,776)
Profit/(Loss) for the year	107,197	92,401	14,796
Total Shareholders' equity	**1,173,828**	**1,174,581**	**(753)**

(thousands of euros)

On 28 April 2023, at the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2022, it was resolved to allocate the year's earnings 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 the retained earnings reserve. In addition, a resolution was passed to withdraw an amount of €18,668 thousand from the available reserve for retained earnings, in order to distribute, together with the allocation of the year's earnings as dividends, a total dividend of €106,436 thousand, equivalent to €0.1967 for each share outstanding on the ex-dividend date.

Share capital consists of 541,744,385 ordinary shares with no par value, of which 53.28% are held by the Ministry for the Economy and Finance, 46.60% by institutional and individual shareholders and 0.12% by ENAV in the form of treasury shares. At 31 December 2023, all shares are subscribed and paid up and no preference shares have been issued.

The legal reserve represents the share of profits that under the provisions of Article 2430 of the Civil Code cannot be distributed as dividends. In 2023, in accordance with the resolution of the Shareholders' Meeting,

at the time of approval of the 2022 financial statements, 5% of ENAV S.p.A.'s profit for the year was allocated to the legal reserve in an amount equal to €4,620 thousand.
Other reserves include €36.4 million in the reserve for capital grants received in 1996-2002, which is reported net of taxes that have been discharged thereby making the reserve available, as well as €400 million from the allocation of the voluntary reduction of share capital, €1.9 million from the reserve for the long-term incentive plan for the Company's management.
The IAS FTA reserve (first-time adoption) reflects differences in the values of assets and liabilities recognised at the time of initial adoption of international accounting standards.
The reserve for actuarial gains/(losses) for employee benefits includes the effects of the actuarial changes in employee severance benefits, net of the tax effect, which at 31 December 2023 registered an actuarial loss which, net of the tax effect, amounts to €148 thousand.
The cash flow hedge reserve includes the impact of the fair value measurement of hedging derivatives, which shows a net decrease of €128 thousand for the year.
The reserve for treasury shares includes the countervalue of treasury shares equal to 633,604 valued at the average price of 4.24 per share, which during the year, increased due to the purchase of 500,000 treasury shares and reduced due to the assignment of 236,915 shares following the assignment to the beneficiaries of the first 2020-2022 vesting cycle of the 2020-2022 share-based incentive plan.
Retained earnings/(loss carryforward) reflects results for previous years. The negative change of €18.8 million relates to the portion withdrawn from this item and allocated to dividends and the difference between the value of treasury shares and the value of the allocation to the beneficiaries of the long-term performance plan.
Profit for the year €107,197 thousand.
The following table gives a breakdown of equity reserves with an indication of their availability for use, in compliance with the provisions of Article 2427 of the Civil Code and IAS 1.

	Amount	Possible uses
Capital reserves		
Other reserves	433,672	A, B, C
Earnings reserves		
Legal reserve	47,270	unavailable
IAS FTA reserve	(3,045)	unavailable
Reserve for actuarial gains/(losses) for employee benefits	(5,570)	unavailable
Cash Flow Hedge Reserve	1,957	unavailable
Stock grant reserve	1,862	unavailable
Retained earnings	48,741	A, B, C
Total reserves	**524,887**	

(thousands of euros)

A: share capital increase; B: loss coverage; C: distribution to shareholders.

Capital management

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

18. Provisions for risks and charges

Provisions for risks and charges totalled €13,521 thousand, of which the portion classified in current liabilities totalled €12,445 thousand, and changed as follows during the year:

	at 31.12.2022	Increases	To profit or loss	Utilisation	at 31.12.2023
Provisions for disputes with personnel	712	7,911	0	(37)	8,586
Provision for other pending litigation	32	37	(6)	(14)	49
Other risk provisions	883	0	0	0	883
Provisions for other charges	9,714	0	(1,296)	(4,415)	4,003
Total provisions	**11,341**	**7,948**	**(1,302)**	**(4,466)**	**13,521**

(thousands of euros)

As at 31 December 2023, the provision for litigation with personnel amounted to €8,586 thousand, of which the short-term portion was €8,441 thousand. The provision for the year was mainly made to meet requests received from the company, even though there were solid arguments in support of the position taken by ENAV S.p.A. The contingent liabilities associated with further litigation are subject to elements of uncertainty associated with the overall uncertainty of the matter. At 31 December 2023 the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.8 million.

The provision for other outstanding disputes, classified entirely over 12 months, recorded a change of €17 thousand for a new dispute and the settlement of another one with suppliers. At 31 December 2023, the estimated charges related to outstanding disputes for which Group legal counsel have deemed the risk of a loss possible, is €0.1 million.

The provision for other charges, entirely classified within current liabilities, regards the charges connected to the measure accompanying the pension governed by Article 4, paragraphs 1-7 ter of Law 92/2012 known as "*Self-pension*" , which in 2023 saw the extension to 30 November 2024 of the agreement signed at the time, without prejudice to the other conditions, and was mainly affected by the following changes: i) reclassification of €3,166 thousand within social security payables for the portion that was paid to INPS in the first months of 2024 and referred to two executives whose employment ended in November 2023; ii) absorption in the income statement within personnel expenses of €1,296 thousand following the recalculation of the exit windows related to the extension of the agreement report.

19. Severance pay and other employee benefits

The provision for severance pay and other employee benefits amounted to €29,357 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.

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

	at 31.12.2023	at 31.12.2022
Liabilities for employee benefits at the beginning of the year	**29,651**	**34,744**
Interest cost	1,347	677
Actuarial (gains)/losses on defined benefits	195	(4,508)
Advances, benefit payments and other variations	(1,836)	(1,262)
Liabilities for employee benefits at the end of the year	**29,357**	**29,651**

(thousands of euros)

The interest cost component of the provision, equal to €1,347 thousand, was recognised under financial expense.
The utilisation of €1,836 thousand of the severance pay provision reflected benefits paid out to personnel leaving the Group during the year and advances disbursed to personnel who so requested.
The difference between the expected value of provision at the end of the observation period and the expected present value of benefits payable in the future, recalculated at period end on the basis of the updated assumptions, represents the actuarial gain (loss). In 2023 this calculation generated an actuarial loss of €195 thousand.
The main actuarial assumptions applied in the actuarial calculation of the severance pay provision are summarised below:

	at 31.12.2023	at 31.12.2022
Discount rate	3.08%	3.63%
Inflation rate	2.00%	2.30%
Rate of annual increase in severance pay	3.000%	3.225%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.00%	2.50%

The discount rate used to determine the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, by the IBoxx Corporate AA Index with duration 7-10 years recognised on the measurement date; The yield with a duration comparable to the duration of the collective under assessment was chosen. The choice of the inflation rate was based on the current economic situation, in which most economic indicators are particularly volatile. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.
The following provides a sensitivity analysis of the severance pay liability in alternative scenarios for the actuarial assumptions.

	Liabilities for employee defined benefits	
	at 31.12.2023	at 31.12.2022
Turnover rate +1%	29,891	30,249
Turnover rate -1%	29,705	29,930
Inflation rate +0.25%	30,175	30,481
Inflation rate -0.25%	29,434	29,718
Discount rate +0.25%	29,222	29,501
Discount rate -0.25%	30,400	30,711

(thousands of euros)

The average duration of the liability for defined benefit plans is 8.7 years.

20. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) payables to credit institutions for medium- and long-term loans with the short-term portion shown under current financial liabilities including interest expense recognised on an accrual basis; ii) financial liabilities for leases arising from the application of the new international accounting standard IFRS 16.

The values at 31 December 2023 compared with those for the previous year and the associated changes are shown below:

	at 31.12.2023			at 31.12.2022			Changes		
	current share	non-current share	Total	current share	non-current share	Total	current share	non-current share	Total
Bank loans	19,659	503,492	523,151	431,651	165,094	596,745	(411,992)	338,398	(73,594)
Lease liabilities as per IFRS 16	866	1,580	2,446	756	698	1,454	110	882	992
Total	**20,525**	**505,072**	**525,597**	**432,407**	**165,792**	**598,199**	**(411,882)**	**339,280**	**(72,602)**

(thousands of euros)

Bank loans at 31 December 2023 recorded a net decrease of €73,594 thousand as a combined effect of the taking out of new loans and the repayment of the installments of existing loans that incorporate the effects of the amortised cost. In particular, we highlight: i) a refinancing transaction of a portion of the short-term debt that provided for the subscription of a new Term Loan of €360 million with a pool of banks (Intesa Sanpaolo, Unicredit and BNL BNP Paribas) for a term of 3 years to be repaid in full at maturity, formalised on 14 March 2023 and destined at the same time for the full early repayment of the Term Loan of €180 million, entered into in July 2022 and maturing in July 2023, and three Term Loans for a total of €180 million maturing in July 2023. The Term Loan of €360 million was, during the year, positively renegotiated with a reduction in the credit spread, resulting in a positive effect of €2.5 million; ii) repayment of the four quarterly instalments of the loan with Intesa San Paolo of an initial €100 million, for €33,333 thousand, maturing on 30 October 2023; ii) repayment of the four quarterly instalments of the loan with Mediobanca of an initial €50 million, for €16,667 thousand, with a maturity date of 28 October 2023; iii) the repayment of two six-monthly instalments of the loan with EIB referring to two six-monthly instalments of the loan of initial €80 million, for a total of €5,333 thousand, with a maturity date of 12 December 2032, two six-monthly instalments of the loan of initial €100 million, for a total of €8,587 thousand, with a maturity date of 19 December 2029, the repayment of two six-monthly instalments of the loan of initial €70 million, for a total of €4,828 thousand, with a maturity date of August 2036.

The instalments of the above loans falling due in 2024 in line with the repayment plans are recognised under current liabilities in the total amount of €19,659 thousand, which includes the effect of amortised cost measurement.

At 31 December 2023, ENAV had unused committed and uncommitted short-term credit lines totalling €190 million.

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

Lender	**Type**	**Amount granted**	**Amount used (nominal value)**	**Amount available**	**Carrying amount**	**Rate**
Pool BNL_Unicredit_ Intesa San Paolo	RCF	150,000	0	150,000	0	Euribor + spread
Unicredit	Export advances	15,000	0	15,000	0	Euribor + spread
Intesa San Paolo	Financial advances	25,000	0	25,000	0	Euribor + spread
Total		**190,000**	**0**	**190,000**	**0**	

(thousands of euros)

The average interest rate on bank loans in the reference period was 3.83%, higher than the rate for the previous year (1.47%).

Lease liabilities under IFRS 16 include a total of €2,446 thousand in financial liabilities in respect of rights of use, broken down into long- and short-term in accordance with contractual due dates. During the year, the aforementioned debt increased due to new registrations and decreased following the payments made.

With regard to other financing transactions, note that the fair value of bank loans at 31 December 2023 was estimated at €499.53 million. The estimate was made considering a free risk curve of market rates, plus a spread equal to the BTP/Bund differential to reflect the credit risk component.

The following table reports the composition of net financial debt at 31 December 2023 and 31 December 2022 determined in accordance with the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	at 31.12.2023	of which with related parties	at 31.12.2022	of which with related parties
(A) Cash and cash equivalents	207,958	0	246,692	0
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**207,958**	**0**	**246,692**	**0**
(E) Current financial receivables	**5,441**	**5,441**	**1,760**	**1,760**
(F) Current financial debt	0		0	0
(G) Current portion of non-current financial debt	(19,659)		(431,652)	0
(H) Other current financial debt	(866)		(756)	0
(I) Current financial debt (F)+(G)+(H)	**(20,525)**		**(432,408)**	**0**
(J) Net current financial debt /Liquidity (D)+(E)+(I)	**192,874**	**5,441**	**(183,956)**	**1,760**
(K) Non-current bank loans	(503,492)	0	(165,094)	0
(L) Bonds issued	0	0	0	0
(M) Other non-current payables	(1,580)	0	(698)	0
(N) Non-current trade payables	(18,699)	0	(73,695)	
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(523,771)**	**0**	**(239,487)**	**0**
D(P) Total Net Financial Debt as per ESMA guidelines (J)+(O)	**(330,897)**	**5,441**	**(423,443)**	**1,760**
(Q) Current and Non-Current Derivative Instruments	0	0	169	0
(R) Non-current financial receivables	3,198	3,198	8,554	8,554
(S) Total Net Financial Debt ENAV (P)+(Q)+('R)	**(327,699)**	**8,639**	**(414,720)**	**10,314**

(thousands of euros)

21. Current and non-current trade payables

Current trade payables amounted to €175,371 thousand and non-current trade payables amounted to €18,699 thousand and the changes recorded during the year are shown in the following table.

	at 31.12.2023	at 31.12.2022	Change
Current trade payables			
Payables to suppliers	93,362	85,929	7,433
Payables for advances received for projects with EU financing	5,767	3,109	2,658
Balance payables	76,242	38,187	38,055
Total	**175,371**	**127,225**	**48,146**
Non-current trade payables			
Balance payables	18,699	73,695	(54,996)
Total	**18,699**	**73,695**	**(54,996)**

(thousands of euros)

Payables to suppliers of goods and services necessary for ENAV activity recorded a net increase of €7.4 million mainly linked to higher invoicing concentrated at the end of the year.

The item payables for advances received on projects financed at a European level, which amounted to €5.7 thousand, increased following the pre-financing received on projects financed at a European level.

The Eurocontrol balance payables amounted to a total of €94,941 thousand, of which the part classified under current payables is equal to €76,242 thousand and corresponds to the amount which, gross of the financial effect, will be returned to the carriers through the unit rate in 2024. The overall net decrease in the balance payable of €16,941 thousand was mainly due to the lower recognition of negative balance with respect to the year 2022, which had seen the recognition of the balance for traffic risk of the route and the second charging zone of the terminal for a total of €56.3 million, compared to the current year, where the balance for traffic risk of the second charging zone emerged for €1.7 million. This item includes the balance depreciation and the balance for projects financed within the European framework that are subject to repayment under EU Regulations totalling €14.6 million (€12.6 million in 2022). The debt for current balance was reduced by the utilisation through the unit rate of the 2023 tranche for a total of €38.2 million.

22. Other current and non-current liabilities

Other current and non-current liabilities showed an overall net decrease of €5,911 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	at 31.12.2023			at 31.12.2022			Changes		
	current share	**non-current share**	**Total**	**current share**	**non-current share**	**Total**	**current share**	**non-current share**	**Total**
Payments on account	74,285	0	74,285	70,337	0	70,337	3,948	0	3,948
Other payables	44,223	0	44,223	37,349	0	37,349	6,874	0	6,874
Deferred income	10,258	140,305	150,563	9,687	157,609	167,296	571	(17,304)	(16,733)
Total	**128,766**	**140,305**	**269,071**	**117,373**	**157,609**	**274,982**	**11,393**	**(17,304)**	**(5,911)**

(thousands of euros)

Payments on account totalled to €74,285 thousand and include €69,453 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 and €4,832 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During 2023, the Air Force was paid the share pertaining to terminal services for a total of €15.6 million and the AMI advances for en route services recorded at 31 December 2022 were offset against the credit claimed in the with the Ministry of Economy and Finance (MEF), which revealed a debt amount of €43.6 million, paid in December, together with the share pertaining to ENAC relating to 2022 for an amount equal to €5.2 million.

Other payables**,** which amounted to €44,223 thousand, recorded a net increase of €6,874 thousand compared to the previous year, mainly due to higher payables to personnel recognised for accruals for the year.

Deferred income mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) the PON Infrastructure and Networks contributions relating to the periods 2000/2006, 2007/2013 and 2014/2020 concerning specific investments made in southern airports for an amount, net of the shares charged to the income statement and of the quotas no longer foreseen for the end of the reporting period within the PON Transport 2014-2020, for €50,306 thousand (€63,246 thousand at 31 December 2022); ii) plant grants for investments in military airports, pursuant to the provisions of Law 102/2009, equal to €48,476 thousand (€52,349 thousand at 31 December 2022); iii) contributions linked to investment projects financed with the CEF program for an amount equal to €47,815 thousand (€47,505 thousand at 31 December 2022), which recorded an increase during the year due to the reporting of investment projects financed in scope of the CEF call program 2016 and 2017.

23. Tax and social security payables

Tax and social security payables amounted to €34,005 thousand and break down as shown in the following table:

	at 31.12.2023	at 31.12.2022	Change
Tax payables	13,924	28,610	(14,686)
Social security payables	20,081	22,692	(2,611)
Total	**34,005**	**51,302**	**(17,297)**

(thousands of euros)

Tax payables recorded a decrease of €14,686 thousand due to lower IRES and IRAP tax payables totalling €5.6 million, compared to €15.9 million as of 31 December 2022, due to higher advance payments made during the year and lower IRPEF withholdings, which were higher in the year under comparison due to the payment of the inflation recovery commensurate with the contractual vacancy period recognised to employees in December 2022.

Payables to social security institutions amounted to €20,081 thousand, a decrease of €2,611 thousand, compared to 31 December 2022, due to the net effect of higher contributions accrued on allocations of personnel expenses and accrued and unused holiday days, for a total of €8,170 thousand (€7,482 thousand as of 31 December 2022), due to the payable to INPS for self-pension contributions related to two executives terminated at year-end to be paid to the Social Security Institution in a lump sum, effects offset by lower contributions that emerged at year-end compared to the previous year, when they were higher for remuneration paid in December, as previously reported.

24. Revenues from contracts with customers

Revenues from contracts with customers, represented by revenues from operations and the balance adjustment component, amounted to a total of €934,002 thousand, an increase of €53,846 thousand compared to the previous year, due to the resumption of activities in the air transport sector returned to pre-health emergency levels and stood at +5.7% in terms of en-route service units compared to 2019. These revenues were also positively impacted by revenues from the non-regulated market, which amounted to €14,243 thousand, an increase of 2.9%, compared to 2022.

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.

	2023	2022	Changes	%
En-route revenues	694,951	648,162	46,789	7.2%
Terminal revenues	240,981	220,469	20,512	9.3%
En-route and terminal exemptions	11,917	12,501	(584)	-4.7%
Revenues from non-regulated market	14,243	13,841	402	2.9%
Total Revenues from operations	**962,092**	**894,973**	**67,119**	**7.5%**
Balance	(28,090)	(14,817)	(13,273)	90%
Total revenues from contracts with customers	**934,002**	**880,156**	**53,846**	**6.1%**

(thousands of euros)

En-route revenues

Commercial En-route revenues amounted to €694,951 thousand and increased by €46,789 thousand compared to the 2022 figure as a result of the greater service units developed in the year, which amounted to +11.2% (+66.9% 2022 over 2021), an increase linked to the recovery of air traffic managed in the presence of a reduction in the unit rate applied in 2023 of 4.2% compared to the one applied in 2022 (€72.28 in 2023 vs. €75.42 in 2022) a reduction that amounted to -15.8%, if only the unit rate net of balance is considered.

Considering the en-route revenues also with the component of exempt flights, which recorded a decrease of 4.3%, compared to the 2022 financial year, both due to the lower service units developed in the financial year equal to -0.5% and for the lower unit rate applied and the adjustment component for Balance, en-route revenues amounted to a total of €685,331 thousand, an increase of €40,316 thousand, as shown below:

	2023	2022	Changes	%
En-route revenues	694,951	648,162	46,789	7.2%
En-route exemptions	9,347	9,767	(420)	-4.3%
Subtotal revenues	*704,298*	*657,929*	*46,369*	7.0%
En-route balance for the year	62,665	(25,182)	87,847	n.a.
Discounting of balance for the year	(2,373)	330	(2,703)	n.a.
Change in balance	(2,082)	3,254	(5,336)	n.a.
Use of en-route balance n-2	(77,177)	8,684	(85,861)	n.a.
Subtotal balance	*(18,967)*	*(12,914)*	*(6,053)*	n.a.
Total en-route revenues with balance	**685,331**	**645,015**	**40,316**	**6.3%**

(thousands of euros)

The balance for the year of the route had a positive impact of €62,665 thousand and a positive change of €87,847 thousand, compared to the previous year, in which the balance for traffic risk in restitution to carriers had a negative impact of €49,980 thousand. In the financial year 2023, there was no balance for traffic risk, as service units of +1.54% were achieved compared to the planned figure in the performance plan, thus, within the 2% range that does not involve refunds to carriers. The reporting year is impacted by the balance related to the inflationary increase, which already emerged as of the third quarter of 2022, determined on the basis of the figure published by Eurostat in January 2024 (+5.9%), greater than the forecast figure reported in the performance plan of 1.15%, for a total value of €53.9 million (€29.9 million as of 2022), the bonus capacity having determined a value of 0.01 minutes of delay per assisted flight associated with causes attributable only to ENAV compared to the target set at 0.04. In addition, in accordance with EU Regulation 2019/317, positive balance related to the recovery of higher interest rates than planned in the performance plan in the amount of €12.3 million, of which the portion referring to 2022 and 2021 was recognised under the item changes in balance, were recognised. These positive effects were partly offset by the recognition of balance depreciation and EU funding in return to carriers, in accordance with rate regulations, totalling €12.8 million.

The item change in balance, amounting to a negative €2,082 thousand, includes both the balance related to the recovery of higher interest rates that emerged in the final balance, compared to the planned figure, referring to the years 2021 and 2022, and the reversal of the bonus balance capacity recorded in the previous year and not recognised by the European Commission due to a series of exceptions on its determination.

The balance recognised during the year have been discounted over a time period consistent with EU regulations, i.e. over the two years following recognition, while the item use of en-route balance n-2 refers to the balance included in the 2023 unit rate and concerning both the first portion of the balance recognised in the two-year period 2020-2021 recoverable on a straight-line basis over five years, and the negative balance with reversal in the year for a total value of negative €77.2 million.

Terminal revenues

Commercial Terminal revenues amounted to €240,981 thousand, an increase of 9.3% compared to the previous year, due to the positive trend of service units developed at individual airports broken down by charging zones, which in total amounted to +11.1% (+63.5% 2022 over 2021), and recovering +98.2% in terms of service units compared to 2019 figures, with the third charging zone recovering in total, closing at +3.2%.

In particular, *charging zone 1*, represented by Rome Fiumicino airport, recorded an increase in assisted air traffic compared to 2022, expressed in service units, equal to +29.9% (+100.1% 2022 on 2021) with particularly positive results for international air traffic. The unit rate applied in 2023 increased slightly by 0.52% to €183.56 compared to €182.61 in 2022.

Charging zone 2 , represented by the airports of Milan Malpensa, Milan Linate, Venezia Tessera and Bergamo Orio al Serio, recorded an increase in assisted air traffic, expressed in service units, of +10.2% compared to 2022 (+61.5% 2022 on 2021) with a positive trend in international air traffic although it is on the domestic traffic data that it recovers the values that emerged in 2019 (+5.4% of service units). The 2023 unit rate is equal to €214.16, a slight decrease compared to the unit rate applied in 2022 (€214.89).

Charging zone 3, which includes 40 medium and low traffic airports, recorded an increase in assisted air traffic, expressed in service units, of +4.7% compared to 2022 (+54.5% 2022 on 2021) mainly referring to international and recovering air traffic on 2019 in domestic air traffic, which stood at +7.5%. The 2023 unit rate stands at €334.08, a slight reduction compared to the unit rate applied in 2022, which amounted to €334.24.

Considering terminal revenues together with revenues for exempt flights, which decreased by €164 thousand, and the adjustment component for balance, terminal revenues totalled €234,428 thousand, up €13,128 thousand on 2022, as shown below:

	2023	**2022**	**Changes**	**%**
Terminal revenues	240,981	220,469	20,512	9.3%
Terminal exemptions	2,570	2,734	(164)	-6.0%
Subtotal	*243,551*	*223,203*	*20,348*	9.1%
Balance of the terminal year	15,032	(4,984)	20,016	n.a.
Discounting of balance for the year	(555)	(922)	367	-39.8%
Change in balance	(350)	0	(350)	n.a.
Use of terminal balance n-2	(23,250)	4,003	(27,253)	n.a.
Subtotal	*(9,123)*	*(1,903)*	*(7,220)*	n.a.
Total terminal revenues with balance	**234,428**	**221,300**	**13,128**	**5.9%**

(thousands of euros)

The balance of the terminal year has a positive impact of €15,032 thousand and follows the same determination rules as for the en-route rate for the first and second charging zones, while the third charging zone is recognised according to the cost recovery rule. In determining the balance for the year, the inflation balance for the first and second charging zone was affected by a total of €8.6 million, the balance for traffic risk in the first charging zone of €1.1 million, having generated final service units that were -6.47% lower than the forecast figure, the positive balance of the third charging zone in the amount of €4.7 million and the positive balance related to the recovery of the higher interest rates that emerged in the current regulatory period, compared to what was planned in the performance plan, for a total of €2.9 million and the bonus capacity for the first and second charging zones for a total of €0.9 million. These positive effects were partly offset by the entry of the balance for traffic risk in restitution to carriers in the second charging zone, having realised more service units than planned in the performance plan (+5.43%) and the balance depreciation in restitution to carriers totalling €3.5 million.

The item change in balance, amounting to a negative €350 thousand, includes both the balance related to the recovery of higher interest rates that emerged in the final balance, compared to the planned figure, referring to the years 2021 and 2022 and the reversal of the bonus balance capacity for the first and second charging zones recorded in the previous year and not recognised by the European Commission.

The balance recognised during the year were discounted over a time period consistent with EU regulations, while the item use of terminal balance n-2 refers to the balance included in the 2023 unit rate and concerns both the first portion of the balance recognised in the 2020-2021 two-year period recoverable in constant instalments over 5 years for the first and second charging zones and over 7 years for the third, and the negative balance with reversal during the year for a total value of negative €23.2 million.

Revenues from the non-regulated market amounted to €14,243 thousand and recorded an increase of €402 thousand, compared to the previous year, mainly due to revenues related to the contract with Saudi Arabia for the restructuring of airspace, to the continuation of activities in favour of the Qatar Civil Aviation Authority for services related to the Performance of flight assistance support services and for the control of radio navigation systems installed at airports in Croatia and Qatar.

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

	2023	2022	Changes	%
Revenues from non-regulated market				
Flight inspection	1,463	1,464	(1)	-0.1%
Aeronautical consulting	8,668	8,153	515	6.3%
Technical and engineering services	1,350	1,540	(190)	-12.3%
Training	130	183	(53)	-29.0%
Other revenues	2,632	2,501	131	5.2%
Total revenues from non-regulated market	**14,243**	**13,841**	**402**	**2.8%**

(thousands of euros)

25. Other operating revenues and income

Other operating revenues and income amounted to €56,356 thousand, an increase of 4% on the previous year and break down as follows:

	2023	2022	Changes	%
Capital grants	10,418	8,458	1,960	23.2%
Operating grants	32,264	33,797	(1,533)	-4.5%
European Funding	3,317	2,313	1,004	43.4%
Other revenues and income	10,357	9,600	757	7.9%
Total other operating income	**56,356**	**54,168**	**2,188**	**4.0%**

(thousands of euros)

The plant grants include the portion charged to the income statement commensurate with the depreciation generated by the assets to which the grants refer and are substantially in line with the 2022 financial year.

Operating grants totalling €32,264 thousand recorded a decrease of €1,533 thousand, mainly due to the contribution from the tax credit for electricity and gas, which amounted to €3.2 million in the year under comparison, compared to €1.1 million in 2023. This item includes €30 million for the contribution recognised to ENAV, pursuant to Article 11 septies of Law 248/2005, to compensate the costs incurred to ensure the safety of its plants and operational security.

European funding recorded an increase of €1,004 thousand for the reporting of projects financed under the Connecting European Facility (CEF).

Other revenues and income increased by €757 thousand, compared to 2022, and mainly included revenues from activities carried out by ENAV personnel towards subsidiaries in accordance with existing intercompany service agreements.

The following table provides a breakdown of revenues for 2023 and 2022 by geographical area:

Revenues	2023	% of revenues	2022	% of revenues
Italy	980,717	99.0%	924,718	99.0%
EU	1,664	0.2%	2,141	0.2%
Extra-EU	7,977	0.8%	7,465	0.8%
Total revenues	**990,358**		**934,324**	

(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 €209,022 thousand, a net increase of €3,647 thousand on the previous year, as indicated below.

	2023	2022	Changes	%
Costs for the purchase of goods	3,031	3,401	(370)	-10.9%
Costs for services:				
Maintenance costs	96,668	91,179	5,489	6.0%
Costs for Eurocontrol contributions	43,217	36,471	6,746	18.5%
Costs for utilities and telecommunications	28,270	37,351	(9,081)	-24.3%
Costs for insurance	3,407	2,802	605	21.6%
Cleaning and security	4,891	5,101	(210)	-4.1%
Other personnel-related costs	9,123	8,166	957	11.7%
Professional services	7,792	7,448	344	4.6%
Other costs for services	8,270	9,790	(1,520)	-15.5%
Total costs for services	**201,638**	**198,308**	**3,330**	**1.7%**
Costs for leases and rentals	880	901	(21)	-2.3%
Other operating expenses	3,473	2,765	708	25.6%
Total costs	**209,022**	**205,375**	**3,647**	**1.8%**

(thousands of euros)

Costs for the purchase of assets include the costs incurred for the purchase of spare parts related to systems and equipment used for air traffic control and the related change in inventories, which decreased in 2023 due to the lower use of spare parts.

Costs for services recorded a net increase of €3,330 thousand, compared to the previous year, referring to an increase in maintenance costs for new contracts that were not present in the period under comparison, higher Eurocontrol contribution costs, and the increase in personnel travel costs, which, compared to the previous year, increased travel and also included personnel travel for foreign job orders. The reduction in utility costs due to lower electricity prices, which benefits from the measures implemented in this area by the institutions also from system charges, has a positive impact.

27. Personnel cost

Personnel cost amounted to €497,426 thousand, an increase of 4.8%, compared to the previous year, due to both the greater assisted air traffic that affected the variable part of remuneration and the renewal of the economic part of the National Collective Labour Agreement (CCNL) for Air Transport, which took effect on 1

January 2023, and in 2022, affected the portion equal to the recognition of inflation for the 2020-2022 contractual vacancy period.

	2023	2022	Changes	%
Wages and salaries, of which:				
fixed remuneration	267,528	265,238	2,290	0.9%
variable remuneration	86,722	73,644	13,078	17.8%
Total wages and salaries	**354,250**	**338,882**	**15,368**	**4.5%**
Social security contributions	113,266	109,441	3,825	3.5%
Employee severance pay (TFR)	22,193	20,443	1,750	8.6%
Other costs	7,717	5,922	1,795	30.3%
Total personnel cost	**497,426**	**474,688**	**22,738**	**4.8%**

(thousands of euros)

Fixed remuneration amounted to €267,528 thousand, an increase of 0.9%, compared to the figure that emerged in 2022, mainly due to the increase in headcount to +84 average employees and +79 actual employees, ending 2023 with an actual headcount of 3,385 employees (3,306 actual employees at the end of 2022), and to advancements in contractual classification levels. Fixed remuneration is affected by the salary increase related to the renewal of the economic part of the CCNL, which provided for new contractual minimums as of 1 January 2023 and a revaluation of the same by 2% as of September 2023, values that compared with the financial year 2022 tend to be in line, as the previous year included the salary increase related to the contractual vacancy period (years 2019 - 2022).

Variable remuneration recorded an increase of €13,078 thousand, mainly attributable to the resumption of activities in the air transport sector, which is reflected in greater overtime in the operational line of CTA (Air Traffic Controller) personnel, an increase in the result bonus determined on the basis of the service units managed, the recognition of a one-off amount in compliance with the agreement with the Trade Unions in May 2023 that introduced an hourly flexibility scheme valid for 2023 only for the summer period, an increase in travel, including training.

Other personnel costs increased by €1,795 thousand, compared to the year 2022, due to the redundancy incentive granted to personnel leaving during the year, which affected the same number of personnel but with higher salary profiles, and the increase in personnel health insurance, the cost of which reflects current market conditions.

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

	2023	2022	Change
Executives	48	46	2
Middle managers	354	349	5
Office staff	2,983	2,911	72
Workforce at period end	**3,385**	**3,306**	**79**
Average workforce	**3,456**	**3,372**	**84**

	2023	2022	Change
Management and Coordination	402	395	7
Air Traffic Controllers (ATC)	1,704	1,702	2
Flight Information Service Officer (FISO)	420	385	35
Meteorological services	27	28	(1)
Flight inspection operators	22	20	2
Administrative	473	477	(4)
Technicians	262	224	38
IT personnel	75	75	0
Workforce at period end	**3,385**	**3,306**	**79**

28. Capitalised costs for internal work

Capitalised costs for internal works amounted to €10,348 thousand, an increase of €1,027 thousand compared to the previous year, and refer entirely to the capitalisation of employee costs for the activities carried out on investment projects currently being executed.

29. Financial income and expense

Financial income and expenses present an overall negative balance of €10,337 thousand (negative €165 thousand in 2022) represented by financial income of €13,033 thousand, financial expenses of €22,862 thousand and exchange management, which shows a loss of €508 thousand.
The following table provides a breakdown of financial income:

	2023	2022	Changes	%
Income from investments	583	667	(84)	-12.6%
Financial income from discounting of balance and receivables	6,461	7,987	(1,526)	-19.1%
Interest income on financial receivables from subsidiaries	218	253	(35)	-13.8%
Other interest income	5,771	821	4,950	n.a.
Total financial income	**13,033**	**9,728**	**3,305**	**34.0%**

(thousands of euros)

Financial income showed a net increase of €3,305 thousand as a result of higher bank interest on current account balance that became profitable again after the zero interest rates in previous years, the financial income of €2.5 million recognised in connection with the positive renegotiation and reduction of the credit spread related to the financial liability of €360 million, and lower financial income from balance discounting.
Financial expenses amounted to €22,862 thousand, a net increase of €12,926 thousand, compared to the previous year, mainly due to higher interest expenses on bank loans at variable rates, which was affected by the increase in interest rates starting from the second half of 2022 and by the different composition of financial debt, which in the previous year included the bond loan that matured in August 2022 and on which fixed interest was accrued. The higher interest cost associated with the liability for employee benefits also affected the year.
The following table provides a breakdown of financial expense:

	2023	2022	Changes	%
Interest expense on bank loans	21,469	7,102	14,367	n.a.
Interest expense on bond	0	2,056	(2,056)	n.a.
Interest expense on employee benefits	1,347	677	670	99.0%
Interest expense on lease liabilities	40	25	15	60.0%
Other interest expense	6	76	(70)	-92.1%
Total financial expense	**22,862**	**9,936**	**12,926**	**n.a.**

(thousands of euros)

30. Income taxes

Income taxes totalled €44,007 thousand, an increase of €3,258 thousand on the previous year. The increase primarily reflected the increase in taxable income.

The following table provides a breakdown of taxes for the year:

	2023	2022	Changes	%
IRES (corporate income tax)	37,338	33,389	3,949	11.8%
IRAP (regional business tax)	8,202	6,356	1,846	29.0%
Total current taxes	**45,540**	**39,745**	**5,795**	**14.6%**
Deferred tax assets	(1,247)	777	(2,024)	n.a.
Deferred tax liabilities	(286)	227	(513)	n.a.
Total current tax and deferred tax assets and liabilities	**44,007**	**40,749**	**3,258**	**8.0%**

(thousands of euros)

For more details on the recognition of deferred tax assets and liabilities, please see note 10.

The IRES tax rate for 2023 was 24.7%, slightly higher than the theoretical rate of 24%.

	2023		2022	
	IRES (corporate income tax)	Incidence %	IRES (corporate income tax)	Incidence %
Profit before taxes	151,204		133,150	
Theoretical tax	36,289	24.0%	31,956	24.0%
Effect of increases/(decreases) compared with ordinary taxation				
Non-deductible costs	171	0.1%	55	0.0%
Others	(648)	-0.4%	(541)	-0.4%
Temporary differences for taxed provisions	1,526	1.0%	1,920	1.4%
Actual IRES	**37,338**	**24.7%**	**33,389**	**25.1%**

(thousands of euros)

The IRAP tax rate for 2023 was 5.4%, higher than the theoretical rate of 4.78%.

	2023		2022	
	IRAP (regional business tax)	Incidence %	IRAP (regional business tax)	Incidence %
Profit before taxes	151,204		133,150	
Theoretical tax	7,228	4.78%	6,365	4.78%
Effect of increases/(decreases) compared with ordinary taxation				
Others	480	0.3%	(16)	0.0%
Financial expenses and income	494	0.3%	8	0.0%
Actual IRAP	**8,202**	**5.4%**	**6,356**	**4.77%**

(thousands of euros)

Other information

31. Related parties

ENAV related parties were identified in accordance with the provisions of IAS 24 Related-party disclosures and are involved in transactions carried out in the interest of the Company, are part of ordinary operations and are settled on market terms and conditions unless otherwise indicated. On 1 July 2021, the Board of Directors of ENAV, having obtained a favourable opinion of the Control, Risks and Related Parties Committee, approved the new “Procedure governing related-party transactions”, which incorporates the amendment of the Related Parties Regulation introduced by CONSOB with Resolution no. 21624 of 10 December 2020 in implementation of the enabling authority contained in the amended version of Article 2391-bis of the Italian Civil Code. The procedure was prepared in conformity with that article of the Civil Code and in compliance with the principles dictated by the “Regulation containing provisions on related-party transactions” approved with CONSOB Resolution no. 17221 of 12 March 2010 as amended.

The following tables report the balances of the income statement and statement of financial position resulting from ENAV transactions with related entities, including those with directors, statutory auditors and key management personnel for 2023 and 2022, respectively.

	Balance at 31.12.2023							
Company Name	Trade receivables and other current and non-current assets	Current and non-current financial assets	Financial payables	Trade payables and other current liabilities	Revenues and other operating revenues	Costs for goods and services and other operating costs	Costs for rents and leases	Financial income
Direct subsidiaries								
Techno Sky S.r.l	25,592	0	212	107,057	5,632	74,871	33	0
IDS AirNav S.r.l.	6,633	4,926	0	3,599	2,848	3,068	0	128
Enav Asia Pacific Sdn Bhd	40	0	0	0	199	0	0	0
Enav North Atlantic LLC	0	3,713	0	0	0	0	0	90
D-Flight S.p.A.	1,407	0	0	226	533	111	0	0
External related parties								
MEF	11,917	0	0	59,253	11,917	0	0	0
MIT	41,467	0	0	0	34,115	0	0	0
Enel Group	0	0	0	1,380	0	4,050	0	0
Leonardo Group	0	0	0	8,203	207	664	0	0
CDP Group	0	0	0	212	116	734	0	0
Other external related parties	0	0	0	378	106	1,207	24	0
Balance in financial statements	**393,781**	**8,639**	**525,597**	**415,021**	**1,018,448**	**208,142**	**880**	**13,033**
inc.% related parties	**22.1%**	**100.0%**	**0.0%**	**43.4%**	**5.5%**	**40.7%**	**6.5%**	**1.7%**

Company Name	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Financial payables	Trade payables and other current liabilities	Revenues and other operating revenues	Costs for goods and services and other operating costs	Costs for rents and leases	Financial income
	Balance at 31.12.2022								
Direct subsidiaries									
Techno Sky S.r.l	26,897	0	0	387	99,562	5,465	72,662	33	0
IDS AirNav S.r.l.	4,322	6,558	0	0	3,170	2,708	3,071	0	163
Enav Asia Pacific Sdn Bhd	123	0	0	0	0	241	0	0	0
Enav North Atlantic LLC	0	3,756	0	0	0	0	0	0	90
D-Flight S.p.A.	1,418	0	0	0	301	532	200	0	0
External related parties									
MEF	12,506	0	0	0	56,151	12,501	0	0	0
MIT	50,252	0	0	0	0	33,070	0	0	0
Enel Group	0	0	0	0	840	0	1,167	0	0
Leonardo Group	195	0	0	0	5,296	156	507	0	0
CDP Group	62	0	0	0	94	62	291	0	0
Other external related parties	0	0	0	0	9	40	135	24	0
Balance in financial statements	**381,931**	**10,482**	**246,692**	**598,200**	**347,633**	**934,323**	**204,473**	**901**	**9,728**
inc.% related parties	**25.1%**	**98.4%**	**0.0%**	**0.1%**	**47.6%**	**5.9%**	**38.2%**	**6.3%**	**2.6%**

(thousands of euros)

The nature of the main transactions with internal related entities, namely the subsidiaries of ENAV, and external related entities, namely the Ministry for the Economy and Finance (MEF) and the Ministry of Infrastructure and Transport (MIT) as well as entities subject to the control of the MEF is discussed below and detailed in the comments on the individual items of the financial statements in the notes to the financial statements:

- transactions with the subsidiary Techno Sky essentially involve the provision by the latter of services connected with the maintenance of flight assistance equipment, the maintenance of AVL equipment, as well as all maintenance activities connected with civil infrastructure not related to operational functions. Revenues from intercompany services provided on a centralised basis by ENAV are recognised under revenues in the income statement;
- transactions with IDS AirNav concern both the services that the subsidiary provides to ENAV and the centralised services performed by ENAV under the intercompany service contract between the parties in addition to the loan granted by the Parent Company;
- transactions with the subsidiary Enav Asia Pacific mainly concern the pass-through of costs for seconded personnel and the pass-through of costs for activities performed by ENAV personnel for the subsidiary under a service contract;
- transactions with Enav North Atlantic refer to the loan granted in 2017 to allow the subsidiary to meet the deadlines associated with the investment in Aireon. This loan, amounting to $3.5 million, falls due 31 December 2024 and bears an interest rate of 2%;
- transactions with D-Flight concern the intercompany services provided centrally by ENAV and the remuneration of the members of the Board of Directors, which is passed through to the Parent Company;
- transactions with the MEF mainly involve receivables and revenue streams connected with the refund of charges for services provided by the Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by the Company relating to the

portion attributable to the Italian Air Force for en-route charges. Following approval of the ENAV financial statements, this payable is used to offset the receivable position.

- transactions with the Ministry of Infrastructure and Transport regard receivable and revenue relationships associated with both an operating grant intended to cover the costs incurred by the Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/2005, and capital grants as part of the Networks and Mobility NOP on the basis of agreements between the parties registered with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Leonardo Group mainly regard activities connected with ENAV investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with the Cassa Depositi e Prestiti (CDP) Group refer to the activities pertaining to the Fincantieri Group, particularly with the company IDS Ingegneria dei Sistemi S.p.A., with which ENAV has relationships;
- transactions with other related parties contain residual positions.

Key management personnel comprise the ENAV CEO and four executives holding senior positions in the Company, appointed by the Board of Directors acting on a recommendation of the CEO, namely the Chief Financial Officer, the Chief Human Resources and Corporate Services Officer, the Chief Operating Officer and the Chief Technology Officer.

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

	2023	2022
Short/medium-term remuneration	2,212	2,186
Other long-term benefits	0	0
Share-based payments	921	1,057
Total	**3,133**	**3,243**

(thousands of euros)

The remuneration of the ENAV Board of Statutory Auditors for 2023 amounted to €95 thousand, in line with the previous year, in compliance with the resolution of the Shareholders' Meeting of 3 June 2022 appointing the members of the Board of Statutory Auditors for 2022-2024.

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

In application of the national collective bargaining agreement, ENAV participates in the Prevaer Fund, which is the national supplementary pension fund for non-executive personnel working in the air transport and similar sectors. As provided for in Article 14 of the articles of association of the Prevaer Fund, the corporate bodies of the fund are the delegated shareholders' meeting, the board of directors, the Chair and the vice Chair and the Board of Statutory Auditors. Shareholder representation is based on the equal participation of workers' representatives and representatives of the participating businesses. The Fund's board of directors resolves, among other things, on the general criteria for risk sharing in investments as well as on investment policies, the selection of asset managers and the designation of the custodian bank.

32. Long-term share-based incentive plan

On 21 May 2020, the Shareholders' Meeting of ENAV approved the "Long-term equity incentive plan" for the period 2020-2022 and at the Board of Directors meeting held on 22 December 2020, the implementing Regulation was approved, subsequently amended with resolutions dated 18 February 2021 and 16 February 2022, and the first 2020-2022 vesting cycle was started. The Board of Directors' meeting held on 11 November 2021 initiated the second vesting cycle 2021-2023, and by resolution of the Board of Directors of 18 October 2022, the third vesting cycle 2022-2024 was initiated and the relevant Rules and Regulations were updated.

At the Shareholders' Meeting held on 28 April 2023, the new Performance Share Plan 2023-2025 was approved and the first vesting cycle 2023-2025 was initiated at the Board of Directors' meeting held on 18 July 2023.

The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. These targets were identified in Relative Total Shareholder Return (TSR), Cumulative EBIT, Cumulative Free Cash Flow and an ESG indicator.

The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also provides for an unavailability constraint (lock-up period) that differs according to the Performance Share Plans involved, i.e. for the plan referring to the 2020-2022 period, an unavailability constraint on 30% of the shares granted to the beneficiaries was defined, i.e., the Chief Executive Officer, Executives with Strategic Responsibilities and the identified Other Managers, a constraint increased to 50% of the shares granted in the 2023-2025 Performance Share Plan, while in both plans the constraint persists for a period of two years from the end of the vesting period.

The performance targets are composed of the following indicators:

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

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

As of 31 December 2023, the aggregate fair value of the second and third share incentive cycles of the 2020-2022 Performance Share Plan and the first vesting cycle of the 2023-2025 Performance Share Plan was €0.9 million and takes into account the adjustment related to the first vesting cycle (2020-2022) of the 2020-2022 Performance Share Plan subject to finalisation and assignment in 2023. Details for each individual vesting cycle are given below.

First vesting cycle 2020–2022

The first vesting cycle for the period 2020-2022 concluded with the approval of the 2022 Annual Financial Report and in compliance with the Regulation, 236,915 shares were distributed to the 9 beneficiaries of the plan based on the final data for a value of €0.9 million.

Second vesting cycle 2021–2023

The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 305,522 shares and a fair value of €0.9 million. The cost recognised for 2023 was equal to €0.2 million, while the equity reserve amounted to €0.9 million.

Third vesting cycle 2022-2024

The third vesting cycle for 2022-2024 initially envisaged 12 beneficiaries and assumed achievement of the target with 341,783 shares and a fair value totalling €1 million. In the course of 2023, the plan was re-evaluated due to certain rights losses, which resulted in a total fair value over the three-year plan period of €0.7 million. The cost recognised for 2023 was equal to €0.3 million, and the equity reserve totalled €0.6 million.

First vesting cycle 2023-2025 Share Incentive Plan 2023-2025

The first vesting cycle for 2023-2025 envisaged 12 beneficiaries and assumed achievement of the target with 341,036 shares and a fair value of €1 million. The cost recognised for 2023 was equal to €0.3 million, as well as the equity reserve.

33. Derivative contracts

During April 2019, ENAV entered into five derivative contracts, the last of which was exercised in January 2023, resulting in the termination of the transaction. The purpose of the derivative contracts was to hedge exposure to unfavourable developments in the €/$ exchange rate deriving from the Data Services Agreement signed by ENAV with Aireon LLC for the acquisition of satellite surveillance data. This contract provided for the payment in dollars of service fees on an annual basis until 2023. The exchange rate risk was managed through forward currency purchases (forwards), the residual notional amount of which settled in January 2023.

34. Assets and liabilities by maturity

	Within following year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	5,441	3,198	0	8,639
Deferred tax assets	0	16,686	0	16,686
Non-current tax receivables	0	13	0	13
Non-current trade receivables	0	515,643	11,198	526,841
Total	**0**	**535,540**	**11,198**	**552,179**
Financial liabilities	20,525	435,699	69,373	525,597
Deferred tax liabilities	0	2,971	0	2,971
Other non-current liabilities	0	27,502	112,802	140,304
Non-current trade payables	0	18,699	0	18,699
Total	**20,525**	**484,871**	**182,175**	**687,571**

(thousands of euros)

Non-current trade receivables beyond the 5th financial year refer to the portion of the balance that will be charged to the unit rate from 2025 and for subsequent years.
Financial liabilities beyond five years refer to bank loans. For this purpose, please refer to note 37 below.
Other non-current liabilities maturing in more than 5 years refer to the share of capital grants recognised in line with the depreciation of the investment projects to which they refer.

35. Guarantees and commitments

The guarantees refer to sureties given to third parties for €1,307 thousand (€5,667 thousand at 31 December 2022) and recorded a decrease of €4,360 thousand mainly deriving from releases of sureties issued in previous years for participation in international tenders, such as for example the one in favour of the Qatar Civil Aviation Authority (€2,932 thousand) under the Air Traffic Control Services Provision Support contract and the sureties issued in favour of the Libyan Civil Aviation Authority in the interest of the subsidiary Techno Sky.

36. Transparency in the system of government grants

Law 4 August 2017 no. 124 (annual law for the market and competition) introduced art. 1, paragraphs 125 and 126, some measures aimed at ensuring transparency in the public funding system. The provisions, most recently amended by Decree-Law No. 34 of 30 April 2019, provide, among other things, for the obligation to publish in the notes to the separate financial statements and the Consolidated Financial Statements, if any, the amounts and information relating to grants, contributions or aid, in cash or in kind, received from public administrations and the disbursements made.
Consistent with Assonime Circulars No. 5 of 22 February 2019 and No. 32 of 23 December 2019, the criterion followed in the disclosure below concerned disbursements in excess of €10 thousand made by the same disbursing entity during 2023, including through a plurality of economic transactions and on a cash basis.
The following table provides information on the government grants received in 2023 by ENAV:

Disbursing party	Date of receipt	Amount	Description
Ministry of Infrastructure and Transport	18/12/2023	30,000	Operating grant to offset the costs incurred by ENAV to ensure the safety of its plants and operational safety pursuant to Article 11 septies of Law 248/05
Total Ministry of Infrastructure and Transport		**30,000**	
Overall total		**30,000**	

(thousands of euros)

37. Management of financial risks

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

Credit risk

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

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

Liquidity risk

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

At 31 December 2023, ENAV had €207.9 million in available cash and €190 million in unused short-term lines of credit. These consist of: i) uncommitted credit lines, subject to revocation, for €40 million, which do not require compliance with covenants or other contractual commitments, of which €25 million in the form of financial advances that can be used without any destination constraint and €15 million for export advances; ii) committed credit lines, for a total amount of €150 million, maturing in March 2026.

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

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

ENAV gross financial exposure, as of 31 December 2023, is equal to €525.1 million and is represented by debt to the banking system for medium- and long-term loans, of which €18.9 million due within twelve months.

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

Lender	**Type**	**Outstanding debt at 31.12.2023**	**<1 year**	**1 to 2 years**	**3 to 5 years**	**> 5 years**
EIB - European Investment Bank	M/L term 15 years	54,335	8,718	8,850	27,366	9,401
EIB - European Investment Bank	M/L term 15 years	48,000	5,333	5,333	16,000	21,333
EIB - European Investment Bank	M/L term 16 years	62,759	4,828	4,828	14,483	38,621
Term loan pool of banks	M term 3 years	360,000	0	0	360,000	0
Total		**525,094**	**18,879**	**19,011**	**417,849**	**69,355**

(thousands of euros)

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

In particular, the following are noted:

- the financing agreements signed between ENAV and the European Investment Bank (EIB) respectively for an amount of €180 million in 2014 and €70 million in 2016 for the purpose of financing the investment programmes related to the 4-flight and other projects, financing fully utilised as of 31 December 2023, and provide for the following repayment schedule: i) for the €100 million tranche, semi-annual instalments in arrears commencing in December 2018 and maturing in December 2029 and bearing interest at a fixed rate of 1.515%; ii) for the €80 million tranche, deferred semi-annual instalments commencing in June 2018 and expiring in December 2032 and bearing interest at a fixed rate of 1.01%; iii) for the €70 million tranche, deferred semi-annual instalments commencing in August 2022 and expiring in August 2036 and bearing interest at a fixed rate of 0.638%. In October 2023, a new loan agreement was signed between the company and the European Investment Bank (EIB) in the amount of €160 million for the purpose of financing a number of investment projects relating to the implementation of remote control systems for towers at smaller airports and the modernisation and digitalisation of a number of infrastructures and systems to be implemented in the period 2023-2028. As at 31 December 2023, the loan has not yet been drawn down and the availability period is three years.

These agreements include:

- a negative pledge clause, i.e. a commitment by the Company not to establish or allow the establishment of encumbrances on any of its assets, where encumbrances refer to any agreement or transaction relating to goods, receivables or cash used as an instrument to obtain credit or fund the acquisition of an asset;
- a cross-default clause, which gives the EIB the right to demand early repayment of the loan if the Company or any other Group company does not comply with the obligations under any loan or other financial transaction other than this loan agreement;
- a change of control clause, which gives the EIB the right to demand early repayment of the loan if any party or group of parties acting in concert obtains control or ENAV, or if the Italian Republic no longer retains control of the issuer.

The first two loans also provide for compliance with certain financial covenants, verified on an annual and half-yearly basis and calculated on the Group's consolidated data: i) ratio of gross financial debt to EBITDA of less than 3; ii) ratio of EBITDA to financial expense of at least 6. With regard to the first of the two covenants, a contractual amendment was agreed with the EIB in June 2021, providing for its replacement with a ratio of net financial debt to EBITDA of less than 4 times for the period between 30 June 2021 and 31 December 2024. As of 30 June 2025, the covenant originally stipulated in the contract will again apply. This contractual amendment did not entail additional charges for the company. Regarding the last loan signed in 2023, the covenants are i) the ratio of gross financial debt to EBITDA to be less than 4 times and ii) the ratio of EBITDA to financial expenses to be not less than 6 times;

- the pool loan agreement between ENAV and the banks BNL BNP Paribas, Intesa Sanpaolo and UniCredit, signed in March 2023 and amended on 20 September 2023 with non-substantial amendments, for a total amount of €360 million, with a term of three years and full repayment at maturity, provides for a variable rate indexed to the 3-month Euribor rate and with the introduction of price adjustment mechanisms linked to sustainability parameters. This loan agreement requires compliance with the financial covenant given by the ratio of net financial debt to EBITDA of less than 4 times, verified on an annual and half-yearly basis and calculated on the Group's consolidated data. In accordance with market practices, the financing contract also includes negative pledge, *pari passu*, cross-default and change of control clauses.

In previous years, ENAV has always complied with the covenants set out in each loan. At 31 December 2023, based on the figures for performance and financial position reported in the Consolidated Financial Statements, it is felt that the covenants in the existing loan agreements have been complied with.

Interest rate risk

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

At 31 December 2023, about 31% of gross financial debt was fixed-rate, with the remainder being variable rate. For floating-rate loans, as is known, the macroeconomic context of reference has seen a generalised rise in market rates with an impact on borrowing costs during 2023. The current variable-rate debt exposure has a residual maturity of just over two years. Despite the reduced tenor of the loans in question and the current macro-economic context that, as far as is known, hints at prospects of lower interest rates, there is a risk that rising interest rates could negatively affect the level of net financial expenses recognised in the Income Statement and the value of future cash flows. Assuming a further +/- 25bps change in interest rates, the effect on the income statement would have been higher/lower financial expenses of approximately €1.1 million, which, net of the tax effect, would have affected the result for the year and shareholders' equity by approximately +/- €0.8 million.

In order to limit the potential adverse effects of interest rate fluctuations, the company implements policies designed to contain the cost of funding over time, limiting the volatility of its results. ENAV pursues this goal by systematically negotiating with leading banks in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, maturity and interest rate conditions (variable-rate/fixed-rate). With regard to the loan signed with the EIB but not yet drawn down (loan commitment), the exposure to interest rate risk is also mitigated by the company's option to opt - for each tranche of utilisation - for a fixed or variable rate. In 2023, the average cost of bank debt was around 3.83% (1.47% in the previous year).

At present, ENAV does not hold financial instruments valued at fair value and as such exposed to adverse changes as a result of changes in the market level of interest rates.

To date, no derivative financial instruments have been used to manage interest rate risk.

Exchange risk

The Company's exposure to the risk of unfavourable changes in the current level of exchange rates due to its transactions in other currencies could have an adverse impact on its financial performance and the value of balance sheet items denominated in foreign currency. Although ENAV operates primarily in the Italian market, it does have an exposure to foreign exchange risk deriving mainly from cash flows from investments denominated in foreign currency, mainly the US dollar, as well as from the purchase of the equity interest of 10.35% in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, ENAV has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.

In particular, in April 2019, 5 forward foreign currency purchase transactions ($ vs €) were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon. The total purchase of $4.5 million was made with a total sale of €3.8 million and forward exchange rates (€/$) negotiated for each maturity and concluded in January 2023. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks. At the reporting date, the company had no exposure to derivative financial instruments.

Climate change risks

All possible direct impacts for the company related to the effects of climate change translate in the long term into potential interruptions/degradations in the provision of services due to damage to infrastructures or technological assets and reduction of traffic flow also due to the reduction of airport capacity and, therefore, into potential lost revenues and/or increases in operating costs in addition to any impairment losses.

The impacts of the phenomena caused by climate change on air traffic stakeholders have been identified and studied at the international level for years. In particular, the EUROCONTROL document "Climate change risks for European aviation" identifies five main types of weather phenomena that could potentially impact aviation: 1) precipitation, meaning rain, snow and hail, which at intense levels may require greater separation distances between aircraft and thus have a direct impact on airport capacity. In addition, airport infrastructures, as well as electronic equipment, can be exposed to the risk of flooding; 2) temperature, the rise in which can cause impacts on infrastructures, with a consequent increase in the related energy costs; 3) sea level rise and river flooding with a risk concentrated on airports located in the coastal strip; 4) wind, meaning changes in direction and intensity, which in the airport context can impact flight safety. This could result in the need to change flight procedures and redesign airspace; 5) extreme events such as thunderstorms and hurricanes that could impact flight delays.

ENAV conducted a specialised study to assess in detail the effects of climate change in the provision of the company's services on the domestic territory and in particular at airports. The study was carried out to assess the impacts of climate change over two different time horizons (2030 and 2050) and two different climate scenarios used by the Intergovernmental Panel on Climate Change (IPCC). The first scenario (SSP8.5), the most pessimistic, assumes, by 2100, atmospheric CO_2 concentrations will triple or quadruple (840/1120 ppm) compared to pre-industrial levels (280 ppm). This scenario is defined energy-intensive with total consumption continuing to grow over the century to well over 3 times current levels.

The study determined the following: (i) for extreme rainfall, a gradual intensification of the phenomenon is expected in the long term, which should affect an increasing number of airports over time, particularly the airports of Rome Fiumicino, Milan Malpensa, Bolzano and Bari, starting from a baseline (5-year forecast) that sees the airports of Genoa, Ronchi dei Legionari and Milan Malpensa as those most impacted on average; (ii) the temperature is expected to increase by 1/1.5° in the medium term and 2/2.5° in the long term, phenomena that will mainly affect the airports of Lampedusa, Catania Fontanarossa, Rome Ciampino, Rome Urbe, Rome Fiumicino and Naples, which already present the highest maximum temperatures in the baseline (5 years), to which Bologna will be added in the long term (2050), which will also present an increase in the number of days with a maximum temperature over 43° C. Rising temperatures may cause energy costs to rise. On the other hand, with regard to impacts on technological systems and those more specifically aeronautical (impacts on engine performance and aircraft aerodynamics, with potential impact on flight procedures and noise footprint in the areas surrounding airports), the risks are considered acceptable and managed in the context of the technologies and procedures already available today; with regard to the rise in sea level, the risk of flooding of infrastructures located in coastal areas remains almost unchanged, which would mainly affect the Cagliari airport and related sites, Venice and Genoa and the remote VOR/DME sites of Chioggia and Radar in Ravenna; with regard to wind, there do not seem to be any criticalities since the

forecast scenarios are oriented towards a decrease in its average intensity (consequently, the crosswind component should decrease proportionally).
The results of the analyses conducted form the basis for monitoring the phenomena under study over time, with the scenario analyses required to assess the operational and financial impacts of climate risks being systematically updated every several years.
In 2030, no critical issues are identified in terms of territorial expansion of said phenomena compared to the current scenario.
In the long run, the company's ability to ensure the pursuit of its business objectives, first and foremost by guaranteeing the continuity of its service provision, is undoubtedly interdependent on the resilience to the effects of climate change of the entire air transport system. In particular, the airport system involves a complex interaction between various actors (airport operators, carriers, land transport and road infrastructure management companies, utilities, etc.), meaning that long-term mitigation solutions may in some cases require a coordinated and agreed approach among all the actors involved in order to reduce the overall impact on the sector's activities.
Based on the above, ENAV has considered the effects of climate change in its business plan and no significant economic or cash flow impacts are expected.

Macroeconomic Context

The offensive action taken by the Russian government against Ukraine, has wrought changes in the geopolitical balances and inevitable repercussions on the global macroeconomic framework are evident. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, the company took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.
During 2023, ENAV did not record any operational, commercial or economic-financial impacts directly related to the Russian-Ukrainian conflict. Any open positions with customers belonging to the Russian Federation were already written down during the 2022 financial year, and there are no further outstanding relationships with parties affected by the sanctions regime.
Energy prices peaked in Q4 2022 with a subsequent return to values in line with historical trends from Q2 2023.
Globally, however, there are new critical issues in international trade due to the repeated attacks on cargo ships (mostly owned, flagged or operated by Israel) by Huthi rebels in the Suez Canal. These attacks, which were initiated in response to the new conflict in the Gaza Strip that erupted following the 7 October 2023 Hamas terrorist attack in southern Israel, have generally led to significant consequences in terms of i) diversion of shipping routes by taking longer routes, ii) consequent increases in transport costs and insurance premiums, and iii) delays in delivery times due to longer distances.
The company at present has not experienced any critical issues in the supply chain with negative impacts in terms of business continuity. In addition, ENAV holds an adequate back-up stock of materials necessary for the operational systems supporting its business, such that any delays in the supply chain are contained. The company continues to monitor the impact on its business and to take all appropriate steps to ensure full compliance with the sanctioning regime adopted by the European Union states and to promptly identify

possible consequences on its current and prospective business in view of the ongoing critical nature of the scenario.
With reference to the above, ENAV has no significant impacts on the main alternative performance indicators and no impacts are foreseen on expected cash flows as depicted in the approved Business Plan.

Litigation risk

Litigation regarding taxation, administrative, civil or labour matters is handled by the competent functions of ENAV. For the purpose of preparing these financial statements, they have provided a comprehensive picture of the various civil, administrative and labour proceedings. ENAV has performed a detailed assessment of the risk of unfavourable rulings in that litigation, which determined the need to prudentially set aside specific provisions for disputes whose adverse outcome has been deemed probable and where the amount could be reasonably quantified. Pursuant to the regulations governing the preparation of financial statements, no specific provisions have been recognised for proceedings for which an unfavourable outcome was considered merely possible.
Currently, we do not believe that the pending litigation could result in significant charges for ENAV in excess of the amounts already provisioned for this purpose at 31 December 2023.

Civil and administrative litigation

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

Criminal proceedings

The criminal proceeding established following the lawsuit brought by the company with regard to the illegal removal of goods and materials belonging to ENAV which were stored at a third-party warehouse has been settled on appeal. In this proceeding, the Company was a civil plaintiff against the director of the warehousing company for the criminal offence envisaged under Article 646 of the Criminal Code and, with a ruling handed down on 16 February 2015, the Court found the defendant guilty of, among other things, the offence pursuant to Article 646 and sentenced him for that and other offences he was accused of, to 6 years and 6 months of prison and a fine of €3,000. The Court also ordered an immediately enforceable provisional award of €1 million in favour of the company, referring the settlement of the greater damages suffered by ENAV to another court. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor's Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding. Following the appeal against the judgement of the Court of First Instance, the first appearance hearing before the Court of Appeal was scheduled.

Following a court order of discovery notified on 24 November 2016, the Company produced documentation concerning certain contracts involving the subsidiary Enav North Atlantic.On the basis of available information, the investigation is pending before the Rome Public Prosecutor's Office, and the Company is not aware of any person under investigation or any official charge having been filed.

In response to an order of discovery, on 13 June 2018 ENAV produced documentation relating to the selection of a person related to the former Sole Director of the Company for the position of air traffic controller. On the basis of available information, the matter is being investigated by Public Prosecutor's Office of Rome.

38. Events after the reporting date

No significant events occurred after 31 December 2023.

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

Shareholders,

The Board of Directors proposes that you:

- approve the separate financial statements of ENAV S.p.A. at 31 December 2023 showing a profit for the year of €107,197,485.64;
- allocate 5% of the profit for the year equal to €5,359,874.28 to the legal reserve, as indicated by the art. 2430 paragraph 1 of the Civil Code and €101,837,611.36 as dividend in favour of the Shareholders;
- withdraw from the available reserve "Retained earnings" an amount equal to €22,617,868.27 in order to distribute, together with the allocation of the result for the year as dividend, an overall dividend equal to €124,455,479.63 corresponding to a dividend of €0.23 for each share that will be in circulation on the ex-dividend date, excluding treasury shares in portfolio on that date;
- pay the indicated dividend for the year of €0.23 per share on 29 May 2024, with ex-dividend date set on 27 May 2024 and record date 28 May 2024.

Rome, 20 March 2024

The Board of Directors

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

Attestation of ENAV Spa's separate financial statement for the year ended 31 December 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 the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
   - the adequacy with regard to the nature of the Company and
   - the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during the year ended 31 December 2023.
2. In this regard, it should be noted that:
   - the administrative and accounting procedures adopted in preparation of the ENAV Spa's separate financial statements for the year ended 31 December 2023 were drawn up, and their adequacy assessed, based on the regulations and methods adopted by ENAV SpA in accordance with the *Internal Control – Integrated Framework Model* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the separate financial statements for the year ended 31 December 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) provide a true and fair view of the financial position and results of operations of the issuer.

3.2 the Directors' Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Rome, 20 March 2024

Chief Executive Officer	Manager responsible for financial reporting
Pasqualino Monti	**Loredana Bottiglieri**
(original signed)	(original signed)

Board of Auditors’ Report

REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING
(pursuant to Art. 2429(2) of the Italian Civil Code and Art. 153 of the Consolidated Law on Finance)

Shareholders,

During the financial year ending on 31 December 2023 (the "2023 Financial Year"), the Board of Statutory Auditors of ENAV S.p.A. ("ENAV" or the "Company") performed its institutional duties in compliance with the Italian Civil Code, Legislative Decree 39/2010, Legislative Decree 58/1998 ("Consolidated Law on Finance" or "TUF").

The supervisory activity required by law was also performed in accordance with the instructions of Consob, the provisions of the Code of Corporate Governance for listed companies (the "Code"), which the Company has adopted, and the Code of Conduct issued by the National Council of the Italian accounting profession. With reference to the provisions pursuant to Legislative Decree 39/2010, and Art. 19 in particular, the Board of Statutory Auditors also performed the function of Internal Control and Audit Committee ("ICAC").

Appointment and activities of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the time of drafting this report was appointed by the Shareholders' Meeting held on 3 June 2022 and will remain in office until the Meeting to approve the Financial Statements as at 31 December 2024. During the meeting held on 19 February 2024, the Board of Statutory Auditors carried out its annual self-assessment process, verifying, with positive results, that all members met the independence requirements set forth in Article 148(3) of the TUF and the Code. The Board of Statutory Auditors then ascertained that its members were not ineligible or disqualified pursuant to Art. 2399 of the Italian Civil Code and Art. 148(3) of the TUF and the provisions of the Code, and verified that they complied with the limitation on the number of positions they may hold pursuant to Art. 144-*terdecies* of the Regulation adopted in Resolution No. 11971 of 14 May 1999 (the "Issuers' Regulation"), in accordance with the provisions of the Articles of Association and the internal Regulation of the Board of Statutory Auditors. During the self-assessment, the Board of Statutory Auditors also determined that its composition was adequate. The results of this self-assessment process were reported to the Board of Directors which, at its meeting on 20 February 2024, took note of the assessment of the supervisory body. This process is referenced in the Report on Corporate Governance and the Ownership Structure for the 2023 Financial Year.

The Board of Statutory Auditors carried out its activities in the 2023 Financial Year by means of periodic meetings, which were duly minuted, following a specific schedule adopted pursuant to its Rules of procedure.

The magistrate designated by the Italian Court of Auditors in charge of auditing the Company is always invited to attend the meetings of the Board of Statutory Auditors

pursuant to and for the purposes of Art. 12 of Law No. 259/1958, who can attend in person or appoint a proxy to do so.
The Board of Statutory Auditors took an active part in all the meetings organised by the Company as part of its induction programme for members of the corporate bodies and in the strategy sessions organised by senior executives with the contribution of management, in compliance with the recommendations of the Code, in order to improve its skills and familiarity with the business sectors in which the Company operates.
The work carried out by the Board of Statutory Auditors in the various areas in which it exercises its supervisory activities is illustrated below.

Compliance with the law and the Articles of Association

The Company's governance complies with the legislation and regulations applicable to listed issuers and with the Code of Corporate Governance, and takes account of best practice in this area. The Board of Statutory Auditors supervised compliance with the provisions of law and the Articles of Association, as well as with other relevant regulations, above all through participation in, and consequent acquisition of information, the Shareholders' Meeting, the meetings of the Board of Directors, the Remuneration and Appointments Committee, the Control, Risks and Related Parties Committee and the Sustainability Committee. Within the scope of its activities, the Board of Statutory Auditors also met with the Supervisory Body, the Chief Executive Officer, responsible for creating and maintaining the internal control and risk management system ("ICRMS"), the Internal Audit Officer, the Chief Financial Officer ("CFO"), the Financial Reporting Officer, the Audit Firm EY S.p.A. ("EY"), the managers in charge of various corporate structures, and the supervisory bodies of the Italian subsidiaries.
In particular, the Board of Statutory Auditors met 12 times during the financial year 2023 and attended 16 meetings of the Board of Directors. In addition, almost always as a body, or at least in the person of the Chair and/or other Auditors, the Board of Statutory Auditors took part in 9 meetings of the Remuneration and Appointments Committee, 15 meetings of the Control, Risk and Related Parties Committee and 6 meetings of the Sustainability Committee.
With regard to the supervision of the administrative liability of the Company pursuant to Legislative Decree 231/2001, the Supervisory Body has constantly provided the Board of Statutory Auditors with information pertaining to issues within its competence, both through periodic meetings, and through the participation of the Head of the Internal Audit structure at Board meetings, during which the Board of Statutory Auditors, inter alia, examined the Report on the activities carried out for the year 2022 and the update of the Audit Plan for the year 2023, as well as the Proposal for the Strategic Development Plan 2024-2026 of the Internal Audit structure and the Proposal for the Audit Plan 2024-2026, all of which were also submitted to the Board of Directors. In these meetings, no significant risks or violations came to light which were not addressed with corrective measures. This conclusion was also reached following the periodic meetings and following exchange of information with the Chief Executive Officer, responsible for creating and maintaining the ICRMS.

Based on the supervisory activity performed by the Board of Statutory Auditors, it can be asserted that the Company has complied with the requirements on regulated information, including those governing inside information.
Overall, the internal and external information flows described and those resulting from the continuous exchange of information and documentation, as also indicated in the minutes of the meetings of the Board of Statutory Auditors, appear to demonstrate that the organisational structure, internal procedures, company records and resolutions of the corporate bodies comply with the provisions of law, the Articles of Association and applicable regulations, as well as with the Code. Accordingly, we report no breach of law, the Articles of Association and regulations, or any comments worthy of note in this area.
None of the members of the Board of Statutory Auditors had any interest, whether on their own behalf or that of third parties, in any given transactions during the year or in the related conduct resulting therefrom.

Compliance with the principles of proper management

The Board of Statutory Auditors acquired all the information required to perform its control and supervision duties by: *i)* attending the meetings of the Board of Directors, the Control, Risks and Related Parties Committee, the Remuneration and Appointments Committee and the Sustainability Committee; *ii)* meeting with the top management of the Company and with the heads of the Company departments; *iii)* meeting with the Audit Firm and with the Supervisory Body pursuant to Legislative Decree 231/2001; *iv)* meeting and exchanging information with the control and governing bodies of the subsidiaries; *v)* analysing information provided by corporate units.
On the basis of the information acquired, management decisions appear to have been inspired by the principle of correct information and reasonableness and the directors acted with an understanding of the risks and effects of the transactions conducted.
During the year, the Board of Statutory Auditors received information from the CFO and from the Chief Financial Officer, on a quarterly basis, regarding the general performance of operations and outlook. During the *ad hoc* sessions and various board meetings, the progress of the Business Plan, the Group's economic and financial scenario, and the annual budget were examined among other things. As seen from the financial report, no transactions were carried out in the 2023 Financial Year that could be qualified as major economic, financial and equity transactions.
The actions approved and implemented comply with the principles of sound administration and were not manifestly imprudent, reckless or in conflict with the resolutions passed by the Shareholders' Meeting or such that they would compromise the integrity of company assets, nor were any atypical or unusual transactions conducted with third parties, Group companies or related parties or, as noted previously, that would represent a conflict of interest.

Governance and adequacy of the organisational structure and the internal control system

The Company demonstrates structured governance in line with the Code and Consob regulatory requirements, as well as best market practice. The Board of Directors –

appointed by the Shareholders' Meeting held on 28 April 2023, which will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2025 – is currently made up of nine directors: Alessandra Bruni (Chair), Pasqualino Monti, Carla Alessi, Stefano Arcifa, Rozemaria Bala, Franca Brusco, Carlo Paris, Antonio Santi and Giorgio Toschi.

The Board of Directors has granted powers to Pasqualino Monti, also appointing him as director in charge of the ICRMS. The Board, reserving for itself - among other things - the authority to approve the Company's corporate strategies, the strategic guidelines for subsidiaries, the annual budget, the strategic and multi-year business plans, as well as the operations of significant strategic importance of the Company and, where applicable, of its subsidiaries, conferred upon the CEO Pasqualino Monti all powers for the ordinary and extraordinary administration of the Company, including legal representation, within the limits set forth in the resolution of conferral and excluding only those reserved by law, by the Articles of Association or by the aforementioned resolution to the Board or its Chair.

The Chair, who is responsible for coordinating the Secretariat of the Board of Directors, and for it, the activities of the Board Committees, is among other things attributed the powers of coordination of internal auditing and care activities, in coordination with the CEO, national and international institutional relations and the Company's communication activities and relations with the national and foreign media.

The powers delegated appear to have been effectively exercised and the decision-making structure formally adopted by the Company corresponds to the structure that exists in practice, also with regard to the hierarchical reporting structure, the corporate decision-making and implementation process, the financial reporting process and the definition and the practical workings of the various levels of control.

Within the scope of the Board of Statutory Auditors' supervisory activities, no problems emerged with regard to the composition, size and operation of the Board of Directors and the Board Committees, with particular reference to the requirements for independent Directors, the determination of remuneration or the comprehensiveness of the disclosure and the expertise and responsibilities associated with each corporate unit.

The Board of Statutory Auditors acquired information and supervised, to the extent of its competence, on the organisational adequacy of the Company, its compliance with the principles of proper administration and the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF, also through the direct acquisition of information from the heads of the competent corporate structures, meetings and exchanges of information with the control bodies of the main Group subsidiaries and meetings with the Audit Firm and the results of specific verification activities, including on Italian and foreign subsidiaries.

The Board of Statutory Auditors also monitored the adequacy of the ICRMS, by means of: *i)* examining the evaluation of the Board of Directors, which expressed a positive opinion on the adequacy and effective functioning of the ICRMS; *ii*) examining the Report of the Financial Reporting Officer with reference to the administrative and accounting structure and the internal control system on financial disclosure; *iii*) examining the reports and periodic reports of Internal Audit in support of the evaluation of the adequacy of the ICRMS in accordance with art. 6 of the Code and the related Principles and Recommendations in accordance with the Company's strategies, as well as

their effectiveness; *iv)* examining the half-year and annual financial reports, the risk policies adopted by the Board of Directors, as well as the Reports prepared within the scope of Risk Management activities, aimed at representing the Group's main risks and the related treatment plans; *v*) disclosures required by internal procedures concerning news/notifications of proceedings initiated by State bodies/authorities; *vi*) acquisition of information from heads of corporate structures; *vii*) examination of corporate documents; *viii)* relations with the control bodies of the main subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of the TUF; *ix*) participation in the work of the Control and Risk and Related Parties Committee and, where necessary, the joint discussion of certain specific issues; *x)* carrying out specific supervisory initiatives, also activated in the context of board meetings, as well as through requests for periodic updates to the competent corporate structures on issues relevant to supervisory activities.
During 2023, Internal Audit supported the activities of the Board of Auditors. The Head of the structure is invited to the meetings of the Board, participating regularly and has guaranteed the exchange of information and alignment of the respective supervisory and control activities, also in conjunction with the Control, Risk and Related Parties Committee.
Given the applicability of Regulation (EU) 2016/679 ("GDPR") - as part of the aforementioned Internal Audit department - the position of Group Data Protection Officer has been created, also met by the Board during the year, who operates autonomously and independently using economic resources assigned by virtue of an independent annual budget and reporting directly to the Chief Executive Officer.
During 2023, Internal Audit received a number of reports through the Company's whistleblowing channels. All reports were taken up and handled, in compliance with the Whistleblowing Regulation last approved by the CEO on 23 October 2023 and the Internal Guidelines for Whistleblowing Management. Again in terms of whistleblowing, the Board of Statutory Auditors monitored the regulatory procedure for the transposition of Directive (EU) 2019/193 on whistleblowing, analysing the contents of Legislative Decree no. 24/2023 lastly issued on the matter.
In carrying out its activities, the Board of Statutory Auditors took into account the duties of the corporate bodies for the prevention and management of the crisis, as set forth in Legislative Decree No. 14/2019 ("Crisis Code"). The Board of Statutory Auditors also considered the Company's compliance controls in the areas of, inter alia, cybersecurity and Enterprise Risk Management through constant dialogue with the structures directly involved and with those in charge of second- and third-level controls.
The Board of Statutory Auditors therefore deems that the ICRMS as a whole and in the individual operational areas is adequate in the light of the supervisory activity conducted over planning and the internal control environment, the corporate risk assessment system, the internal control activities, the reporting and communication procedures and mechanisms, as well as monitoring activities.

Adequacy of the administrative and accounting system and statutory auditing of the accounts

The Board of Statutory Auditors monitored the Company's administrative and accounting system and its reliability in correctly representing operational developments by using the information provided by the Chief Executive Officer, by the Financial Reporting Officer, and by the other heads of the competent departments, by reviewing the documentation drawn up by the Company, and by analysing the activities conducted by the Audit Firm.
In particular, the Board of Statutory Auditors was able to ascertain that during the 2023 financial year, the Financial Reporting Officer confirmed the related assessment of the adequacy and effective application of the administrative and accounting procedures pursuant to Article 154-*bis* TUF. This confirmation allowed the issuance of the attestations by the same Financial Reporting Officer on the circumstance that the financial statements comply with the applicable international accounting standards and are able to provide a true and fair representation of the equity, economic and financial situation of the Company and of the group of companies included in the consolidation.
With regard to the activity carried out, on the basis of the information acquired, the declarations, procedures and attestations put in place or issued by the Financial Reporting Officer on 20 March 2024 are complete, in accordance with the model indicated in Art. 81-*ter* of Consob Regulation No. 11971/1999,
The administrative and accounting procedures for the drafting of the Company's financial statements are deemed adequate and said assessment is also supported by the results of the testing activities conducted by the competent internal structure, and the examination of these results, including at the meeting of the Control, Risk and Related Parties Committee. Partly on the basis of this activity, which found no significant issues to report, the Board of Statutory Auditors also deemed the internal control system for financial reporting to be appropriate.
The Board of Statutory Auditors met regularly with the team of the Audit Firm EY, in order to exchange relevant data and information pursuant to Art. 150(3) of the TUF and Art. 19(1) of Legislative Decree no. 39/2010, receiving updates on the audit activity and on the results of the checks carried out. On these occasions, information was also acquired concerning the evolution of the macroeconomic scenario with regard to its impact on ENAV.
During the meetings and the exchange of information held with the managers of the audit firm, no anomalies emerged that were significant enough to have to be reported to the Board of Directors or in this report, or in any case, facts and situations that should be highlighted.
The Board of Statutory Auditors assessed and supervised, to the extent of its competence, the financial reporting process as well as the effectiveness of the administrative and accounting control systems and their reliability for the purposes of a proper representation of management events through: *i)* the periodic exchange of information with the Chief Executive Officer and the Financial Reporting Officer pursuant to the provisions of Article 154-*bis* TUF; *ii*) reviewing the reports prepared by Internal Audit and the results of any corrective action taken following the audit activities; *iii*) obtaining information from the heads of corporate structures; *iv*) liaising with the control and administration bodies of subsidiaries pursuant to Article 151, paragraphs 1 and 2, TUF; *v)* participation in the work of the Control, Risk and Related Parties Committee, often in the context of

joint sessions useful for maximising interactions to the advantage of mutual supervisory functions; *vi)* in-depth analysis of the key aspects of the audit and other issues that emerged during the information exchange with the audit firm, which also illustrated the activity strategy, the areas of attention, the checks carried out and the related outcomes, without detecting any significant shortcomings concerning internal control in relation to the financial reporting process.

The Board also verified the formal and substantial evaluation process of ENAV investments in Techno Sky, IDS AirNav, D-Flight, ENAV Asia Pacific, ENAV North Atlantic, as well as - through the latter - Aireon LLC, analysing the methodology applied and the related results.

Moreover, the Board of Statutory Auditors found that the methodology and the procedure used for the impairment testing of Techno Sky and IDS AirNav and the measurement of the investment in Aireon LLC were consistent and appropriate, as presented in the Financial Report, also in the same way as the similar assessments performed by the Board of Directors, supported by the Control, Risks and Related Parties Committee and taking account of the dialogue with the Audit Firm.

In light of its supervisory activity and also taking account of the Board of Directors' findings on 20 March 2024 that the organisational, administrative and accounting arrangements of the Company were appropriate, the Board of Statutory Auditors, within the scope of its duties, believes that this system is essentially adequate and reliable in fairly representing operational developments.

The Audit Firm EY, pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation (EU) 537/2014, today issued audit reports on the financial statements and the consolidated financial statements for the year ended 31 December 2023, in which it:

- issued an opinion concluding that the Group's financial statements and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2023, its performance and cash flows for the year ended at that date, in compliance with the International Financial Reporting Standards endorsed by the European Union and the provisions issued in implementation of Art. 9 of Legislative Decree 28 February 2005, no. 38;
- issued a consistency opinion concluding that the Report on Operations which accompanies the financial statements and consolidated financial statements at 31 December 2023 and the information in the Report on Corporate Governance and the Ownership Structure indicated in Art. 123-*bis*(4) of the TUF, are consistent with the financial statements and have been drawn up in compliance with the law;
- issued an opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815, based on the 700B audit procedures (SA Italia) pursued, after which the Audit Firm concluded that the financial statements were prepared in XHTML format in compliance with the provisions of the Delegated Regulation, that the Consolidated Financial Statements were prepared in XHTML format and were marked, in all significant aspects, as in compliance with the provisions of the aforementioned Regulation, including on the basis of the guidelines issued by Assirevi (doc. no. 252 of 6 March 2023);

- confirmed that the opinion on the separate financial statements and the consolidated financial statements expressed in the aforementioned Reports is consistent with the additional Report for the Board of Statutory Auditors, in its role as ICAC, drawn up pursuant to Art. 11 of Regulation EU 537/2014.

The Audit Firm's reports also include the key matters such as identified in the audit of the Company's financial statements and the Group's consolidated financial statements and the respective declarations, made pursuant to Art. 14(2e) of Legislative Decree 39/2010, that no material errors were found in the contents of the Report on Operations. Furthermore, also on the same day, the Audit Firm EY submitted to the Board of Statutory Auditors, in its capacity as ICAC, the "additional report" required under Art. 11 of Regulation (EU) 537/2014, from which it emerges that there are no significant deficiencies in the internal control system for the financial reporting process which need to be brought to the attention of the governance bodies. Finally, the Audit Firm included, within the separate and consolidated financial statements for the year ending 31 December 2023, the declaration of independence as required under Legislative Decree 39/2010, and said Regulation, which contains no evidence of situations potentially compromising the required independence. The Audit Firm also published the Transparency Report 2023 on its website.

Also in relation to the auditors' independence verifications, the Board of Statutory Auditors, in its capacity as ICAC pursuant to Article 19 of Legislative Decree No. 39/2010, verified that, in FY2023, the total fees for audit-related services rendered by the audit firm EY and the entities of its network in favour of the Company and its subsidiaries complied with the limits set forth in Article 4(2) of EU Regulation 537/2014. To this end, the nature of the aforementioned engagements was assessed in light of the criteria dictated by the regulation on prohibited services under Article 5 of the aforementioned Regulation, noting that the audit firm did not perform any services other than auditing prohibited under the aforementioned regulation. Please find below a summary table of the fees pertaining to 2023 for audit services and for non-audit services supplied by Audit Firm EY S.p.A. and by entities included within its network:

Type of Services	Entity providing the service	2023
ENAV		
Audit services	EY S.p.A.	493
Certification services	EY S.p.A.	31
Other services	EY S.p.A.	0
SUBSIDIARIES		
Audit services	EY S.p.A.	207
	Network EY S.p.A.	10
Certification services	EY S.p.A.	18
Other services	EY S.p.A.	0
Total		**759**

(thousands of euros)

With regard to non-audit assignments and the related fees, the Board of Statutory Auditors deemed them to be adequate in relation to the magnitude and complexity of the works carried out and thus commensurate with the statutory auditing assignment, there being no matters to report such as to affect the criteria of independence of the statutory Audit Firm.

Moreover, in view of the expiry of the EY nine-year mandate for the legal audit of the accounts, scheduled with the approval of the financial statements as at 31 December 2024, the Company has made the determination, shared by the Board, to proceed with the assignment of the mandate one year in advance of the natural expiry of the one still in place. During 2023, the Company began the process of selecting a new Audit Firm for ENAV, Techno Sky and IDS AirNav for the nine-year period 2025-2033, and the process was completed during 2024. The Board of Statutory Auditors then verified, in its capacity as the entity responsible for the selection procedure for the statutory Audit Firm pursuant to Article 19, paragraph 1, letter f) of Legislative Decree 39/2010, the correctness of the selection process of the proposals for the conferment of this assignment; it then submitted to the Shareholders its reasoned proposal in view of the Shareholders' Meeting called on 10 May 2024 to confer the assignment of the legal audit of ENAV for the financial years 2025-2033, identifying two companies and expressing its preference for one of them, all in accordance with the regulations in force and having particular regard to EU Regulation 537/2014 and Legislative Decree 39/2010.

Financial statements and consolidated financial statements

The Board examined the draft financial statements for the year ended 31 December 2023, which reported a profit for the year of €107,197,485.64 and, as far as the Board of Statutory Auditors is aware, there are no derogations from statutory rules.

As highlighted and described in the report on operations and in the explanatory notes to which reference is made, 2023 represented the year in which the crisis in the air traffic sector was definitively overcome, with a total volume of flights at the end of the year that saw a result of +1.5% compared to 2019 - the pre-Covid reference year and record year in terms of traffic levels managed - as well as +10.7% compared to 2022. As a result of the increase in traffic flows, the result of service units was also significant, which at the end of 2023, saw an increase of +5.7% compared to 2019, and +11% compared to 2022.

The growth in air traffic control activities, with a positive effect on service units, together with the higher volume of third-party market revenues, resulted in an overall revenue level of €1 billion at the end of 2023, which the Group had never before recorded.

In addition to the record result recorded for revenues, total costs amounted to €700 million in 2022, up by +4.1% compared to the previous year.

The dynamics observed in revenues and costs have therefore resulted in an EBITDA for the ENAV Group of €300 million at the end of 2023, an increase of €27.9 million compared to the previous year (+10.2%), i.e. a result just below the record value recorded at the end of 2019. The net result for 2023 was €112.7 million, an increase of €8.2 million over the previous year's figure.

The year just ended showed a renewed impetus in the technological implementations carried out by the Group, with an investment volume of €110.5 million compared to €97.8 million at the end of 2022.

With regard to the financial situation, the Group's final figures at the end of 2023 show a net financial debt of €322.3 million, an improvement compared to 31 December 2022, when it stood at €407.8 million. The €85.6 million change in net financial debt is related to the positive trend in receipts and payments related to ordinary operations and is essentially attributable to the cash flow generated by operating activities of about €210.6 million, partly absorbed by investing activities of about €71.6 million and the payment of dividends in October of €106.4 million.

At 31 December 2023, the Group had €224.9 million in available cash and €199 million in unused short-term lines of credit.

As the Board of Statutory Auditors is not required to perform the statutory audit, it monitored the general approach adopted with the financial statements and their compliance with the law as far as their formation and structure are concerned, without finding any issues that would need to be reported. The Board of Statutory Auditors also verified compliance with the laws concerning the drafting of the Report on Operations, again finding no issues to report in this case. In the Financial Report, the Directors discussed the items that contributed to the financial result and the events giving rise to that performance.

The separate financial statements of ENAV at 31 December 2023 were drawn up in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union with Regulation (EC) No. 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law. The accounting policies adopted reflect ENAV ongoing operations in the foreseeable future, having adopted the assumption that the Company is a going concern, and comply with those applied in the preparation of the financial statements for 2022, except for the latest adopted principles referred to in paragraph 5 of the Explanatory Notes to the financial statements. It should be noted, inter alia, that the figures relating to net financial debt incorporate the provisions of the Guidelines on disclosure obligations pursuant to the Prospectus Regulation issued by ESMA on 4 March 2021 in force since 5 May 2021 and implemented by Consob with Emphasis of Matter No. 5/2021 of 29 April 2021.

With regard to the macroeconomic context, the report on operations indicates that in 2023, the ENAV Group did not record any operational, commercial or economic-financial impacts directly related to the Russian-Ukrainian conflict; any open positions with customers belonging to the Russian Federation were already written down in 2022, and there are no further relations in place with parties affected by the sanctions regime. Globally, however, there are new critical issues in international trade due to the repeated attacks on cargo ships (mostly owned, flagged or operated by Israel) by Huthi rebels in the Suez Canal. These attacks, which were initiated in response to the new conflict in the Gaza Strip that erupted following the 7 October 2023 Hamas terrorist attack in southern Israel, have generally led to significant consequences in terms of i) diversion of shipping routes by taking longer routes (ii) consequent increases in transport costs and insurance premiums, and iii) delays in delivery times due to longer distances. With reference to the ENAV Group, at present there are no critical issues in the supply chain with negative impacts in terms of business continuity. In addition, the Group holds an adequate back-up stock of materials necessary for the operational systems supporting its business, such that any delays in the supply chain are contained. The Group continues to monitor the impact on its business and to take all appropriate steps to ensure full compliance with the sanctioning regime adopted by the European Union states and to promptly identify possible consequences on its current and prospective business in view of the ongoing critical nature of the scenario. With reference to the above, the Group has no significant

impacts on the main alternative performance indicators and no impacts are foreseen on expected cash flows as depicted in the approved Business Plan.
As noted previously, ENAV's 2023 financial statements were audited by the Audit Firm, which, pursuant to Art. 14 of Legislative Decree 39/2010, issued an opinion without findings or qualifications. The Audit Firm also issued their report on audit of the 2023 financial statements of the subsidiaries Techno Sky, IDS AirNav and D-Flight.
With regard to the provisions of Articles 15 et seq. of the Markets Regulation, on the issue of accounting transparency, the adequacy of the organisational structure and the internal control system of non-EU subsidiaries, as at 31 December 2023, the Board of Statutory Auditors notes that the relevant subsidiaries for the purposes of these provision are correctly included within the scope of the internal control system for financial reporting, in relation to which no significant shortcomings have been reported. In this respect, in approving the draft financial statements for 2023, on 20 March 2024, the Board of Directors of the Company, following appropriate checks conducted by the Control, Risks and Related Parties Committee and having consulted the Board of Statutory Auditors, in fact, confirmed compliance with the aforementioned regulation.
Without prejudice to the fact that the Board of Statutory Auditors has no obligation to report or express formal opinions on the consolidated financial statements, which is the responsibility of the Audit Firm, it was acknowledged that the year ended with a consolidated profit of €112,709,817 and that the specific EY report, drawn up pursuant to Art. 14 of Legislative Decree 39/2010, did not include any findings or emphasis of matters. In any case, the Company has declared that it has drawn up the 2023 consolidated financial statements of the ENAV Group in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations (IFRIC and SIC), endorsed by the European Union with Regulation (EC) No. 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law. The main relationships with subsidiaries are discussed below in the specific section of this report.
In accordance with the provisions of the European Commission's Delegated Regulation No. 2019/815 ("ESEF Regulation") and Article 154-*ter* of the TUF, in 2023, the consolidated financial statements, a series of master data of the Parent Company and the explanatory notes were marked on the basis of the ESMA-IFRS taxonomy and the IXBRL integrated computer language as required by the regulations in force. The Annual Financial Report has been published in the single electronic format of communication required by the ESEF Regulation in addition to the usual format. To this end, the Company has adopted, among other things, an information system (Amana XBRL Tagger tool) that guarantees accurate mapping of the risks and controls relating to this new process. The advances in the system of controls inherent to this profile, as reflected in the relevant internal procedure, were examined by the Board and the Control and Risk and Related Parties Committee and the audit firm also took note of them.
With reference to the XHTML format and mark-up, the Audit Firm has certified compliance with the provisions of the Delegated Regulation, albeit with the clarifications

made on the basis of the indications of ASSIREVI (Research Document No. 252 of 6 March 2023).

Supervision of non-financial information

The Company, already compliant with Legislative Decree No. 254/2016 regarding non-financial reporting, produces a Sustainability Report that includes the consolidated non-financial statements pursuant to the aforementioned Legislative Decree, based on a structured system for collecting qualitative and quantitative information. Referring, for further details, to the Sustainability Report published in accordance with the law, the following are highlighted among the main initiatives concerning non-financial reporting in compliance with Regulation (EU) No. 2020/852 of 18 June 2020 ("Taxonomy Regulation"), which defines the criteria to establish whether an economic activity can be considered "sustainable" in order to identify the level of eco-sustainability of an investment. The Sustainability Report has been subject to "limited review" by EY, except as reported in the "EU Taxonomy" section and the table "TCFD Recommendations", in accordance with the International Standard on Assurance Engagements (ISAE 3000 Revised). The Board of Statutory Auditors, pursuant to Art. 3(7) of Legislative Decree 254/2016, monitored compliance with the provisions contained in the said decree on the consolidated non-financial statements and, in this regard, found that the Company fulfilled the obligations required by law for the drafting of the said statement as set out in the Sustainability Report, in compliance with Articles 3 and 4 of the aforementioned Decree, as well as Art. 5 of the Consob Regulation adopted in Resolution No. 20267 of 18 January 2018 and in Consob Emphasis of Matter No. 1/2021 and the information provided in Art. 8 of the Taxonomy Regulation. As such, the Board of Statutory Auditors assessed the process adopted by the Company regarding the eligibility and alignment of its business activities with the EU taxonomy, drafted in compliance with the principles and methodologies set out in the GRI "in accordance with" selected by the Company. The information of the Task Force on climate-related Financial Disclosure and the Group's business model were also considered, without highlighting any particular impact of climate change on ENAV business. The Sustainability Report and Consolidated Non-Financial Statement for 2023, approved by the Board of Directors on 20 March 2024, is accompanied by the limited audit report issued by EY today.

Corporate governance rules

The Company has adopted the Corporate Governance Code, considering that the alignment of its governance with Italian and international best practice (on which the Code is based) is a key prerequisite for achieving the Company's objectives and its sustainable success, and therefore works to ensure that its corporate governance rules are consistent with those provisions. The Board of Statutory Auditors verified that the Report on Corporate Governance and Ownership Structure for the 2023 Financial year – drawn up in accordance with the instructions in the Rules for the markets organised and operated by Borsa Italiana S.p.A. and pursuant to Art. 123-*bis* of the TUF, as approved by the Directors on 08 April 2024 – provides a description of the corporate governance system. The Board of Statutory Auditors deems that the Report complies with primary and secondary legislation, as well as with the provisions of the Code and that, based on the findings of the supervisory activity carried out, the said provisions were applied effectively and correctly, as also confirmed within the said Report, which takes account of the latest format made available by Borsa Italiana, providing precise references to the principles and recommendations of the Code that have a bearing on the governance practices described. The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of directors, on the basis of an *ad hoc* policy adopted by the Board of Directors on 18 February 2021 and applied during the last audit carried out by the Board of Directors on 20 February 2024. The Board of Statutory Auditors verified the approval by the Board of Directors, subject to the opinion of the Remuneration and Appointments Committee, of the Report on the Remuneration Policy and the remuneration paid drawn up pursuant to Article 123-*ter* of the TUF and Article 84-*ter* of the Issuers' Regulations, which will be submitted to the Shareholders at the Shareholders' Meeting called for 10 May 2024, called to express their opinion: (i) the first section on remuneration policy with a binding vote; and (ii) the second section on remuneration paid during 2023 with a non-binding vote.

Relationships with the Parent Company and with the subsidiaries

At 31 December 2023, the Italian Ministry for the Economy and Finance (“MEF”) owned 53.28% of ENAV, 46.60% was owned by institutional and individual shareholders, including the portion of treasury shares owned by the Company amounting to 0.12% of its capital.

As far as relations with the MEF are concerned, the Company is subject to the golden power rules pursuant to Decree Law No. 21 of 15 March 2012, which, inter alia, introduced the amendments under Legislative Decree No. 21 of 21 March 2022, converted with amendments by Law No. 56 of 11 May 2022.

The Board of Statutory Auditors met with the supervisory bodies of the main subsidiaries in order to exchange the necessary information. The Group has adequate controls in relation to Law 231, as Techno Sky, IDS AirNav and D-Flight have their own Management and Control Model and autonomous Supervisory Bodies. Level 3 controls operating over all Group companies are assigned to the Internal Audit department of the Parent Company, based on the mandate assigned by the Board of Directors and on an inter-company agreement.

Related-party transactions

The Company has adopted rules to ensure the transparency and substantive and procedural fairness of transactions with related parties in accordance with the general principles set forth by Consob, as described in the Report on Operations for the Financial Year 2023. In particular, on 21 June 2016, the Board of Directors of ENAV approved, effective as of the date of listing, the "*Procedure for regulating related party transactions*", pursuant to Article 2391-*bis* of the Italian Civil Code and the Regulation adopted by Consob with Resolution No. 17221/2010 ("RPT Regulation") and subsequent amendments and additions. This procedure, having obtained the favourable opinion of the Control, Risks and Related Parties Committee and having consulted the Board of Statutory Auditors, was also most recently updated by the Board of Directors on 1 July 2021 in order to adapt it in relation to the changes resulting from the legislative and regulatory actions adopted at the time of assimilation of Shareholders' Directive II. The Board of Statutory Auditors found that the activity conducted by the Control, Risks and Related Parties Committee and the information provided by the Board of Directors in the Report on Operations with regard to inter-company and related-party transactions was appropriate. The 2022 Financial Statements provide information on related-party transactions in accordance with the provisions of IAS 24. The extent of relations of a commercial and financial nature with related parties is adequately reported in the notes to the Financial Statements, to which reference is made for information on the type of such transactions and the related financial effects. These transactions, identified by IAS 24, mainly regard the exchange of goods, the provisions of services and the use of financial resources. The notes to the Financial Statements also discuss the procedures adopted to ensure that related-party transactions are conducted in compliance with the criteria of transparency and procedural and substantive fairness. Note that the transactions indicated were implemented in compliance with the approval and execution methods set out in the above procedure and described in the Report on Corporate Governance and Ownership Structure for 2023.

Possible omissions and censurable facts. Complaints and opinions rendered

In the course of performing its supervisory activity, the Board of Statutory Auditors found no omissions by the Directors or censurable actions, meaning that there are no irregularities that would require reporting to Consob pursuant to Art. 149(3) of the TUF.

During the year and to date, the Board of Statutory Auditors received no complaints pursuant to Art. 2408 of the Italian Civil Code or any reports.

In 2023, the Board of Statutory Auditors was called upon, among other things, to express the following opinions, all of which were favourable, with regard to:

i. appointment of the Financial Reporting Officer;

ii. approval of the proposed Audit Plan 2024-2026;

iii. adequacy assessment of: *(i)* the organisational, administrative and accounting arrangements of the Company pursuant to Art. 2381(3) of the Italian Civil Code and the Code; *(ii)* powers and resources at the disposal of the Financial Reporting Officer for the performance of the duties assigned thereto by law, pursuant to Art. 154-*bis*(4) of the TUF; *(iii)* the ENAV ICRMS with respect to the characteristics of the company and the risk profile it has assumed, as well as its effectiveness pursuant to and for the purposes of the recommendations of the Code;

iv. emoluments pursuant to Article 2389, paragraph 3, of the Italian Civil Code in favour of the Directors holding special offices and, specifically, of the Chief Executive Officer by reason of the powers conferred, as regards the short-term and long-term variable component;

v. updating of the ICRMS guidelines;

vi. remuneration of directors holding special offices in accordance with the articles of association pursuant to Article 2389 of the Italian Civil Code; in addition, still on the subject of remuneration, it expressed opinions on: *i*) MBO Payout 2022 and Salary review 2023 with reference to key executives and the Chief Executive Officer; *ii*) Calculation of the long-term variable remuneration (LTI); *iii)* Information Document related to the Performance Share Plan 2023-2025; *iv*) launch of the first vesting cycle 2023-2025 related to the LTI Plan; *v)* approval of the proposal of Directors' emoluments; *vi)* Remuneration Policy for the Chief Executive Officer and key executives; *vii)* approval of the MBO targets for the Chief Executive Officer.

Conclusions

Based on the activities performed as described above, and taking account of the considerations reported above, the Board of Statutory Auditors finds no grounds for impeding the approval of the Financial Statements as at 31 December 2023 nor the proposals of the Board of Directors.

9 April 2024

Dario Righetti – Chair

Giuseppe Mongiello – Statutory Auditor

Valeria Maria Scuteri – Statutory Auditor

Independent Auditor's Report

on the Financial Statements

Enav S.p.A.

Financial statements as at December 31, 2023

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

EY S.p.A.
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00187 Roma

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

To the Shareholders of
Enav S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enav S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Key Audit Matter	Audit Response
Recoverability of the investments The Investments in subsidiaries as at December 31, 2023 amount to Euro 188 million, of which Euro 99 million referred to the Techno Sky S.r.l. and 41 million referred to the IDS AirNav S.r.l.. At least once a year, the management assess the existence of impairment indicators for the investments and, if they occur, investments are subjected to impairment test. In the case, considering that carrying amount of the aforementioned investments exceeds the corresponding equity portion, the impairment test has been performed. The identification of impairment indicators as well as the processes and methodologies for assessing and determining the recoverable amount of the investments are based on assumptions, sometimes complex that due to their nature require Directors' judgment, particularly with reference to the forecasted future cash flows for the period covered by the business plans, considering budget for 2024, the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows. Because of the judgement required and the complexity of the assumptions used to estimate the recoverable amount of the investments, we identified this area as a key audit matter. The disclosures related to the assumptions and estimates used by the management are included in the note "4.Use of estimates and management judgements ", while the disclosures related to the process for determining the recoverable value of the investments are included in note "8. Investments".	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the process for the valuation of the investments; • assessment of the criteria adopted to identify impairment indicators; • assessment of the forecasted future cash flows, the verification of the consistency of the forecasted future cash flows of the investments resulting from the business plans; • assessment of Directors' ability to make accurate projections, through the comparison of the actual results with the previous forecast; • assessment of the long-term growth rates and discount rates. In performing our procedures, we leveraged the assistance of our experts in valuation techniques, who performed an independent recalculation and sensitivity analysis of the key assumptions that could have a significant effect on the valuation of the recoverable value. Lastly, we have reviewed the disclosure provided in the notes to the financial statements regarding this key audit matter.

Recoverability of the investment in Enav North Atlantic LLC

The investment in the Enav North Atlantic LLC subsidiary, owned for the investment in the non-controlling interest Aireon Holdings LLC (Aireon) is accounted, as at December 31, 2023, for amount of Euro 47.6 million after recognizing a reversal of an impairment loss of Euro 1.8 million.

The processes and methodologies used for determining the recoverable value of the investment are based on the fair value measurement of the investment in Aireon, performed in the consolidated financial statements.

Because of the judgment required to the Directors and the complexity of the assumptions applied for the estimate of the recoverable amount of the investment, we identified this area as a key audit matter.

The disclosures related to the valuation of the investment in Enav North Atlantic LLC are included in the note "4. Use of estimates and management judgements" while the disclosures related to the criteria of execution of the impairment test are included in the note "8. Investments".

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

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

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

Recognition and measurement of revenues – *Balance*

Revenues from contracts with customers as at December 31, 2023 amount to Euro 934 million including *Balance* adjustment for an amount of negative Euro 28 million.

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

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

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

The disclosures related to the revenues accounting policy and measurement criteria resulting from the *Balance* mechanism are included in notes "3. Accounting policies" and "4.Use of estimates and management judgements ".

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures under the audit standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

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

The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enav S.p.A. as at December 31, 2023, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the financial statements of Enav S.p.A. as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Enav S.p.A. as at December 31, 2023 and comply with the applicable laws and regulations.

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

Rome, April 9, 2024

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

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

Legal information and contacts

Registered office

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Tel. +39 06 81661
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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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