ANNUAL FINANCIAL REPORT 2021

INNOVATING THE SKY

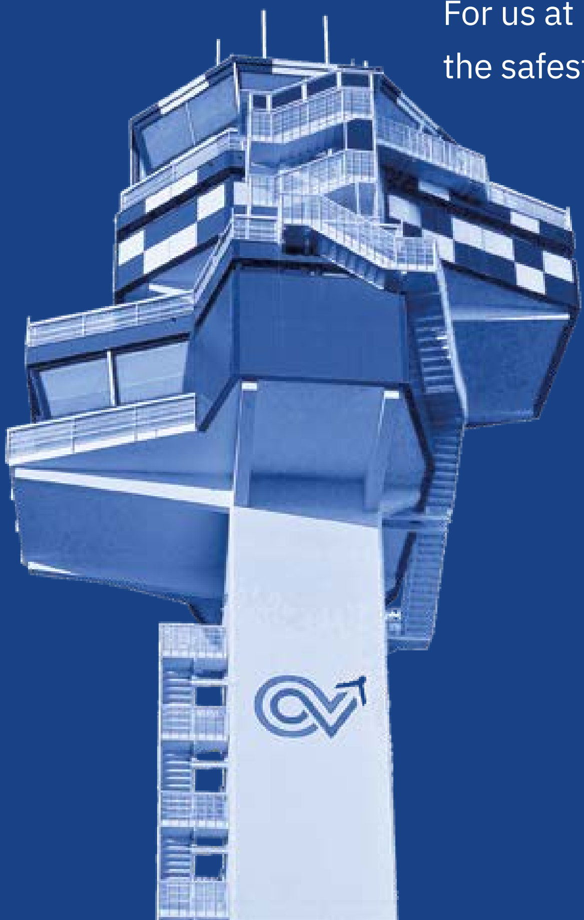
Innovating means looking beyond, intuiting the invisible, to anticipate and prepare for the future. It means investing in new technologies and in the continuous training of our professionals, always staying one step ahead and leveraging our biggest asset: people.

It means looking after the peace of mind of the millions of passengers who travel through our skies on a daily basis.

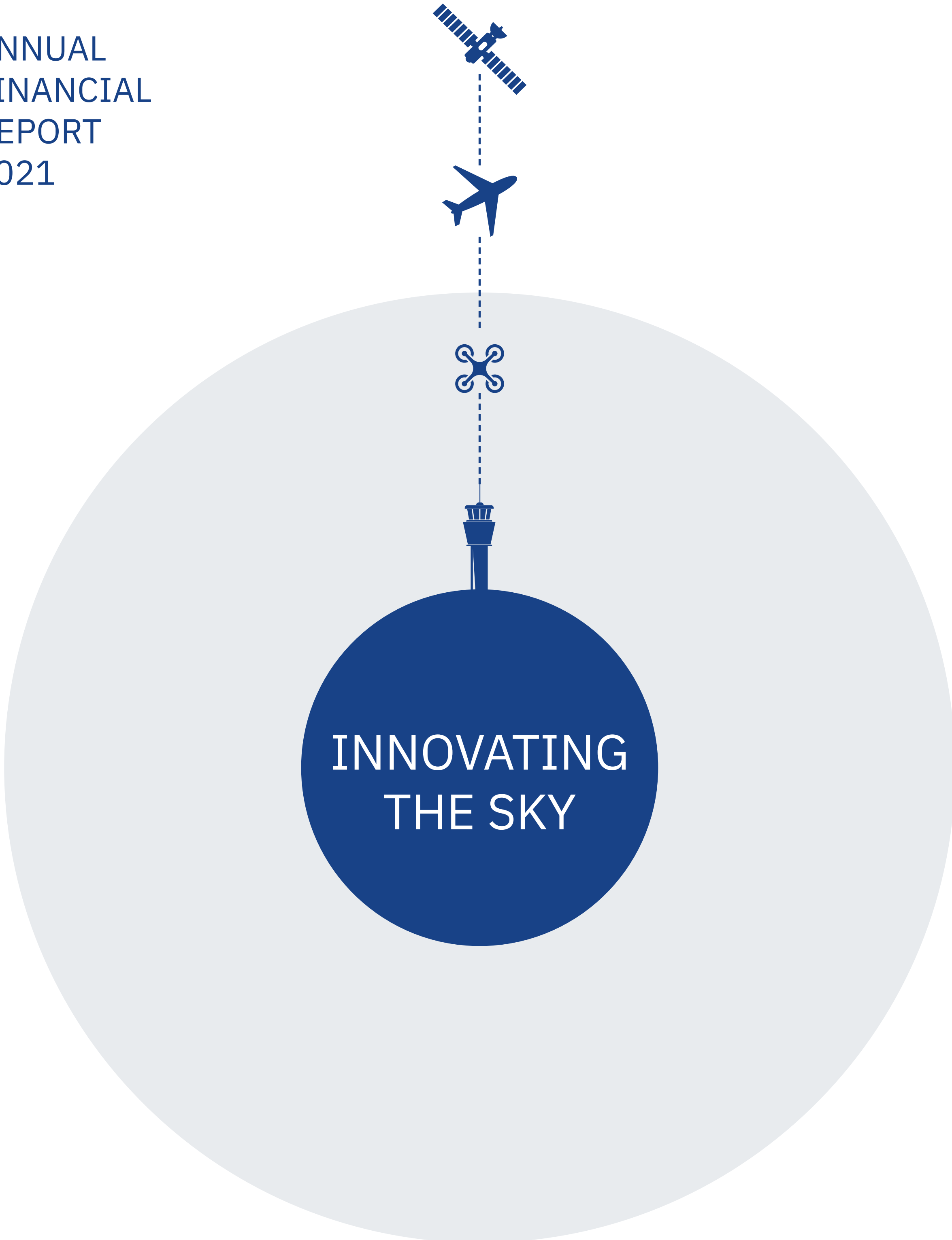
It means remaining at the international forefront of the creation of new digital solutions and technologies.

It means maintaining an awareness of our priceless role in the country’s infrastructure, managing the airspace with a specific focus on sustainability.

For us at ENAV, innovating means making the sky the safest place on Earth.



ANNUAL FINANCIAL REPORT 2021



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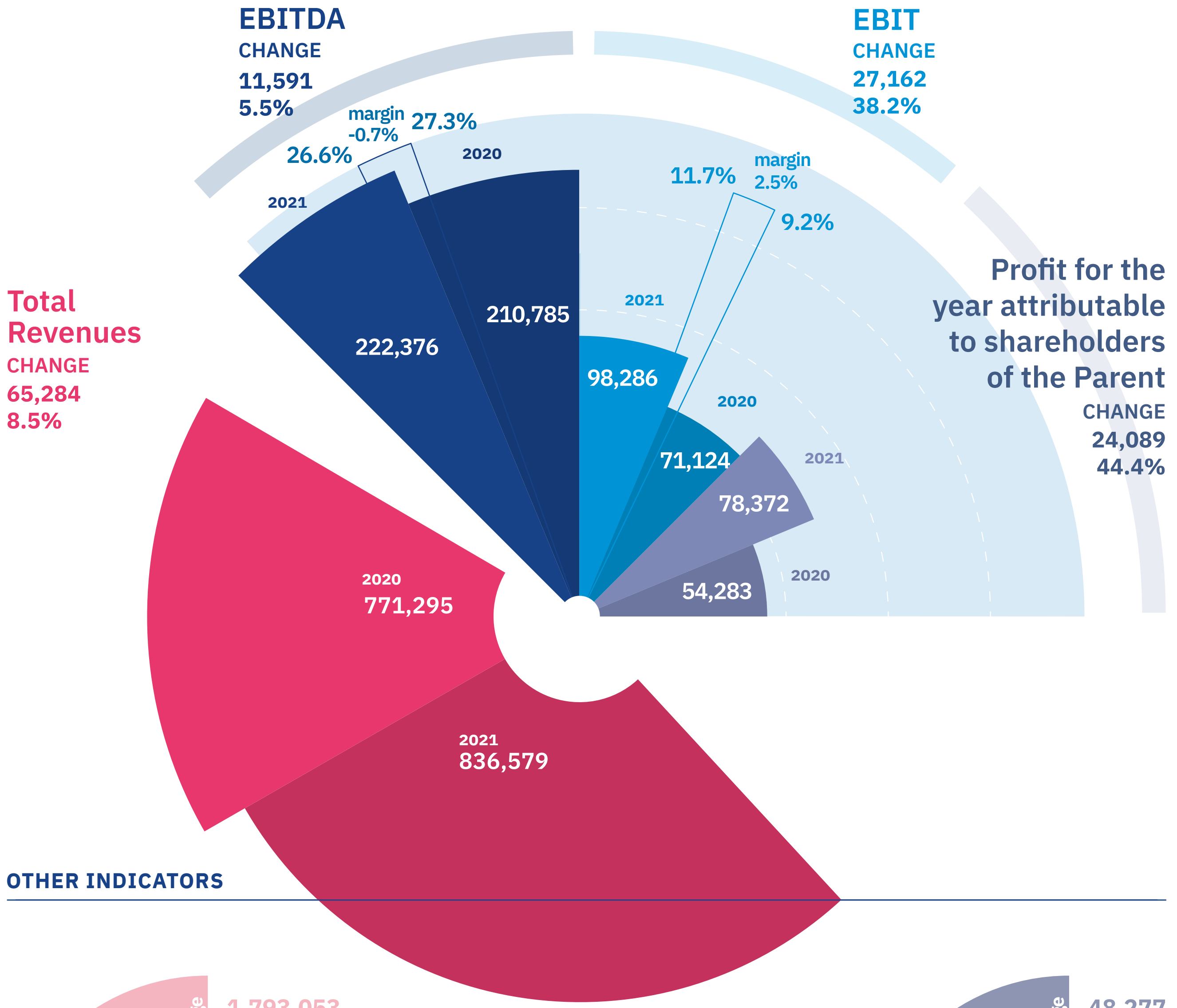

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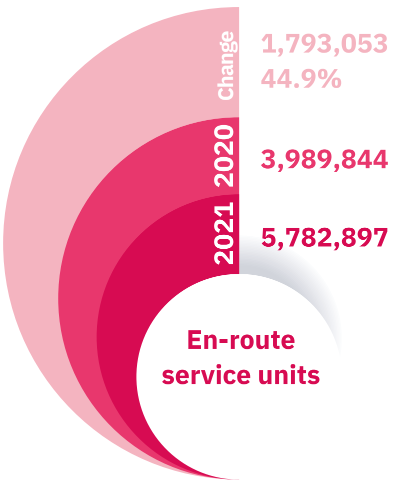

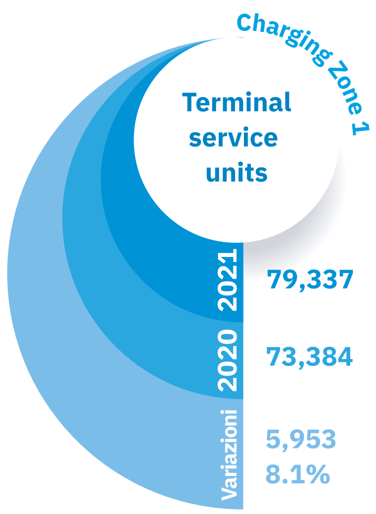

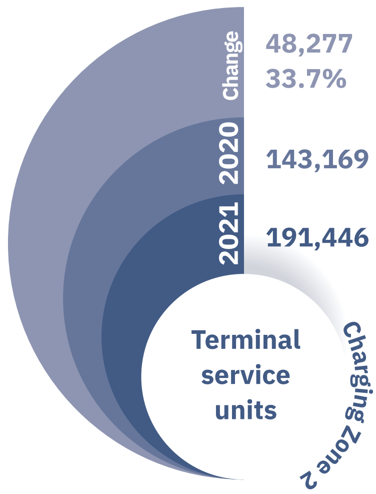

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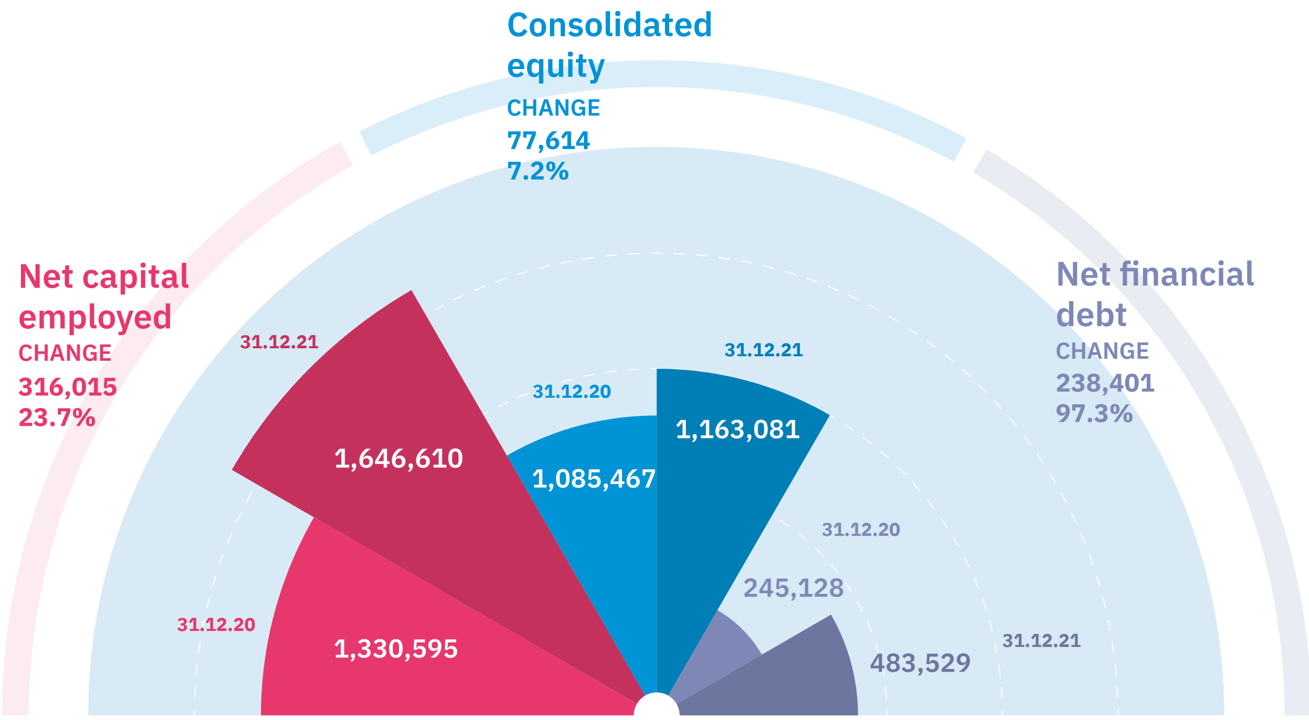

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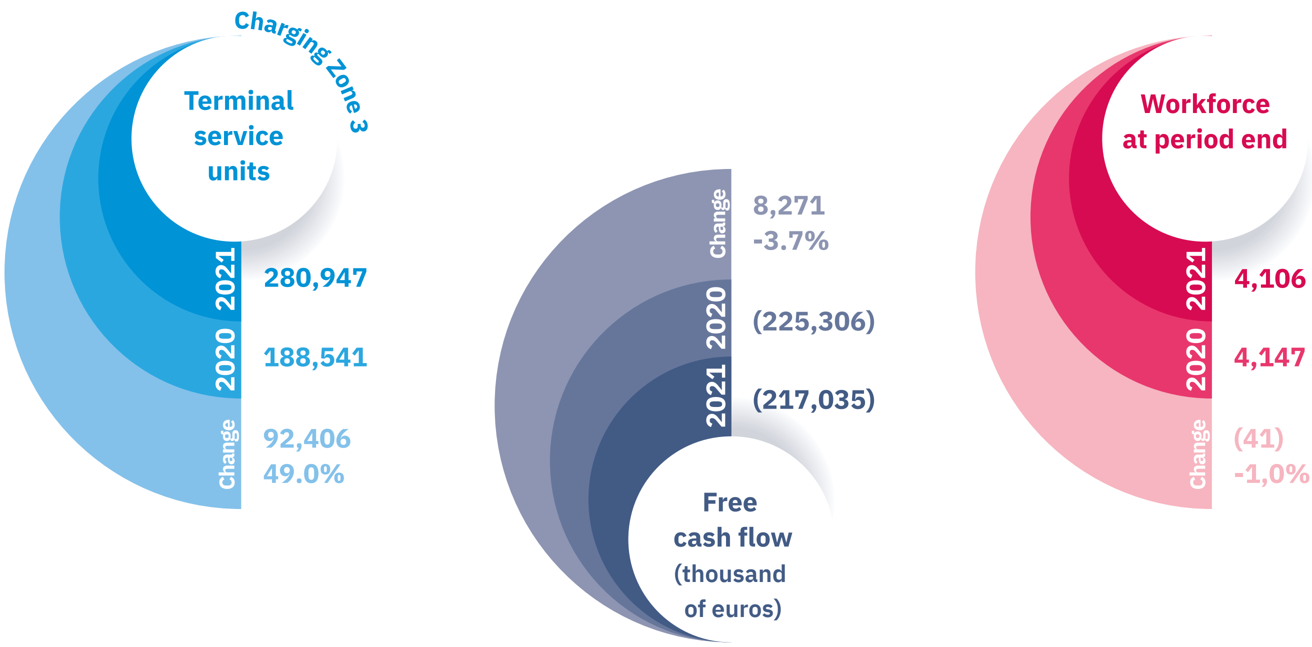


REPORT ON OPERATIONS

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman
Francesca Isgrò

Chief Executive Officer
Paolo Simioni

Directors
Angela Stefania Bergantino
Laura Cavallo
Giuseppe Lorubio
Fabiola Mascardi
Fabio Pammolli
Carlo Paris
Antonio Santi

COMMITTEES

Sustainability Committee
Carlo Paris (C)
Angela Stefania Bergantino
Fabiola Mascardi

Control, Risk and Related Parties Committee
Antonio Santi (C)
Laura Cavallo
Fabio Pammolli

Remuneration and Appointments Committee
Giuseppe Lorubio (C)
Laura Cavallo
Antonio Santi

Board of Auditors
(2019-2021 term)
Dario Righetti (C)
Standing Auditors
Franca Brusco
Pierumberto Spanò
Alternate Auditors
Francesca Parente
Roberto Cassader

Magistrate of the court of auditors designated to control ENAV S.p.A. (*)
Tammaro Maiello

Supervisory Body
(2019-2021 term)
Maurizio Bortolotto (C)
Luisa Nasoni
Anna Somma

Audit Firm
(2016-2024)
EY S.p.A.

(*)In office since 1 January 2022 in replacement of the Magistrate of the Court of Auditors, Mauro Orefice.

Corporate Governance

ENAV's governance structure takes account of the recommendations of the Corporate Governance Code of listed companies approved by the Corporate Governance Committee and the applicable provisions of Legislative Decree 58 (the Consolidated Law on Financial Intermediation, or the Consolidated Law). On 18 February 2021, the Board of Directors of ENAV approved the adoption of the new Corporate Governance Code in line with the practice followed by listed issuers, thus abandoning use of the Corporate Governance Code adopted in 2016.

ENAV adopts a traditional management and control model, which, save for the powers reserved to the Shareholders' Meeting by law and the Articles of Association, gives the Board of Directors responsibility for the strategic and operational management of the Company, while the Board of Auditors is charged with performing oversight functions. The statutory audit is performed by an audit firm.

For a comprehensive examination of corporate governance arrangements, please see the Report on Corporate Governance and the Ownership Structure (hereinafter the "Report"), prepared pursuant to Article 123-bis of the Consolidated Law as an autonomous document approved by the Board of Directors on 21 April 2022 and published on the Company's website at www.enav.it in the Governance section in conjunction with the publication of this Annual Financial Report, as well as in the specific section containing the documents and reports to be submitted for approval by the Shareholders' Meeting.

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

Consolidated statement of non-financial information

As a public interest entity, ENAV prepares and publishes a Consolidated Non-Financial Statement (NFS) in the form of a separate report, in accordance with the provisions of Article 5 of Legislative Decree 254/2016 concerning the reporting of non-financial information and information on diversity by certain companies and certain large groups. The document is subject to independent approval by the Board of Directors of ENAV.

As in 2020, the Group has prepared a Sustainability Report, which also incorporates the NFS pursuant to Legislative Decree 254/2016 as amended, drawn up on an annual basis in accordance with the GRI Sustainability Reporting Standard published by the Global Reporting Initiative (GRI) in 2016 and assessed in a limited audit by EY S.p.A.

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

Organisational model and activities of the ENAV Group

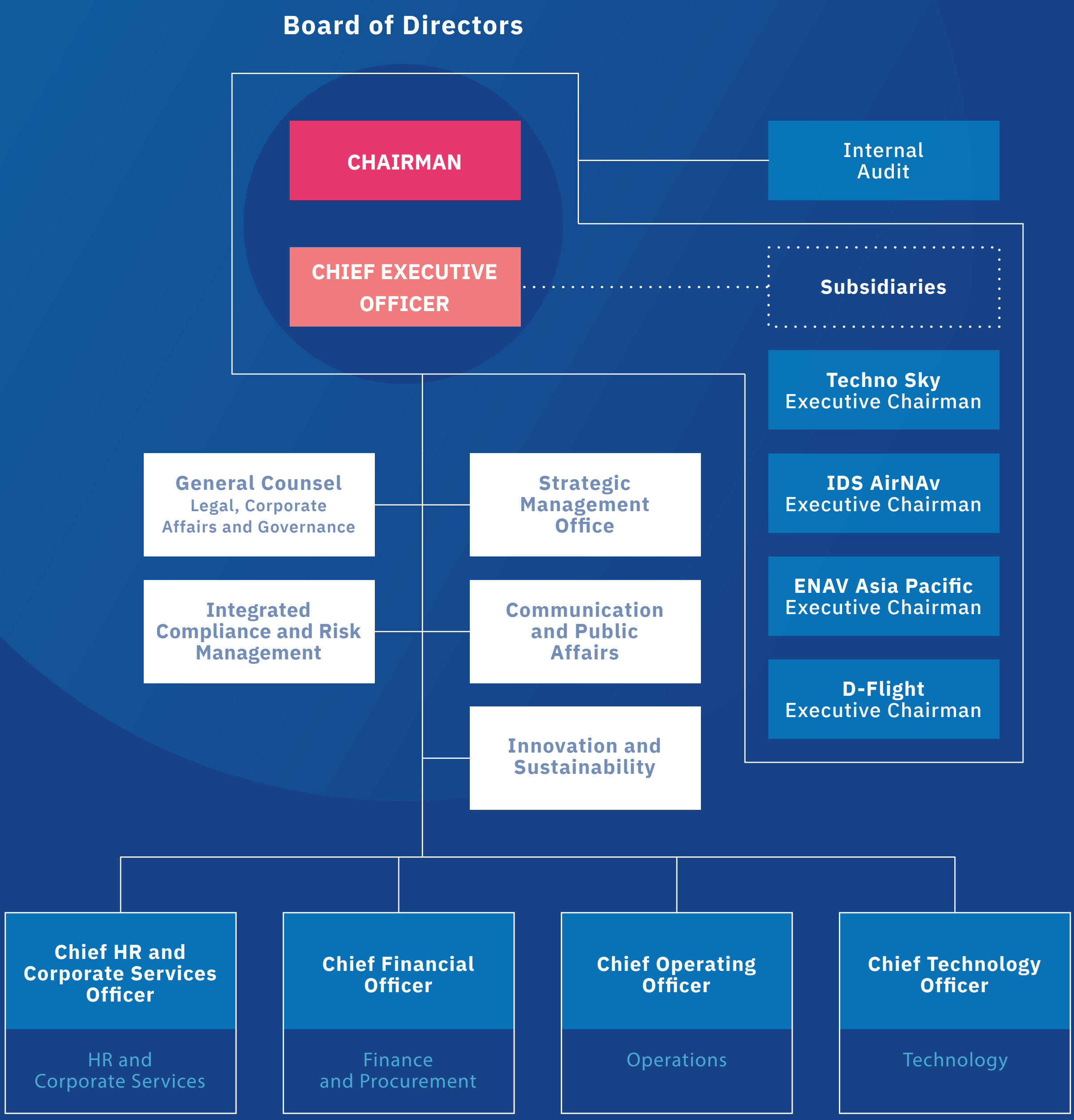
ORGANISATIONAL MODEL

In 2021, work continued on optimising the Group's organisational model, whose macrostructure has undergone changes in order effectively manage certain strategic processes, with the establishment of the Innovation and Sustainability unit and the Communication and Public Affairs unit.

The Innovation and Sustainability unit is responsible for handling the entire Innovation cycle, ensuring the integration of the related initiatives into the normal corporate business cycle and enhancing the Group's digital transformation effort, taking account of the impact of future technological innovation projects on sustainability and corporate social responsibility issues. The Communication and Public Affairs unit has been given responsibility for areas concerning external communication, internal communication and institutional relations, which had previously been fragmented across various organisational structures.

At the same time, a number of areas previously handled by the now-eliminated Communication and Investor Relations unit have been integrated into existing corporate structures on the basis of their organisational purposes and responsibilities. More specifically, investor relations activities have been incorporated within the Finance and Procurement unit, while brand development activities have been moved into the Strategic Management Office.

The current organisational structure of ENAV is shown below.



During 2021, the following organisational measures were also implemented:

- within the *Operations unit*, which is responsible for providing the core air traffic management (ATM) services, and in particular for the cluster of airports handled by the *Low Traffic Airports* unit, an *Operational Cross Services* structure was established to manage the deployment and training of the related personnel, and the preparation and updating of local operational documentation. This organisational change seeks to strengthen the oversight of transversal services in support of operational activities at the local level, also in consideration of upcoming technological innovation developments that will affect *Operations* in the near future;
- within the *HR and Corporate Services* unit, the *Group Shared Services* structure underwent a general reorganisation that mainly focused on the following aspects:
  - the configuration of a specific *Privacy Management* unit;
  - the centralisation with *Facility Management* of responsibility for routine maintenance activities, with the designation of six contact persons by territorial area;
  - the establishment of the *Funded Training Administration* unit as a centre of expertise for managing funded training;
- within the *Technology* unit, the two structures, *Facilities and Infrastructures* and *IT Platforms and Network Engineering and Operations*, were reorganised. The former, whose name was changed to *Civil and Thermoelectrical Infrastructures*, underwent a reorganisation of the responsibilities attributed to the various organisational units, with responsibilities being focused on extraordinary maintenance activities, for which intensive planning will be undertaken. The latter, whose name was changed to *Digital Infrastructures*, has be reorganised to focus more closely on vertical domains regarding the governance and engineering of networks and technological infrastructure platforms supporting core and support services.

Finally, in July 2021, following the adoption of an anti-bribery management system in compliance with the requirements of UNI ISO 37001: 2016, an *Anti-Bribery Compliance Function* was established. This change is intended to create a single unit dedicated to the design and implementation of the anti-bribery management system at the Group level. The unit works in coordination with *Internal Audit* and reports on specific issues to the Chief Executive Officer and the Board of Directors.

COMPLIANCE MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

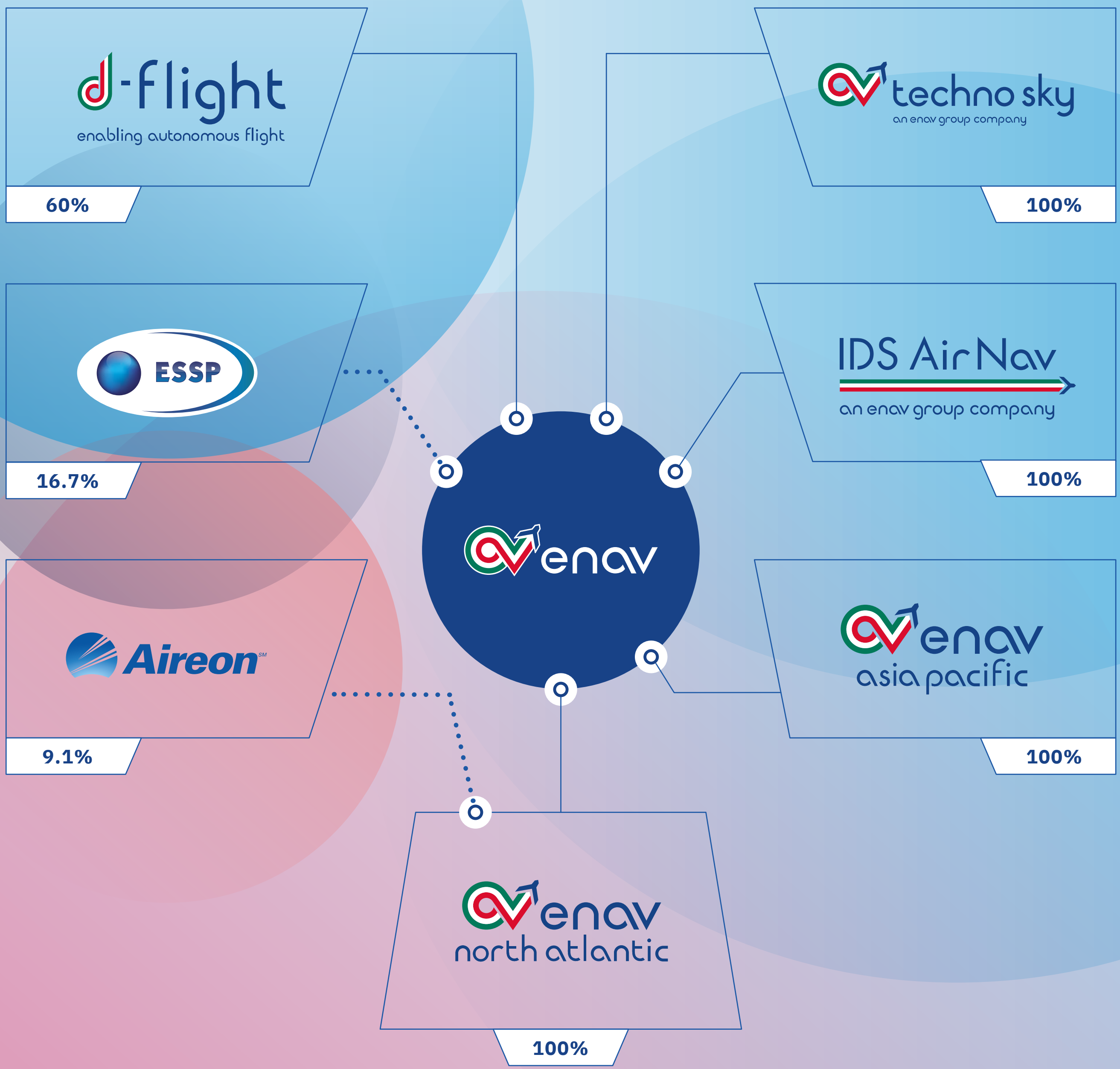
The ENAV Group has adopted compliance models that meet the requirements of Legislative Decree 231/2001, establishing a structured and comprehensive system of procedures and monitoring activities designed to prevent conduct that may lead to the commission of the offenses envisaged under Legislative Decree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

In 2021, the ENAV Group completed an important project to update all the 231 models adopted by the Group companies and the Code of Ethics, completing the broader updating launched in 2020. For the purposes of integrated compliance, the new gap analysis and remediation plan resulting from the updates of the models were cross-assessed with the findings of the anti-bribery risk assessment (conducted on the basis of ISO 37001) and with the Data Protection Officer’s gap analysis performed of the Group privacy management system in order ensure integrated compliance across the Group. Other activities focused on follow up and monitoring remediation plans. The update of the Group’s Code of Ethics involved the incorporation of a number of clarifications suggested by the Board of Directors. These concerned: (i) improving the representation of the safeguards available to whistleblowers and tightening coordination of the characteristics of the reports filed within the whistleblowing procedure with the consequent actions that could be taken by the Supervisory Body; and (ii) more

clearly distinguishing (including a reorganisation of the various sections of the Code) the roles of the corporate bodies within the structured organisation chart in protecting worker safety, underscoring the specific attribution of their respective responsibilities.
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) air navigation services; ii) maintenance services; iii) Aeronautical Information Management (AIM) software solutions and iv) other services.



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

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

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

The residual *other sectors* segment includes:

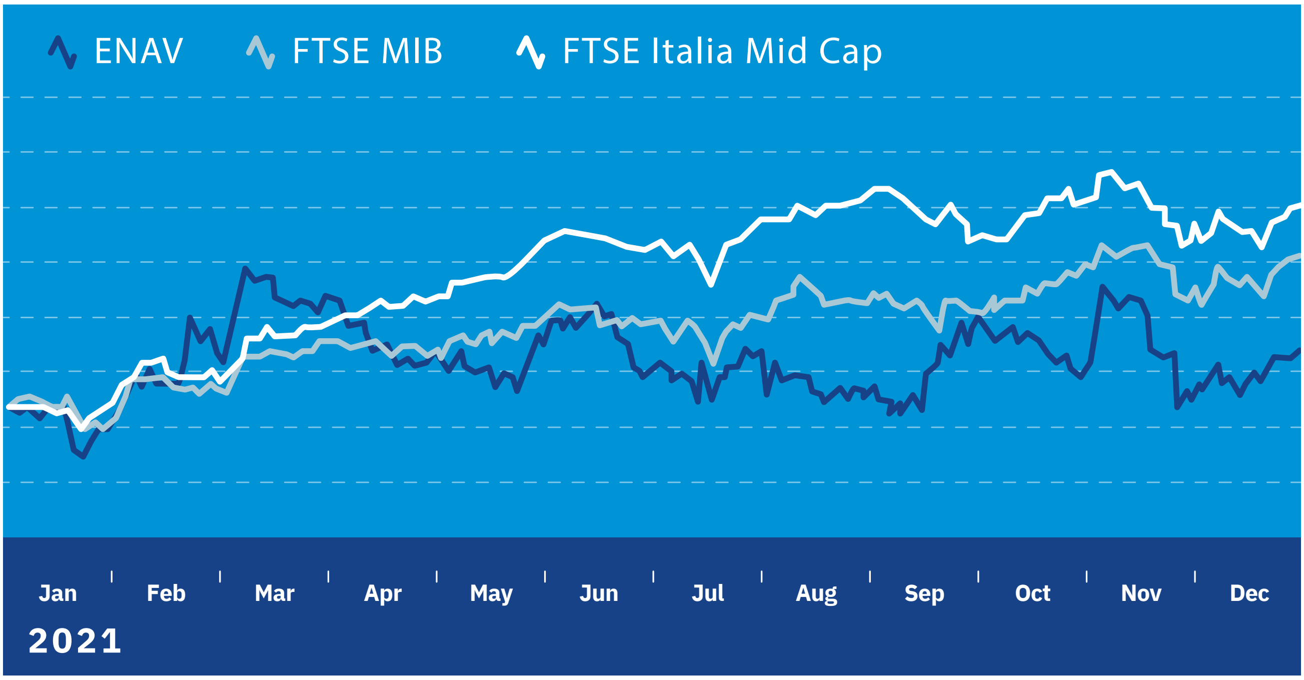
- **ENAV Asia Pacific Sdn Bhd**, a Malaysian company wholly owned by ENAV, which is involved in business development and the delivery of services on the non-regulated market, with particular regard to the areas of strategic interest in Southeast Asia.
- **ENAV North Atlantic LLC**, which currently holds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

ENAV stock performance and shareholders

ENAV, which has been listed on the Mercato Telematico Azionario (now EXM – Euronext Milan) operated by Borsa Italiana S.p.A. since 26 July 2016 is currently the only air navigation service provider (ANSP) listed on an equity market.
Since the date of its listing, the ENAV stock price has risen by 19.1%, with a market capitalisation 31 December 2021 of about €2.13 billion.
During 2021, the stock registered gains from its opening price of €3.598 at the start of the year, closing the year at €3.930 (an increase of 9.2%). The daily average volume of trading in the year was around 824 thousand shares, in line with the previous year. Over the same period, the FTSE MIB index, which includes the top 40 Italian stocks, posted a gain of 23%, while the FTSE Mid Cap index, to which ENAV belongs, recorded an increase of 30.8%.
The divergence in the performance recorded by ENAV shares from that of the indices reflects the adverse impact of the continuing travel restrictions imposed in 2021 in response to the COVID-19 pandemic on the transport sector in general, and the air sector in particular. Another factor was the European Commission's modification of the charging scheme governing rates for 2020-2021.
The stock posted a high on 11 March, with a price per share of €4.374, while the low came on 25 January, with a price per share of €3.362.
In the first three months of 2022, the ENAV stock gained ground, reaching €4.20 per share on 31 March 2022.

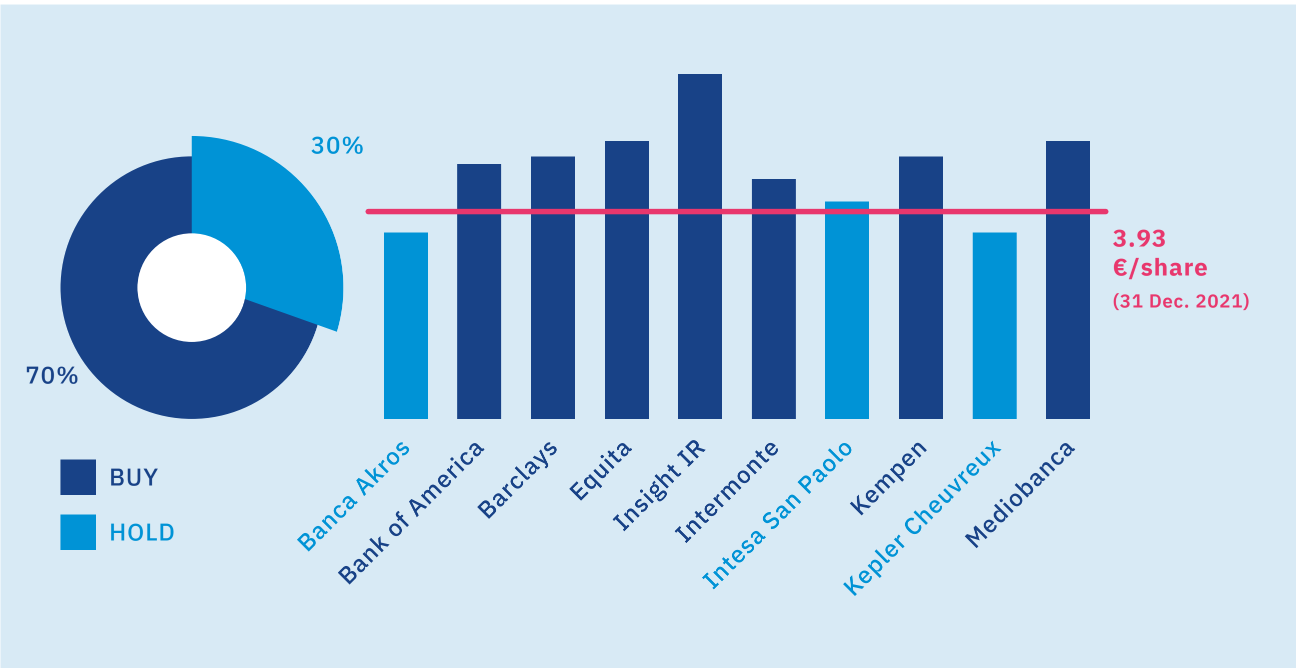
ENAV STOCK PERFORMANCE
(€/share)

PERFORMANCE OF ENAV STOCK, FTSE MIB e FTSE Italia Mid Cap
(Base 100)



As at 31 December 2021, 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 2021, seven had a "BUY" rating on the ENAV stock, while three had a "HOLD" rating.

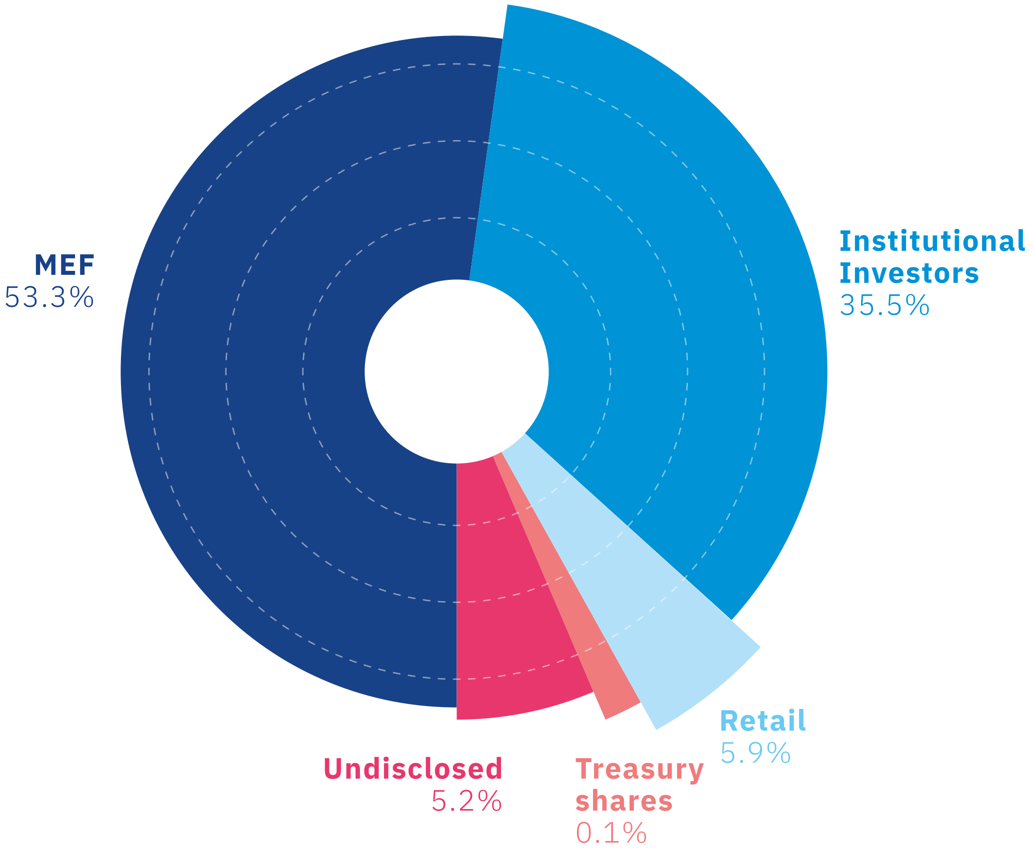
ANALYSTS COVERAGE



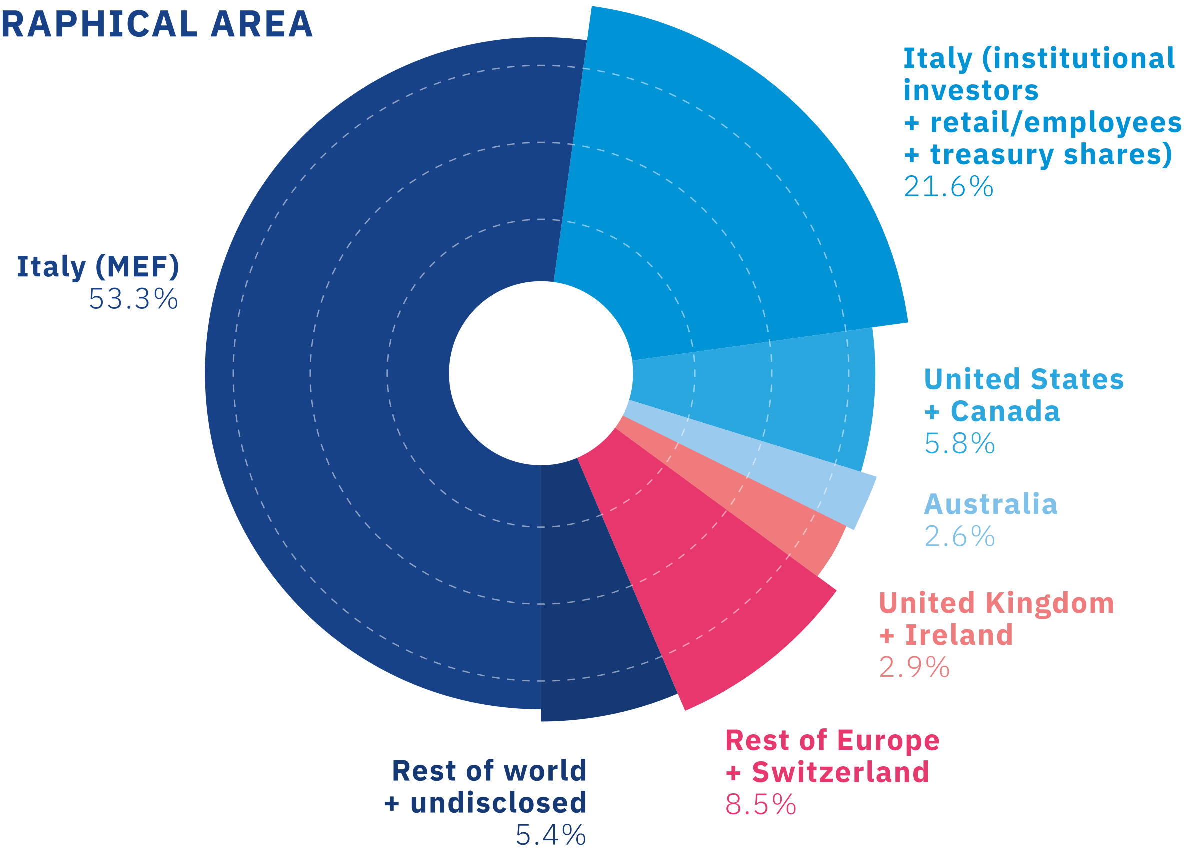
SHAREHOLDERS

At the end of 2021, ENAV's share capital amounted to €541,744,385, unchanged on 2020. The Parent Company holds treasury shares which were purchased in 2018, while no purchase transactions were carried out during 2021. At December 31, 2021, ENAV held 518,823 treasury shares, corresponding to 0.10% of share capital, acquired at an average net per-share price of €4.14.
Based on the analyses carried out in March 2022, 53.28% of ENAV's shares are held by the Ministry for the Economy and Finance, 0.10% by ENAV as treasury shares and 46.62% 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

Although still affected by the persistence of the COVID-19 pandemic, 2021 progressively began to display the first signs of recovery. This rebound was also evident in the main macroeconomic indicators, which improved compared with 2020. According to ISTAT, in 2021 the Italian economy posted a significant recovery in economic activity. GDP growth of 6.6% was primarily driven by domestic demand, while on the supply side value added increased in manufacturing, construction and many segments of the services sector. Inflation, after a year of essentially no change (2020 closed at -0.1%), began to rise again, reaching 1.9% (source: Eurostat).
In the air transport sector, although performance has not yet returned to pre-pandemic levels, 2021 saw a substantial improvement compared with the previous year.
As regards traffic volumes, en-route service units increased by 44.9% in 2021 compared with 2020, corresponding to about 58% of the volume recorded in 2019, the pre-pandemic reference year. The recovery registered in Italy in 2021 was above the average for the Eurocontrol member states.
The year 2021 saw the consolidation of the EU regulatory framework. After the enactment in 2020 of Implementing Regulation (EU) 2020/1627, containing a series of extraordinary measures for the 2020-2024 reference period (RP3), June 2021 saw the issue of Implementing Decision (EU) 2021/891, with which the European Commission ratified the economic and operational performance targets for RP3.
Following the issue of this regulatory instrument, the Company collaborated with the national regulatory authority (ENAC) during the year on the preparation of the national Performance Plan, which incorporated the Commission targets and Eurocontrol's new STATFOR forecasts issued on 15 October. The process of evaluating the plans was completed on 13 April 2022 with the issue of communication no. C(2022) 2294 final, with which the European Commission informed the Italian government that the performance targets contained in the Performance Plan presented in November 2021 were consistent with the targets set at the EU level for the third reference period in Implementing Decision (EU) 2021/891.
The recovery in global economic activity in 2021 also contributed to the resumption of the Group's work on orders in the non-regulated business, with a significant increase in revenue compared with the previous year. During 2021, the Group expanded its work on activities with the Libyan Civil Aviation Authority, aeronautical studies with Middle Eastern and North American customers, the sale of licenses to European and South American customers and the sale of software maintenance services and sale Aeronautical Information Management (AIM) hardware for customers in Europe and Africa.
On the cost front, after the significant contraction in expenditure recorded in 2020, the result of the extraordinary actions implemented the previous year – notably the mass use of holiday entitlement but also the effects of the lock-down and the restrictions imposed to contain the pandemic, 2021 saw an increase in operating costs as a result of the resumption of the Group's technical and operational activities and the implementation of an early retirement scheme by the Parent Company, which will involve the departure of a number of executives as from 2022.
Overall, the financial indicators of the ENAV Group have improved compared with the previous year, in line with the budget forecasts made. In short, the good recovery in traffic, especially in the summer, the expansion of activities on the non-regulated market, together with the effects of the application

of the performance scheme (including the balance), made it possible to neutralise the impact of the pandemic on operations and to achieve a result full aligned with expectations.
With regard to the financial situation of the Group, net financial debt at 31 December 2021 amounted to €483.5 million, an increase of €245.9 million compared with 31 December 2020. The change reflected the dynamics of receipts and payments connected with the ordinary operations of the Parent Company, which produced a negative cash flow due to the reduction of receipts from core business activities and did not fully cover ordinary expenses. Note that most of the balance generated during the year, while representing revenue for the Parent Company, does not produce an immediate cash flow as it will only be collected over 5 years starting from 2023.
Finally, the Group has undrawn committed and uncommitted short-term credit lines at 31 December 2021 of €294 million.

MARKET AND AIR TRAFFIC DEVELOPMENTS

During 2021, air traffic control activity saw a gradual recovery in the volumes of traffic handled - especially in the second half of the year - from the lows recorded in 2020, when traffic felt the full brunt of the restrictions imposed on free movement between countries in response to the COVID-19 pandemic. Although increases were recorded during the summer season, 2021 was nevertheless remained affected by the persistence of the effects of the pandemic and the consequent travel restrictions, especially in the first part of the year. As a result of these variations, total en-route service units (*) for Italy in 2021 were lower than the levels registered in 2019 (-42.4% in SUs), the most recent “pre-pandemic” year. These conditions were experienced by all the major European countries, however. By comparison with 2020, en-route service units posted an overall increase of 44.9%, with the first half showing a decrease of 16.6% and the second half a gain of 100%.
In Europe, the number of service units for the countries belonging to Eurocontrol rose by an average of 26.9%, as Italy posted the fastest growth among the countries in the continental Europe comparator group, with Spain posting a gain of 43.9%, France a gain of 30.8%, Germany a rise of 12.9% and Great Britain one of 8.5%.
Terminal service units registered in Italy also posted an increase of 36.2% compared with the previous year, lower than the rise recorded by en-route service units as this aggregate partly reflected the performance of the Rome Fiumicino airport, which was affected by the crisis at Italy’s national airline.

TOTAL EN-ROUTE TRAFFIC service units (**)			**CHANGE**	
	2021	**2020**	**no.**	**%**
France	11,180,520	8,547,246	2,633,274	30.8%
Germany	7,776,983	6,886,812	890,171	12.9%
Great Britain	5,531,451	5,099,179	432,272	8.5%
Spain	6,382,913	4,436,942	1,945,971	43.9%
Italy (***)	5,782,897	3,989,844	1,793,053	44.9%
EUROCONTROL	**82,500,404**	**65,015,052**	**17,485,352**	**26.9%**

(*) 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 2021 registered an increase of 44.9% 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 40.8% in the number of flights handled (+40.2% including the residual category *Exempt not reported to Eurocontrol)*.

The gain in service units in 2021 compared with the previous year reflected the progressive improvement in air traffic experienced during the year, especially in the second half. Performance in the first half had in fact deteriorated 16.6% in terms of service units compared with the corresponding period of 2020. This still represented a recovery on the first quarter of 2021, which had closed with a decrease of 65.1% compared with the first quarter of 2020, which had benefited from the positive trend in January and February, which had not yet been affected by the health emergency. By contrast, the third and fourth quarters of 2021 recorded significant increases in air traffic handled, posting gains of 83.1% and 127.4%, respectively, in terms of service units.

The gradual improvement in air traffic handled during 2021 is also confirmed in a comparison with the figures for 2019, which were not impacted by the pandemic. The number of service units declined by 42.4% (-60.3% in 2020 on 2019), with a drop of 65.3% in the first half (-58.4% in 2020 on 2019) and a gradual recovery in the third and fourth quarters of the year, with decreases of 28.8% and 15.7%, respectively, in terms of service units. These figures point to a reversal of the downward trend, reflecting the impact of vaccination on a global scale and the reduction of the restrictions on mobility imposed around the world.

EN-ROUTE TRAFFIC (number of flights)			**CHANGE**	
	2021	**2020**	**no.**	**%**
Domestic	215,179	154,970	60,209	38.9%
International	468,447	347,424	121,023	34.8%
Overflight	421,660	272,719	148,941	54.6%
Paying total	**1,105,286**	**775,113**	**330,173**	**42.6%**
Military	36,302	32,822	3,480	10.6%
Other exempt	19,328	16,738	2,590	15.5%
Total exempt	**55,630**	**49,560**	**6,070**	**12.2%**
Total reported by Eurocontrol	**1,160,916**	**824,673**	**336,243**	**40.8%**
Exempt not reported to Eurocontrol	19,610	17,654	1,956	11.1%
Total	**1,180,526**	**842,327**	**338,199**	**40.2%**

EN-ROUTE TRAFFIC (service units)			CHANGE	
	2021	**2020**	**no.**	**%**
Domestic	1,373,896	908,068	465,828	51.3%
International	1,826,296	1,336,127	490,169	36.7%
Overflight	2,447,068	1,618,124	828,944	51.2%
Paying total	**5,647,260**	**3,862,319**	**1,784,941**	**46.2%**
Military	122,561	114,869	7,692	6.7%
Other exempt	13,076	12,656	420	3.3%
Total exempt	**135,637**	**127,525**	**8,112**	**6.4%**
Total reported by Eurocontrol	**5,782,897**	**3,989,844**	**1,793,053**	**44.9%**
Exempt not reported to Eurocontrol	2,672	2,208	464	21.0%
Total	**5,785,569**	**3,992,052**	**1,793,517**	**44.9%**

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

- *international commercial traffic*, the category of flights departing or arriving at an airport in Italy, which in 2021 recorded an increase both in terms of service units (+36.7%) and the number of assisted flights (+34.8%), reversing the decline posted in the first half (-38% in SUs) thanks to the strong performance recorded in the second half of the year (+109.8%). Comparing the figures with 2019, on the other hand, shows a decrease of 55.2% in service units (-67.2% in 2020 on 2019) emerges, confirming this category's status as the most severely affected by the pandemic.
  With regard to international traffic by flight distance (short, medium and long-distance flights in national airspace), in 2021 longer-distance flights (>700 km) achieved the largest recovery in service units (+52%) compared with 2020.
  With regard to international traffic by continent, 2021 saw an increase of 41% in service units on connections between Italy and the rest of Europe, representing approximately 83% of total service units from international traffic. Connections between Italy and the American continent, representing about 3% of total international service units, experienced a 22% increase in service, outpacing connections between Italy and Asia (+15% in SUs) and between Italy and Africa (+16% in SUs), representing respectively 9% and 5% of the total of international service units. Traffic on these routes remains below the corresponding figures for 2019;
- *commercial overflight traffic*, a category that includes flights that only cross through domestic airspace, posted an increase in both the service units (+51.2%) and the number of assisted flights (+54.6%) in 2021, with a very strong second half of the year (+117.6% in SUs), which enabled a recovery from the negative traffic figures registered in the first half of 2021 (-15.4% in SUs). This category of traffic also registered lower traffic volumes in terms of service units compared with 2019, with a reduction of 39.7%. This was smaller than that for international traffic, but volumes have still not returned to normal levels. The figures for the second half of 2021 alone show relative strong performance compared with 2019, with a reduction of just 23.6% in terms of service units.

With regard to flights by distance, all routes recorded increases in the volume of traffic measured in terms of service units in 2021. As regards the main traffic routes, all connections involving Europe posted gains compared with 2020, notably intra-European flights, which registered an increase of 64% in terms of service units, representing 51% of total overflight services units. Europe-Africa flights closed the year with a gain of 30% in service units, while traffic on Europe-American continent routes jumped by 203% in terms of service units. These two categories respectively represent about 21% and 6% of total overflight service units. All the other routes involving the American continent are showed gains, in particular connections with Asia (+100%) and Africa (+116%), with improvements also coming in the comparison with 2019;

- *domestic commercial traffic* recorded an increase both in terms of service units (+51.3%) and the number of flights handled (+38.9%) in 2021, with an increase also coming in the average distance travelled (+5%). This category of traffic, which had experienced an attenuation of the impact of the health emergency in advance of the others with a gain of 15.1% in service units already in the first half of the year, confirmed this trend in the second half of the year as well, with an increase of 74.5% in service units compared with the second half of 2020. Comparing these values with the 2019 figures shows a limited reduction of 22.4% in service units for the full year and a gain of 4.7% in the second half alone.
  With regard to flights by distance, in the first half of 2021 longer distance flights (>700 km), which connect the northern and southern parts of the country and represent about 53% of total domestic service units, posted an increase of 64% in terms of service units, a large rise than that posted by medium-distance flights (+39%), which mainly connect the airports of Rome and Naples with the rest of the country. Compared with 2019, longer-distance routes posted a small reduction (-11% in SUs);
- *exempt traffic* is divided into: i) *exempt traffic reported by Eurocontrol*, which posted an increase of 6.4% in terms of service units and 12.2% in the number of flights handled. The developments in this category mainly reflected an increase in military flights (+6.7% in SUs), especially in the EU countries (+13% in SUs), which represent about 90% of exempt traffic; and ii) *exempt traffic not reported to Eurocontrol*, which accounts for only a residual proportion of revenues and registered an increase in service units (21%) and in the number of assisted flights (+11.1%). Exempt traffic accounted for just 2.4% of total service units in 2021.

With regard to carriers, in 2021 the flight volumes of the low-cost segment were again the most responsive to the revival in demand, contributing to the general recovery of flight activity. This segment includes Ryanair (+64.7% in SUs), again the leading air carrier in Italy, followed by Easyjet (+39% in SUs) and Wizz Air (+145.1% in SUs), with the latter also posting a gain in services compared with 2019 as well (+48.7%). Other airlines, such as Volotea, Aegean and Vueling, all recorded higher traffic volumes, with an increase of 50% in services unites compared with 2020. Among the traditional carriers, gains were registered by the Middle Eastern airlines, such as Turkish Airlines (+50.4% in SUs), Qatar Airways (+49.1% in SUs) and Emirates (+34% in SUs). Among the European airlines, Air France (+52.2 %% in SUs) and Lufthansa (+69.5% in SUs) recorded a recovery in flight activity, although volumes were still below those posted in 2019.

Terminal traffic

Terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, registered gains in 2021 both in terms of service units (+36.3%) and number of flights assisted (+35.1%). Compared with 2019, the volume of assisted air traffic was 45.8% lower in terms of service units (-60.2% in 2020 on 2019).

TERMINAL TRAFFIC (number of flights)			CHANGE	
	2021	2020	no.	%
Domestic				
Chg. Zone 1	22,681	21,367	1,314	6.1%
Chg. Zone 2	48,243	32,946	15,297	46.4%
Chg. Zone 3	134,911	92,854	42,057	45.3%
Total domestic flights	**205,835**	**147,167**	**58,668**	**39.9%**
International				
Chg. Zone 1	34,165	30,117	4,048	13.4%
Chg. Zone 2	89,130	69,280	19,850	28.7%
Chg. Zone 3	108,332	72,281	36,051	49.9%
Total international flights	**231,627**	**171,678**	**59,949**	**34.9%**
Paying total	**437,462**	**318,845**	**118,617**	**37.2%**
Exempt				
Chg. Zone 1	129	240	(111)	-46.3%
Chg. Zone 2	1,129	1,421	(292)	-20.5%
Chg. Zone 3	20,453	19,259	1,194	6.2%
Total exempt flights	**21,711**	**20,920**	**791**	**3.8%**
Total reported by Eurocontrol	**459,173**	**339,765**	**119,408**	**35.1%**
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	331	338	(7)	-2.1%
Chg. Zone 3	11,095	10,512	583	5.5%
Total exempt flights not reported to Eurocontrol	**11,426**	**10,850**	**576**	**5.3%**
Total by Charging Zone				
Chg. Zone 1	56,975	51,724	5,251	10.2%
Chg. Zone 2	138,833	103,985	34,848	33.5%
Chg. Zone 3	274,791	194,906	79,885	41.0%
Total	**470,599**	**350,615**	**119,984**	**34.2%**

TERMINAL TRAFFIC (service units)			CHANGE	
	2021	2020	no.	%
Domestic				
Chg. Zone 1	29,013	27,347	1,666	6.1%
Chg. Zone 2	59,883	39,743	20,140	50.7%
Chg. Zone 3	156,628	102,698	53,930	52.5%
Total domestic SUs	**245,524**	**169,788**	**75,736**	**44.6%**
International				
Chg. Zone 1	50,023	45,707	4,316	9.4%
Chg. Zone 2	130,965	102,314	28,651	28.0%
Chg. Zone 3	116,031	77,644	38,387	49.4%
Total international SUs	**297,019**	**225,665**	**71,354**	**31.6%**
Paying total	**542,543**	**395,453**	**147,090**	**37.2%**
Exempt				
Chg. Zone 1	301	330	(29)	-8.8%
Chg. Zone 2	571	1,084	(513)	-47.3%
Chg. Zone 3	7,507	7,445	62	0.8%
Total exempt SUs	**8,379**	**8,859**	**(480)**	**-5.4%**
Total reported by Eurocontrol	**550,922**	**404,312**	**146,610**	**36.3%**
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	27	28	(1)	-3.6%
Chg. Zone 3	781	754	27	3.6%
Total exempt SUs not reported to Eurocontrol	**808**	**782**	**26**	**3.3%**
Total by Charging Zone				
Chg. Zone 1	79,337	73,384	5,953	8.1%
Chg. Zone 2	191,446	143,169	48,277	33.7%
Chg. Zone 3	280,947	188,541	92,406	49.0%
Total	**551,730**	**405,094**	**146,636**	**36.2%**

Overall, performance in 2021 show an increase in service units compared with the previous year, especially in the second and third charging zones. More specifically:

- in 2021, traffic in *Charging Zone 1*, represented by Rome Fiumicino airport, experienced an increase of 8.1% in terms of service units and 10.2% in flights handled, reflecting the strong performance registered in the last quarter of the year, when service units increased by 120%, reversing the contraction of 14.8% in service units registered in the first nine months of 2021. International traffic posted a gain of 9.4% in service units, despite the fact that non-EU traffic registered a contraction on 4% in service units and domestic traffic stood expanded by 6.1%. Compared with 2019, the volume of air traffic handled was down 66% in terms of service units (-68.6% in 2020 on 2019) due to the slowdown in the recovery of international traffic. This also reflected the halt of operations by Alitalia, which when Rome Fiumicino was operating at normal levels accounted for about 40% of total service units at the airport, a factor only partially offset by the operations of the new company, ITA Airways. Strong performance was registered by the low-cost airlines, including Ryanair (+91.9% in SUs), Vueling (+35.6% in SUs) and Wizz Air (+199% in SUs);

- *Charging Zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, in 2021 recorded an increase in both service units (+33.7%) and assisted flights (+33.5%), with gains in domestic (+50.7% in SUs) and international traffic (+28% in SUs). The fourth quarter of 2021 alone recorded an increase of 120% in terms of service units compared with the corresponding period of 2020. By comparison with 2019, service units contracted by 44.4% (-58.5% in 2020 on 2019), a partial recovery compared with 2020. The best performance among the airports belonging to this charging zone was recorded at the airports of Milan Linate (+68.4% in SUs), Bergamo Orio al Serio (+36.2% in SUs) and Milan Malpensa (+30.2% in the SUs), while Venice Tessera recorded a smaller gain (+12% in SUs);
- *Charging Zone 3*, which includes all other Italian airports, registered gains both in terms of service units (+49%) and the number of flights handled (+41%). The gain reflected the increase in both domestic traffic, which posted an increase of 52.5% in terms of service units, and international traffic (+49.4% in SUs). The fourth quarter of 2021 alone recorded an increase of 125% in terms of service units compared with the corresponding period of 2020, while 2021 as a whole posted a decrease of 36.2% in service units compared with 2019, although this still represents an improvement compared with 2020 (-57.2% in service units in 2020 on 2019). With regard to developments at the individual airports, flight activities at all the airports in this charging zone recovered, notably the airports in the South and the islands, such as Catania (+51.3% in SUs), Palermo (+53.1% in SUs), Bari (+69% in SUs), Olbia (+87.5% in SUs) and Cagliari (+31.7% in SUs). The airports of Naples and Bologna, which handle a large volume of international traffic, posted gains of +50.6% and +41.9%, respectively, in terms of service units.

SAFETY AND CAPACITY INDICATORS

Safety

The European Commission has included safety among the key performance areas, defining specific objectives to be achieved in the various reference periods of the Performance Plan. These key performance indicators for safety are monitored on an annual basis both internally by the Safety unit and externally by ENAC, acting as the National Supervisory Authority, and by the European Commission which, through the Performance Review Body (PRB), conducts an overall assessment of the Performance Plan and, therefore, safety performance.
For the third Performance Plan for the 2020-2024 period, Regulation (EU) 2019/317 specified only one Safety Key Performance Indicator (S-KPI) concerning the level of effectiveness of the safety management system (Effectiveness of Safety Management - EoSM). Five Safety Performance Indicators (SPI) have also been defined for which no targets have been established but will be monitored in

order to track progress over the years covered by the plan. Runway Incursions (RI) and the Separation Minima Infringements (SMI) attributable to air traffic management (ATM) and the use of systems for the automatic detection of safety events (SMI and RI) are also monitored.
At present, the safety monitoring and assessment process has been completed for performance in 2020, with the publication in October 2021 of the PRB Monitoring Report 2020. As regards safety performance in 2021, data collection is under way at the level of the individual member states and the publication of the PRB report is expected in the autumn of 2022.
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 (compared with the second Performance Plan, the E grade has been eliminated), defines the level of implementation, maturity and effectiveness of the safety management system. As regards the third performance period, annual objectives have not been set, with only a single target to be achieved by all member states by 2024. This target envisages reaching level D for the Safety Risk Management Objective and level C for all other Management Objectives.
The performance achieved by the Parent Company in 2020 for this specific objective, as summarised in the following table, exceeded the targets set for the end of the third reference period.

MANAGEMENT OBJECTIVES

	2020 Results	Target 2024	2019 Results
Safety Culture	C	C	C
Safety Policy and Objectives	C	C	D
Safety Risk Management	D	D	D
Safety Assurance	D	C	D
Safety Promotion	C	C	D

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 Eurocontrol's Automatic Safety Monitoring Tool (ASMT), whose ability to identify SMI in the area of responsibility of the Rome Area Control Centre is currently being evaluated. This system will subsequently be employed to analyse operational performance.

Capacity

In providing its maximum contribution to the safety of operating activities, the Parent Company considers the quality of the services it provides, of which on-time flight performance is an important part, to be a primary objective.
In reflection of the spread of the COVID-19 pandemic and the consequent adverse effects this has had on air traffic, between the end of February 2020 and June 2021, ENAV experienced a significant reduction in the number of flights assisted, going from 1.83 million IFR (Instrument Flight Rules) flights handled in 2019 to about 724 thousand flights in 2020, a reduction of 60.5%, and about 1 million flights in 2021, a contraction of about 44% on 2019. As regards on-time performance, in 2021 en-route flight generated 56,064 minutes of delay attributable to Air Traffic Flow Management (ATFM), compared with 5,147 minutes of ATFM delay in 2020 and 38,383 minutes in 2019. As a

result, the key performance indicator of for average en-route delay per assisted flight was 0.05 minutes/flight (0.007 minutes/flight in 2020 and 0.021 minutes in 2019). This is 0.02 minutes/flight lower than the target set by the European Commission for 2021 (0.07 minutes/flight). Although not relevant for the purposes of achieving the performance target, a breakdown of the indicator for delays attributable solely to ENAV-related ATM issues gives an average delay of 0.02 minutes/flight. The strong qualitative performance of the Parent Company in 2021 was not automatic. In fact, not all of the leading European ANSPs achieved the goal. ENAV's performance a profoundly anomalous operating environment nevertheless ensured maximum flexibility in 2021 for airlines that fly in Italian airspace. Based on data drawn from sector studies, which puts the average cost to carriers at €104 for each minute of ATFM delay, the improvement in punctuality enabled by ENAV compared with the target translates into significant savings for carriers, as well as a significant reduction in atmospheric CO_2 emissions. The following table shows a comparison between the targets indicated in the Performance Plan and results achieved in 2021.

EN-ROUTE CAPACITY - TARGETS VS ACTUAL PERFORMANCE 2021

	IFR/GAT Flights	En-Route Service Unit
	1,020,818	5,782,897
	Performance Plan target	*Actual performance*
En-route ATFM Delay per Flight	0.07	0.05
En-route ATFM Minutes of Delay (Min)	71,457	54,064

Even with regard to delays incurred by arriving flights (so-called airport capacity), measured at the five airports covered by the Performance Plan (Rome Fiumicino, Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio), Italy diverged from the previous Performance Plan in not defining and monitoring the additional "due to ATM" (i.e. attributable to ENAV) indicator in the new plan, seeking to comply solely with the mandatory key performance indicator "Terminal arrival ATFM delay", which includes all reasons for airport ATFM delay, including those not dependent on ATM services. For this latter key indicator, the target proposed in the Performance Plan was 0.41 minutes/flight, while the value achieved at the end of 2021 was 0.033 minutes/flight, i.e. less than one tenth the target level.
Although not relevant for the purposes of the Performance Plan, a breakdown of the indicator for ATM delays attributable to ENAV only was 0.004 minutes per assisted flight.

TERMINAL CAPACITY - TARGETS VS ACTUAL PERFORMANCE 2021

	Performance plan target	Actual performance
Terminal Arrival ATFM	no more than 0.41 (minutes per assisted flight)	0.033

Performance and financial position of the ENAV Group

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

In order to illustrate the performance and financial position of the ENAV Group and of the Parent Company, separate reclassified schedules have been prepared that differ from the schedules envisaged under international accounting standards and adopted by the Group and the Parent Company 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, Tax, Depreciation and Amortisation):** an indicator of profit before the effects of financial operations and taxation, as well as depreciation, amortisation and writedowns of property, plant and equipment and intangible assets and receivables and provisions, as reported in the financial statements and adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Taxes)**: EBITDA less depreciation and amortisation adjusted for investment grants and writedowns of property, plant and equipment and intangible fixed assets and receivables and provisions;
- **EBIT margin:** EBIT expressed as a percentage of total revenues less investment grants as specified above;
- **Net non-current assets:** a financial measure represented by the fixed capital employed in operations. It includes property, plant and equipment, intangible assets, investments in other entities, non-current trade receivables, and other non-current assets and liabilities;
- **Net working capital:** capital employed in operations comprising inventory, trade receivables and other non-financial current assets, net of trade payables and other current liabilities excluding those of a financial nature, plus assets held for disposal net of related liabilities;
- **Gross capital employed:** the sum of net non-current assets and net working capital;
- **Net capital employed:** the sum of gross capital employed, less employee benefit provisions, the provision for risks and charges and deferred tax assets/liabilities;
- **Net financial debt:** the sum of the current and non-current financial liabilities, current and non-current financial receivables, non-current trade payables and cash and cash equivalents. The Group's net financial debt is determined in compliance with Guideline 39 issued by ESMA, in effect since 5 May 2021, 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

In early 2021, the Sicta Consortium in liquidation was removed from the consolidation scope following the resolution of the Shareholders' Meeting held on 25 February 2021 approving the definitive closure of the consortium following the completion of liquidation activities and approval of the allotment plan. Also exiting the consolidation scope was ENAV España Control Aereo SLU, which was definitively liquidated on 1 March 2021.

COVID-19 UPDATE

In compliance with the recommendations issued by ESMA in October 2021, which confirm the 2020 recommendations referred to by CONSOB regarding the impact of the COVID-19 pandemic, this section reports the effects of the pandemic on the Group, with comparative figures for the previous year. In 2021, thanks to the gains in the global vaccination campaign and the consequent gradual easing of travel restrictions, the second half of 2021 saw the beginning of a recovery in operations in the air transport sector, which from March 2020 had been severely impacted by the COVID-19 pandemic. Compared with the previous year, revenues from operating activities increased by 43.2%, while in 2020 revenues had plunged by 63% compared with pre-pandemic 2019. While still lower than those recorded in 2019, revenues from operating activities in 2021 nonetheless show an improvement in their performance compared with 2019, with a decrease of 47%. The resumption of national and international travel also had a positive effect on non-regulated orders, which posted an increase of 22.3% in terms of revenues compared with 2020, while the reduction in turnover was partially offset by the recognition of balance revenues, which were determined in compliance with Regulation (EU) 2020/1627 and Commission Decision 2021/891, taking account of the Performance Plan presented in November 2021. The balance, while permitting the recovery of lost revenue and improving profit or loss, will only have a deferred impact on cash flow as they will be recovered by ENAV in unit rates over five years starting from 2023. The Parent Company acquired new lines of credit in 2021 to support its cash needs, bearing in mind the strong capitalisation of the Group, which has a ratio of net financial debt to consolidated shareholders' equity of 40%.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The overall performance of the ENAV Group in 2021 reflects a recovery in the activities of the air transport sector, albeit at a lower level than in 2019, the period immediately preceding the global health emergency. Air traffic volumes measured in terms of service units increased by 44.9% for en-route traffic and 36.2% for terminal traffic compared with 2020. Compared with 2019, volumes in terms of service units decreased by 60.3% for en-route traffic and 60.2% for terminal traffic. Revenues from operations amounted to €504.3 million, an increase of 43.2% compared with 2020 but still down 47% compared with 2019 (-63% in 2020 on 2019), while revenues from activities on the non-regulated market increased by 22.3% compared with 2020.
The recognition of the balance in compliance with the Regulation (EU) 2020/1627 of 3 November 2020, Decision 2021/891 of 2 June 2021 issued by the European Commission and the 2020-2024 Performance Plan presented in November 2021 made it possible partially mitigate the impact of the

loss of traffic, with the recognition of €294.4 million. This figure, together with the balance recognised in 2020, represents the loss of traffic recorded in the 2020-2021 period, which has been regulated by the European Commission as a single period.

Operating costs increased by 9.6% compared with the previous year. They include both the costs associated with the resumption of air traffic activities and the development of sales orders on the non-regulated market, as well as the effect of the adoption of the *Isopensione* early retirement programme for a number of Parent Company executives pursuant to Article 4 of Law 92/2012. EBIDTA amounted to €222.4 million, an increase of 5.5% compared with 2020, while EBIT totalled €98.3 million, an increase of 38.2% that reflected a reduction in depreciation, amortisation and impairment losses compared with the previous year. Consolidated profit for the year came to €78 million, an increase of 44.6% compared with 2020, and incorporates the net financial income generated by financial operations.

			CHANGE	
	2021	**2020**	**Amount**	**%**
Revenues from operations	504,307	352,216	152,091	43.2%
Balance	294,398	383,378	(88,980)	-23.2%
Other operating income	37,874	35,701	2,173	6.1%
Total revenues	**836,579**	**771,295**	**65,284**	**8.5%**
Personnel costs	(499,241)	(460,957)	(38,284)	8.3%
Capitalised costs	27,442	27,727	(285)	-1.0%
Other operating expenses	(142,404)	(127,280)	(15,124)	11.9%
Total operating costs	**(614,203)**	**(560,510)**	**(53,693)**	**9.6%**
EBITDA	**222,376**	**210,785**	**11,591**	**5.5%**
EBITDA margin	**26.6%**	**27.3%**	**-0.7%**	
Net amortisation of investment grants	(120,724)	(128,501)	7,777	-6.1%
Writedowns, impairment (reversal of impairment) and provisions	(3,366)	(11,160)	7,794	-69.8%
EBIT	**98,286**	**71,124**	**27,162**	**38.2%**
EBIT margin	**11.7%**	**9.2%**	**2.5%**	
Financial income/(expense)	4,500	(6,125)	10,625	n.a.
Income before taxes	**102,786**	**64,999**	**37,787**	**58.1%**
Income taxes	(24,755)	(11,027)	(13,728)	n.a.
Profit (loss) for the year	**78,031**	**53,972**	**24,059**	**44.6%**
Net profit/(loss) attributable to shareholders of the Parent	**78,372**	**54,283**	**24,089**	**44.4%**
Net profit/(loss) attributable to non-controlling interests	**(341)**	**(311)**	**(30)**	**9.6%**

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €504.3 million, an increase of 43.2% compared with the previous year, of which revenues from the Parent Company's core business in the amount of €471.3 million (+44.9% on 2020) and revenues from the Group's operations on the non-regulated market of €33 million, an increase of 22.3% compared with 2020. The increase in revenues is closely connected with the resumption of activities in the air transport sector thanks to the spread of vaccination coverage, which has enabled people to move more freely and consequently allowed the resumption of flights, although activity has not yet returned to the levels seen prior to the health emergency.
Revenues from the core business include commercial en-route revenues of €324 million, an increase of 39% compared with the previous year, reflecting the increase of 46.2% in service units generated in 2021 (-61% in 2020 on 2019), with gains in the volume of air traffic handled starting from April. The unit rate applied in 2021 decreased by 5.06% (€62.68 in 2021 compared with €66.02 in 2020), while the reduction amounted to 0.89% considering charges net of the balance.
Commercial terminal revenues amounted to €136.3 million, an increase of 66.5% compared with 2020, reflecting the overall increase of 37.2% in service units generated by the individual airports in the different charging zones (-60.8% in 2020 on 2019), partially offset by the reduction in unit rates applied in the first two charging zones.
In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 8.1% (-68.7% in 2020 on 2019), with the solid performance of air traffic within the European Union. The unit rate applied in 2021 was €164.55, a reduction of 1.66% compared with the 2020 rate of €167.33. *Charging Zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio registered an increase in assisted air traffic, expressed in service units, of 33.7% (-58.7% in 2020 on 2019) with a particularly strong performance being registered by domestic air traffic. The rate applied in 2021 was €160.86, a reduction of 4% compared with the 2020 rate of €167.56. *Charging Zone 3*, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 49% compared with 2020 (-58.2% in 2020 on 2019), with both domestic and international air traffic posting gains. The rate applied in 2021 was €395.35, an increase of 32.26% compared with 2020 (€298.93).
Revenues from the non-regulated market amounted to €33 million, an increase of 22.3% on the previous year. The rise reflecting progress achieved on the Group's sales orders, which benefitted from the reopening of connections in Europe and elsewhere. Revenues were generated by the sale of software licenses, the provision of services and maintenance associated with products sold to various customers around the world, aeronautical consulting services, and flight inspection and engineering services, including: a contract for the transition of the Colombian service provider from traditional Aeronautical Information Services (AIS) to the Aeronautical Information Management (AIM) system, activities in Zambia connected with the implementation of the Aeronautical Message Handling System (AMHS), progress on activities in Libya at the Tripoli and Misurata airports and the construction of the new control tower at Mitiga airport, aeronautical consulting for a new surveillance tool to be implemented at the Hamad international airport of Doha, Qatar, to support the Qatar Civil Aviation Authority.
The adjustment component for *balances*, an integral part of revenues from operations, made a positive contribution of €294.4 million, determined in compliance with Regulation (EU) 2020/1627 of 3 November 2020 and in accordance with the targets specified in Decision 2021/981 of the European Commission, published on 2 June 2021, which identified Determined Unit Cost (DUC) as the reference performance indicator. It is defined as the ratio between determined costs and traffic expressed in service units. This indicator for 2020-2021, considered as a single period, shall not exceed

+120.1% of the DUC baseline value in 2019. For the combined 2020-2021 period, the DUC came to 94.3%. In 2020, in the absence of Decision 2021/891 and thus the definition of the required targets, the balance was calculated on the basis of the DUC baseline value in 2019 reduced by an efficiency percentage for 2020-2021. The balance recognised included en-route revenues of €228.9 million and terminal revenues of €65.5 million and, in addition to the recognition in profit or loss (and thus incorporation in unit rates for 2021) of balances recognised in previous years in the positive amount of €37.7 million, take account of the interest component connected with timing of the recovery of the balance recognised in 2021, which for the portion regarding the loss of air traffic will take place as from 2023 over five years. This discounting effect had a negative impact of €9.2 million in 2021.

Analysis of costs

Operating costs amounted to €614.2 million, an increase of 9.6% on 2020, with an increase in both personnel costs (+8.3%) and other operating expenses (+11.9%), with capitalised costs virtually unchanged (-1%).

Personnel costs amounted to €499.2 million, with fixed remuneration in line with the previous year, reflecting a change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries. The average workforce contracted by 22 in 2021 compared with 2020, with a decrease of 41 in the effective workforce, closing the year with 4,106 Group employees (4,147 in 2020). The variable component of remuneration increased by 50.6% on 2020, mainly reflecting a cost of €1.4 million in respect of holiday entitlement accrued and not used, compared with a positive €10.1 million in 2020 as a result of the almost complete use of holiday entitlement for the year and previous periods. With the resumption of air transport activities, operating personnel (air traffic controllers) also returned to normal levels, affecting the variable components of remuneration for overtime in the summer season, holiday work and on-call availability, as well as the increase in the performance bonus determined on the basis of the increase in service units handled. Also contributing to the increase in personnel costs was the adoption of an early retirement scheme pursuant to Law 92/2012 for executives of the Parent Company, which was activated following an agreement signed with management's union on 7 December 2021, with the exit of 10 executives.

Other operating expenses recorded a net increase of 11.9% compared with 2020, with the rise affecting a range of cost items in response to the resumption of activities of the Parent Company and the subsidiaries, which is reflected in an increase in the purchase of goods connected with sales orders and the higher travel costs for all Group personnel. Electricity costs also rose throughout the country due to both an increase in the cost of power and the reopening of all airports, unlike 2020 when a number of Italian airports had been closed for several months. Finally, Eurocontrol fees also increased as they did not benefit from the cost containment measures adopted by the agency in 2020.

Margins

These developments produced **EBITDA** of €222.4 million, an increase of 5.5% on 2020.

Depreciation and amortisation, net of investment grants, decreased by 6.1%, reflecting a decline in depreciation and amortisation during the year, while writedowns and provisions contracted by 69.8%, reflecting both a decrease in writedowns of receivables compared with 2020, when a number of Italian and European airlines entered insolvency proceedings, and the absence of impairment losses on items of property, plant and equipment, essentially connected with the writedown of the residual value of illuminated visual aids returned to the State. These developments impacted **EBIT**, which came to €98.3 million, an increase of 38.2% on the previous year.

Financial income and expense show net income of €4.5 million, a sharp improvement on 2020, when the item registered net expense of €6.1 million. This reflected the financial income produced by the discounting of the balance generated the previous year and interest income collected on the IRES credit for excess corporate income tax paid in 2007/2011, which was assigned during 2021, offsetting the increase in interest expense on bank borrowings.
Income taxes for the year amounted to €24.8 million, an increase of €13.7 million compared with the previous year, reflecting greater taxable income and a decrease in deferred tax assets compared with 2020. The IRES tax rate was 24.5%, essentially in line with the theoretical rate of 24%.
Net profit for the year attributable to the shareholders of the Parent Company amounted to €78.4 million, an increase of 44.4% compared with 2020. The net loss attributable to non-controlling interests was €0.3 million, in line with the previous year.

RECLASSIFIED CONSOLIDATED FINANCIAL POSITION

	31.12.2021	31.12.2020	Change	
Property, plant and equipment	879,281	922,623	(43,342)	-4.7%
Right-of-use assets	5,434	6,910	(1,476)	-21.4%
Intangible assets	176,193	175,629	564	0.3%
Investments in other entities	47,253	50,122	(2,869)	-5.7%
Non-current trade receivables	687,253	385,971	301,282	78.1%
Other non-current assets and liabilities	(161,721)	(139,434)	(22,287)	16.0%
Net non-current assets	**1,633,693**	**1,401,821**	**231,872**	**16.5%**
Inventories	61,519	61,561	(42)	-0.1%
Trade receivables	177,161	136,582	40,579	29.7%
Trade payables	(116,425)	(149,812)	33,387	-22.3%
Other current assets and liabilities	(74,585)	(88,119)	13,534	-15.4%
Assets held for sale net of related liabilities	0	1,427	(1,427)	-100.0%
Net working capital	**47,670**	**(38,361)**	**86,031**	**n.a.**
Gross capital employed	**1,681,363**	**1,363,460**	**317,903**	**23.3%**
Employee benefit provisions	(47,896)	(49,943)	2,047	-4.1%
Provisions for risks and charges	(13,914)	(3,341)	(10,573)	n.a.
Deferred tax assets net of liabilities	27,057	20,419	6,638	32.5%
Net capital employed	**1,646,610**	**1,330,595**	**316,015**	**23.7%**
Equity attributable to shareholders of the Parent	1,161,234	1,083,278	77,956	7.2%
Non-controlling interests	1,847	2,189	(342)	-15.6%
Shareholders' equity	**1,163,081**	**1,085,467**	**77,614**	**7.2%**
Net financial debt	483,529	245,128	238,401	97.3%
Total funding	**1,646,610**	**1,330,595**	**316,015**	**23.7%**

(thousands of euros)

Net capital employed amounted to €1,646.6 million at 31 December 2021, an increase of €316 million compared with 31 December 2020. Of the total, 70.6% is funded by consolidated equity and 29.4% by net financial debt.

The *net non-current assets* of the ENAV Group amounted to €1,633.7 million, a net increase of €231.9 million compared with 31 December 2020, mainly reflecting: i) a decrease of €43.3 million in property, plant and equipment as a result of depreciation of assets exceeding investments under construction during the year; ii) a decrease of €2.9 million in the value of investments in other entities, due to the negative adjustment of the value of the interest in Aireon to its fair value at the end of 2021 and to developments in the dollar/euro exchange rate; iii) an increase of €301.3 million in non-current trade receivables following the recognition of receivables net of interest for the balance that emerged in 2021, which will be recovered over five years as from 2023; and iv) a decline in other non-current assets and liabilities due to the partial collection and subsequent assignment of €23.1 million of the principal amount of the tax receivable for which repayment was requested in previous years.

Net working capital was a positive €47.7 million, a swing of €86 million from 31 December 2020 when it was a negative €38.4 million. The main changes included: i) an increase of €40.6 million in trade receivables, mainly regarding the increase in the receivable from Eurocontrol in the amount of €39.8 million reflecting the increase in unpaid invoices for flights in November and December compared with 2020 and the collection of the receivable for flights in March, April and May 2020, for which airlines had been granted a payment deferral; ii) a decrease of €33.4 million in trade payables, mainly regarding the decrease in the payable for the balance taken to profit or loss as it was incorporated in unit rates in 2021; iii) the change in other current assets and liabilities, which resulted in a net decrease of €13.5 million in liabilities, due primarily to the collection of the financial receivable due from Vitrociset, which fell due at the end of 2021, and the payment of the liability to the Ministry for the Economy and Finance for the accrued portion of collections of en-route receivables for 2019 in the total amount of €65.4 million.

Net capital employed also reflected the employee benefit provision in the amount of a negative €47.9 million, a decrease of €2 million as a result of payments to employees, an increase of €10.6 million in provisions for risks and charges to €13.9 million, reflecting provisions for personnel costs for the *Isopensione* early retirement programme and net deferred tax assets of €27.1 million, an increase on 31 December 2020 associated with the deferred tax assets recognised in respect of the discounting of the balance, of the tax loss of ENAV North Atlantic, of the impact of the fair value measurement of the investment in Aireon and the reversal to profit or loss of the accrued portion of the deferred taxes that emerged in the allocation of the purchase price of IDS AirNav.

Shareholders' equity amounted to €1,163.1 million, a net increase of €77.6 million compared with 31 December 2020. The total increase reflected €4.9 million in respect of the increase in the reserve from the translation into euros of the financial statements of foreign subsidiaries, €6.7 million in respect of the negative reserve from the fair value adjustment of the investment in Aireon net of tax effects and €78 million in respect of consolidated net profit for 2021.

Net financial debt at 31 December 2021 amounted to €483.5 million, a deterioration of €238.4 million on 31 December 2020. That figure reflects the provisions of the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	31.12.2021	31.12.2020	Change	
Cash and cash equivalents	225,310	316,044	(90,734)	-28.7%
Current financial receivables	70	0	70	n.a.
Current financial debt	(250,325)	(65,382)	(184,943)	n.a.
Current lease liabilities ex IFRS 16	(1,907)	(2,134)	227	-10.6%
Net current financial debt	**(26,852)**	**248,528**	**(275,380)**	**n.a.**
Non-current financial receivables	83	0	83	n.a.
Non-current financial debt	(411,428)	(480,081)	68,653	-14.3%
Non-current lease liabilities ex IFRS 16	(3,771)	(5,069)	1,298	-25.6%
Non-current trade payables	(41,561)	(8,506)	(33,055)	n.a.
Non-current financial debt	**(456,677)**	**(493,656)**	**36,979**	**-7.5%**
Net financial debt	**(483,529)**	**(245,128)**	**(238,401)**	**97.3%**

(thousands of euros)

The increase of €238.4 million in net financial debt reflected developments in collections and payments connected with ordinary operations, which generated a negative cash flow, connected with the reduction in receipts from the Parent Company's core business despite the recovery in air traffic control operations (although they remain below their 2019 levels) and an increase in non-current trade payables that is mainly accounted for by the balance recognised in 2021. Other factors included the payment of the liability of €65.4 million to the Ministry for the Economy and Finance, the payment to the Italian Air Force and ENAC of collected terminal receivables in the total amount of €14.7 million, partly offset by the collection of €27.2 million in respect of the receivable for excess payments of IRES in 2007/2011, the collection of the receivable from Vitrociset and for projects financed within the Infrastructure and Transport NOP and within CEF and SESAR.
The Group has made greater use of external sources of financing, taking advantage of favourable market conditions to raise funds that can be used in daily operations. The Group has committed and uncommitted short-term credit lines at 31 December 2021 amounting to €294 million.

CONSOLIDATED CASH FLOWS

	2021	2020	Change
Cash flow generated/(absorbed) by operating activities	(157,148)	(173,058)	15,910
Cash flow generated/(absorbed) by investing activities	(59,887)	(52,248)	(7,639)
Cash flow generated/(absorbed) by financing activities	124,677	92,341	32,336
Cash flow for the year	**(92,358)**	**(132,965)**	**40,607**
Cash and cash equivalents at the beginning of the year	**317,419**	**450,657**	**(133,238)**
Exchange rate difference on cash	249	(273)	522
Cash and cash equivalents at end of the year	**225,310**	**317,419**	**(92,109)**
Free cash flow	**(217,035)**	**(225,306)**	**8,271**

(thousands of euros)

Cash flows absorbed by operating activities in 2021 amounted to €157.1 million, a decrease of €15.9 million on the previous year. This flow reflected the following factors: i) an increase of €301.3 million in non-current trade receivables connected with the recognition of the balance pertaining to the year and one of €41.3 million in current trade receivables associated with the increase in the greater receivable due from Eurocontrol linked to the increase in turnover in the last two months of the year 2021 compared with the corresponding months of 2020; this increase was €42.2 million greater than in 2020, reflecting an increase in invoicing in respect of Eurocontrol; ii) a decrease of €30.9 million in tax receivables connected with the collection of the receivable for excess IRES paid in previous years, which was collected in part and subsequently assigned during the year in the principal amount of €23.1 million, in addition to an increase in tax liabilities due to the increase in current taxes for 2021. In 2020, the item was a negative €8.7 million mainly due to a decrease in tax payables associated with the lower tax liability for 2020 and to a reduction in the provisions for personnel, who had also used holiday entitlement accrued in previous years; iii) a decrease of €41.2 million in current liabilities, mainly reflecting the payment of €65.4 million in respect of the liability to the Ministry for the Economy and Finance accrued in 2019, offset by an increase in payables to personnel provisioned during the year; iv) the change in current and non-current trade payables, which decreased by €26.1 million in reflection of payments made to suppliers, although this was smaller than the reduction of €44.9 million registered in 2020 and also included the balance payable charged to profit or loss and therefore incorporated in unit rates for the year; and v) the increase of €24.1 million in profit for the year compared with 2020.

Cash flow absorbed by investing activities in 2021 amounted to €59.9 million, an increase of €7.6 million on 2020. The increase, with capital expenditure of €85.6 million - a decrease of €5.9 million on 2020 - reflected changes in the scheduling of payments to suppliers for investment projects. In 2020, payments were €16.7 million higher as the overall cash flow was positively impacted by the liquidity generated by the expiry of a financial investment in two government securities, which produced liquidity of €24.9 million.

Cash flow generated by financing activities amounted to €124.7 million, an increase of €32.3 million on 2020. The rise was boosted by the collection of financial receivables in the amount of €9.9 million and the liquidity generated by the receipt in July 2021 of 24-month term loans totalling €180 million repayable upon maturity. This liquidity was partially absorbed by the payment of the quarterly/half-yearly instalments on outstanding loans in the total amount of €63.7 million, which included the loans obtained in 2020 in the overall amount of €220 million, of which €150 million in respect of two 3-year ESG Sustainability Linked Term Loans and €70 million in respect of a 16-year EIB loan. In 2020, these loans had a positive impact on liquidity, partly offset by payment of the 2019 dividend in the amount of €113.2 million.

Free cash flow was a negative €217 million, an improvement of €8.3 million on 2020 that reflected the decrease in the absorption of cash flow from operating activities, partially offset by an increase in liquidity 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 2021 with a net profit of €61.6 million, an increase of 42.1% compared with the previous year, when net profit amounted to €43.3 million.

			CHANGE	
	2021	**2020**	**Amount**	**%**
Revenues from operations	477,787	329,377	148,410	45.1%
Balance	294,398	383,378	(88,980)	-23.2%
Other operating income	45,014	39,349	5,665	14.4%
Total revenues	**817,199**	**752,104**	**65,095**	**8.7%**
Personnel costs	(437,114)	(401,380)	(35,734)	8.9%
Capitalised costs	8,854	9,721	(867)	-8.9%
Other operating expenses	(188,773)	(178,358)	(10,415)	5.8%
Total operating costs	**(617,033)**	**(570,017)**	**(47,016)**	**8.2%**
EBITDA	**200,166**	**182,087**	**18,079**	**9.9%**
EBITDA margin	**24.5%**	**24.2%**	**0.3%**	
Net amortisation of investment grants	(118,330)	(126,999)	8,669	-6.8%
Writedowns, impairment (reversal of impairment) and provisions	(3,176)	(10,467)	7,291	-69.7%
EBIT	**78,660**	**44,621**	**34,039**	**76.3%**
EBIT margin	**9.6%**	**5.9%**	**3.7%**	
Financial income/(expense)	4,843	7,431	(2,588)	-34.8%
Income before taxes	**83,503**	**52,052**	**31,451**	**60.4%**
Income taxes	(21,915)	(8,710)	(13,205)	n.a.
Profit (loss) for the year	**61,588**	**43,342**	**18,246**	**42.1%**

(thousands of euros)

Revenues from operations amounted to €477.8 million, an increase of 45.1% compared with the previous year, reflecting an increase in revenues from the core business in 2021, which reflected the recovery of air traffic from its 2020 levels. More specifically, commercial en-route revenues came to €324 million, an increase of 39% compared with the previous year, reflecting the increase of 46.2%

in service units generated in 2021 compared with 2020. The unit rate applied in 2021 decreased by 5.06%, while the reduction amounted to 0.89% considering charges net of the balance (€62.68). Commercial terminal revenues amounted to €136.3 million, an increase of 66.5% compared with 2020, reflecting the increase of 37.2% in service units generated by the individual airports in the different charging zones, partially offset by the reduction in unit rates applied in the first two charging zones. In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 8.1%, while the unit rate applied in 2021 was reduced by 1.66% compared with the 2020 to €164.55. *Charging Zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio registered an increase in assisted air traffic, expressed in service units, of 33.7% compared with 2020, while the rate applied in 2021 reduced by 4% to €160.86. *Charging Zone 3*, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 49% compared with 2020. The rate applied in 2021 was €395.35, an increase of 32.26% compared with 2020.

Revenues for flights exempt from en-route and terminal rates, the fees for which are borne by the Ministry for the Economy and Finance, amounted to €11 million, an increase of 7.3% compared with 2020, due to the increase in en-route service units.

Revenues from the non-regulated market amounted to €6.4 million, up €2.3 million on the previous year, mainly reflecting an increase in aeronautical consulting and flight inspection services in Italy and abroad during the year.

The adjustment component for *balances*, an integral part of revenues from operations, made a positive contribution of €294.4 million, determined in compliance with Regulation (EU) 2020/1627 of 3 November 2020 and in accordance with the targets specified in Decision 2021/981 of the European Commission, published on 2 June 2021, which identified Determined Unit Cost (DUC) as the reference performance indicator. It is defined as the ratio between determined costs and traffic expressed in service units. This indicator for 2020-2021, considered as a single period, shall not exceed +120.1% of the DUC baseline value in 2019. For the combined 2020-2021 period, the DUC came to 94.3%. In 2020, in the absence of Decision 2021/891 and thus the definition of the required targets, the balance was calculated on the basis of the DUC baseline value in 2019 reduced by an efficiency percentage for 2020-2021. The balance recognised included en-route revenues of €228.9 million and terminal revenues of €65.5 million and, in addition to the recognition in profit or loss (and thus incorporation in unit rates for 2021) of balances recognised in previous years in the positive amount of €37.7 million, take account of the interest component connected with the timing of the recovery of the balance recognised in 2021, which for the portion regarding the loss of air traffic will take place as from 2023 over five years. This discounting effect had a negative impact of €9.2 million in 2021.

Operating costs amounted to €617 million, an increase of 8.2% on 2020, with an increase in both personnel costs (+8.9%) and other operating expenses (+5.8%).

Personnel costs amounted to €437.1 million, with broadly no change in fixed remuneration, which came to €247.2 million with the average workforce contracting by 9 and a decrease in the effective workforce of 35 compared with the previous year, to 3,295 employees at 31 December 2021. The variable component of remuneration increased by €17.5 million on 2020, reflecting holiday entitlement accrued and not used of €1.4 million, compared with a positive €8.7 million in 2020 as a result of the almost complete use of holiday entitlement for the year and previous periods. With the resumption of air transport activities, especially in the summer, operating personnel (air traffic controllers) also impacted the variable components of remuneration for overtime, on-call availability and the performance bonus determined on the basis of the increase in service units handled in 2021. Also contributing to the increase in personnel costs was the adoption of the early retirement programme pursuant to Law 92/2012 for ENAV executives.

Other operating expenses recorded a net increase of €10.4 million on 2020, mainly reflecting an increase in electricity costs throughout the country due to both an increase in the cost of power and the reopening of all Italian airports, unlike 2020 when a number of Italian airports had been closed for several months. Finally, Eurocontrol fees also increased as they did not benefit from the cost containment measures adopted by the agency in the second half of 2020, while the recovery in activity also permitted greater business travel by employees, with an increase in the associated costs. Another factor in the increase in costs was the greater coordination fee requested by the European Commission for participation in projects financed within the Connecting Europe Facility (CEF).
These developments produced **EBITDA** of €200.2 million, an increase of 9.9% on 2020.
EBIT amounted to €78.7 million, an increase of 76.3%, on the previous year, when the item came to €44.6 million. It benefitted from a decrease in depreciation and amortisation to €118.3 million (from €127 million in 2020), net of investment grants, and the reduction in impairment losses, which amounted to €3.2 million compared with €10.5 million in 2020. The previous year, the latter included impairment losses of €4.2 million, mainly on items of property, plant and equipment connected with the writedown of the residual value of illuminated visual aids returned to the State as well as the writedown of receivables as a result of the insolvency of a number of Italian and European airlines, which had a smaller impact than in the previous year.
Financial income and expense shows net income of €4.8 million, a decrease of €2.6 million on the previous year, reflecting a decline in financial income, which in 2020 had included the dividend authorised by the shareholders' meeting of the subsidiary Techno Sky called to approve the financial statements for 2019.
Income taxes for the year amounted to €21.9 million, an increase of €13.2 million compared with the previous year, reflecting the increase in taxable income an IRES tax rate of 24.2%, in line with the theoretical tax rate.
As a result of the foregoing, *net profit for the year* came to €61.6 million.

RECLASSIFIED FINANCIAL POSITION

	31.12.2021	31.12.2020	Change	
Property, plant and equipment	895,666	941,060	(45,394)	-4.8%
Right-of-use assets	1,679	1,901	(222)	-11.7%
Intangible assets	64,098	60,749	3,349	5.5%
Investments in other entities	188,248	188,248	0	0.0%
Non-current trade receivables	687,253	385,971	301,282	78.1%
Other non-current assets and liabilities	(162,732)	(140,427)	(22,305)	15.9%
Net non-current assets	**1,674,212**	**1,437,502**	**236,710**	**16.5%**
Inventories	61,509	61,551	(42)	-0.1%
Trade receivables	157,525	121,728	35,797	29.4%
Trade payables	(97,523)	(137,026)	39,503	-28.8%
Other current assets and liabilities	(127,506)	(132,646)	5,140	-3.9%
Assets held for sale net of related liabilities	0	729	(729)	-100.0%
Net working capital	**(5,995)**	**(85,664)**	**79,669**	**-93.0%**
Gross capital employed	**1,668,217**	**1,351,838**	**316,379**	**23.4%**
Employee benefit provisions	(34,744)	(35,921)	1,177	-3.3%
Provisions for risks and charges	(13,914)	(3,194)	(10,720)	n.a.
Deferred tax assets net of liabilities	14,184	12,872	1,312	10.2%
Net capital employed	**1,633,743**	**1,325,595**	**308,148**	**23.2%**
Shareholders' equity	1,136,190	1,073,908	62,282	5.8%
Net financial debt	497,553	251,687	245,866	98%
Total funding	**1,633,743**	**1,325,595**	**308,148**	**23.2%**

(thousands of euros)

Net capital employed amounted to €1,633.7 million at 31 December 2021, an increase of 23.2% compared with 31 December 2020. Of the total, 69.5% is funded by equity and 30.5% by net financial debt.
Net non-current assets of amounted to €1,647.2 million, a net increase of €236.7 million compared with 31 December 2020, reflecting: i) a decrease of €45.4 million in property, plant and equipment as a result of depreciation of assets exceeding investments under construction during the year; ii) an increase of €301.3 million in non-current trade receivables, entirely attributable to the recognition of receivables net of interest for the balance pertaining to 2021, which will be recovered through unit rates as from 2023; iii) a decline in other non-current assets and liabilities due to the decline in the tax receivable for which repayment was requested in previous years, of which €23.1 million in principal amount was collected in 2021.
Net working capital was a negative €6 million, an improvement of €79.7 million from 31 December 2020 when it was a negative €85.7 million. The main changes included: i) an increase of €35.8 million in trade receivables, mainly regarding the receivable from Eurocontrol reflecting the increase in

unpaid invoices for flights in November and December compared with the corresponding months of 2020; ii) a decrease of €39.5 million in trade payables, mainly regarding the decrease in the payable for the balance taken to profit or loss and incorporated in unit rates in 2021; iii) the change in other current assets and liabilities, which resulted in a net decrease of €5.1 million in liabilities, primarily reflecting an increase in tax liabilities, net liabilities with subsidiaries and the payment of the liability to the Ministry for the Economy and Finance for the accrued portion of collections of en-route receivables for 2019.

Net capital employed also reflected the employee benefit provision in the amount of a negative €34.7 million, a decrease attributable to payments to employees, partially offset by the interest cost and the recognition of the actuarial loss recognised at 31 December 2021; provisions for risks and charges of €13.9 million, reflecting provisions for personnel costs for the *Isopensione* early retirement programme and net deferred tax assets of €14.2 million.

Shareholders' equity amounted to €1,136.2 million, a net increase of €62.3 million compared with 31 December 2020, mainly reflecting the recognition of net profit for 2021 in the amount of €61.6 million.

Net financial debt at 31 December 2021 amounted to €497.6 million, a deterioration of €245.9 million on 31 December 2020.

	31.12.2021	**31.12.2020**	**Change**	
Cash and cash equivalents	195,089	292,870	(97,781)	-33.4%
Current financial receivables	1,998	11,304	(9,306)	-82.3%
Current financial debt	(250,325)	(65,381)	(184,944)	n.a.
Current lease liabilities ex IFRS 16	(744)	(873)	129	-14.8%
Net current financial debt	**(53,982)**	**237,920**	**(291,902)**	**n.a.**
Non-current financial receivables	9,931	0	9,931	n.a.
Non-current financial debt	(411,428)	(480,081)	68,653	-14.3%
Non-current lease liabilities ex IFRS 16	(1,085)	(1,230)	145	-11.8%
Non-current trade payables	(40,989)	(8,296)	(32,693)	n.a.
Non-current financial debt	**(443,571)**	**(489,607)**	**46,036**	**-9.4%**
Net financial debt	**(497,553)**	**(251,687)**	**(245,866)**	**97.7%**

(thousands of euros)

The increase of €245.9 million in net financial debt reflected developments in collections and payments connected with ordinary operations, which generated a negative cash flow connected with the reduction in receipts from the Parent Company's core business, which did not fully cover ordinary outlays. Other factors included the payment of the liability of €65.4 million to the Ministry for the Economy and Finance, the payment to the Italian Air Force and ENAC in the total amount of €14.7 million, partly offset by the collection of the tax receivable in the total amount of €27.2 million as well as collections connected with financed at the European level and within the Infrastructure and Transport NOP. The Company has committed and uncommitted short-term credit lines at 31 December 2021 amounting to €285 million.

CASH FLOWS

	2021	2020	Change
Cash flow generated/(absorbed) by operating activities	(154,226)	(178,346)	24,120
Cash flow generated/(absorbed) by investing activities	(59,158)	(48,788)	(10,370)
Cash flow generated/(absorbed) by financing activities	115,603	90,090	25,513
Cash flow for the year	**(97,781)**	**(137,044)**	**39,263**
Cash and cash equivalents at the beginning of the year	**292,870**	**429,914**	**(137,044)**
Cash and cash equivalents at end of the year	**195,089**	**292,870**	**(97,781)**
Free cash flow	**(213,384)**	**(227,134)**	**13,750**

(thousands of euros)

Cash flows absorbed by operating activities in 2021 amounted to €154.2 million, a decrease of €24.1 million on the previous year. This flow reflected the following factors: i) an increase of €301.3 million in non-current trade receivables connected with the recognition of the balance pertaining to the year and one of €36.5 million in current trade receivables associated with the increase in the greater receivable due from Eurocontrol linked to the increase in turnover in the last two months of the year 2021 compared with the corresponding months of 2020; this increase was €38.7 million greater than in 2020, reflecting an increase in invoicing in respect of Eurocontrol; ii) a decrease of €31.2 million in tax receivables connected both with the collection of the receivable for excess IRES paid in previous years, which was collected in part and subsequently assigned during the year in the principal amount of €23.1 million and the elimination of IRES and IRAP credits, which registered a debtor position due to the increase in the tax liability in 2021. In 2020, the item was a negative €17.8 million mainly due to a decrease in tax payables associated with the lower tax liability for 2020 and to a reduction in social contributions connected with the provisions for personnel, who had also used holiday entitlement accrued in previous years; iii) a decrease of €41 million in current liabilities, mainly reflecting the payment of €65.4 million in respect of the liability to the Ministry for the Economy and Finance accrued in 2019, offset by an increase in payables to personnel provisioned during the year; iv) the change in current and non-current trade payables, which decreased by €32.4 million in reflection of payments made to suppliers, although this was smaller than the reduction of €47.8 million registered in 2020 and also included the balance payable charged to profit or loss and therefore incorporated in unit rates for the year; and v) the increase of €18.2 million in profit for the year compared with 2020.

Cash flow absorbed by investing activities in 2021 amounted to €59.2 million, an increase of €10.4 million on 2020. The increase, with capital expenditure of €85.2 million - a decrease of €2.5 million on 2020 - reflected changes in the scheduling of payments to suppliers for investment projects. In 2020, payments were €13.2 million higher, but they were positively impacted by the cash flow generated by the expiry of a financial investment in two government securities, which produced liquidity of €24.9 million.

Cash flow generated by financing activities amounted to €115.6 million, an increase of €25.5 million on 2020. The rise was boosted by the collection of financial receivables in the amount of €9.9 million and the liquidity generated by the receipt in July 2021 of 24-month term loans totalling €180 million repayable upon maturity. This liquidity was partially absorbed by the payment of the quarterly/half-yearly instalments on outstanding loans in the total amount of €63.7 million, which included the loans obtained in 2020 in the overall amount of €220 million, of which €150 million in respect of two 3-year ESG Sustainability Linked Term Loans and €70 million in respect of a 16-year EIB loan. In 2020, these loans had a positive impact on liquidity, partly offset by payment of the 2019 dividend in the amount of €113.2 million.

Free cash flow was a negative €213.4 million, an improvement of €13.7 million on 2020 that reflected the decrease in the absorption of cash flow from operating activities, partially offset by an increase in liquidity absorbed by investing activities.

Human resources

At 31 December 2021 the ENAV Group workforce numbered 4,106, an effective decrease of 41 on 2020. The Group provides flight assistance services, operational system maintenance and AIM software solutions throughout the national territory, and is engaged in aeronautical consulting activities in Malaysia.

In response to the COVID-19 pandemic, the ENAV Group updated the measures adopted at the outset of the pandemic with the primary objective of safeguarding the health of its operational and staff personnel without impacting the continuity of service. More specifically:

- we retained the flexible work arrangements for personnel, who could work remotely for up to 50% of their working hours, in line with the status of health emergency and the restrictions imposed at the national and regional levels, reducing remote work as the zonal classification of health conditions in the regions returned to white;
- body temperature measuring devices were installed at the entrance gates of company offices and personal protective equipment was made available to all staff;
- in compliance with Decree Law 127 of 21 September 2021, the COVID-19 vaccination or recovery certification was made mandatory in the workplace and operational procedures were implemented to verify possession of such certification.

INDUSTRIAL RELATIONS

During 2021, discussions with the social partners was focused in particular on the issues raised by the Company's possible recourse to the FIS (Wage Supplementation Fund) in order to mitigate the financial effects of the substantial decrease in assisted air traffic as a result of the pandemic. On 10 February, an agreement was signed with the social partners which explicitly provided for the Parent Company not to use safety net programmes for all of 2021 in return for the clearance of the backlog of unused holiday entitlement and leave granted in lieu of previously eliminated holidays (RFS), in addition to the scheduled and certain programming of holidays and RFS leave pertaining to 2021.

Discussions with the social partners also continued with regard to issues connected with COVID-19 and flexible working arrangements, which were adopted from the outset in the early months of 2020 and extended to all Group personnel with a view to ensuring that enable flexible work reconciled the organisational needs of the Group with those of our employees.

In the period under review, numerous meetings were held with trade unions on various operational issues such as the transfer of approach control from radar-equipped towers to the Area Control Centres, the possible implementation of digital towers and numerous assessments by multiple working groups concerning the temporary secondment of personnel from the ENAV Data Centre at the Techno Sky subsidiary. The trade unions called three strikes on this latter issue.

More generally, the ENAV trade unions were involved in five national and seven local-level strike actions in 2021.
In August 2021, a memorandum of understanding set out an agreement on how to manage the social consequences of the Business Plan, with particular regard to the geographical mobility of operational staff and course scheduling.
Further issues addressed with the social partners in the period led three major agreements concerning the distribution of the 2020 Performance Bonus (paid in 2021), company benefits and flexible working, which extends validity of the Flexible Working Rules until the end of the current bargaining agreement. In particular, the adoption of a company benefits plan has enabled eligible employees to transfer their performance bonus to a personal welfare account so they can use the tax-exempt portion of the bonus to purchase of goods and services such as school fee and services, baby sitting and care for non-self-sufficient family members, recreational activities, fuel or shopping vouchers and much more.
Finally, during the year, 66 meetings were held with the social partners at the national level and 100 at the local level.

TRAINING

Operational training activities in 2021 experienced a sharp increase on the previous year, even exceeding the total volume of training delivered in 2019, when 91,200 hours of training were provided. In 2020, training hours declined to 72,020 as a result of the COVID-19 pandemic, while 2021 registered 99,976 hours of training, an increase of 38.8% over the previous year.
Training hours were delivered through the following courses:

- 32,712 hours of ab-initio training for 71 participants (29,853 hours for 171 participants in 2020);
- 27,839 hours of advanced training for 72 participants (30,301 hours for 102 participants in 2020);
- 32,761 hours of ongoing training for 1,871 participants (7,486 hours for 659 participants in 2020);
- 6,664 hours of training for external customers with 145 participants (4,380 hours for 55 participants in 2020).

As indicated above, ongoing training experienced significant growth in both the number of hours delivered and the number of participants following the implementation of the ambitious “Back to Normal” training plan at the national level. The aim of the programme was to prepare human resources for the ATM (Air Traffic Management) system to cope with a possible increase in the volume of air traffic after a long period in which such traffic was significantly depressed. In view of the reduced volumes of air traffic in 2020, the operational readiness of air traffic controllers was kept high with a programme designed to maintain their skills, involving all airport centres and area control centres to varying degrees.
At strategic airport facilities, training was performed using simulators, which were gradually deployed around the country - where not already available on site - with the close coordination of the Training Centre, undertaking a logistical and organisational effort that required the involvement of all central and local Operations units, delivering a total of 26 courses for operational staff.
On the external training side, in 2021 the ENAV Training Centre delivered a number of operational training courses for the personnel of the Aviation and Air Assault Division who serve as air traffic controllers at the various airports operated by the Colombian national army.
With regard to managerial and specialist training, in 2021 training sessions involved more than 35,000 hours (31,041 hours in 2020) and around 9,100 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, despite the limitations imposed by the pandemic.
Synchronous training initiatives, involving 7,842 hours and 1,550 participants, included the continuation of programmes for unit managers to develop their leadership skills as well as new initiatives such as those directed at obtaining CMMI (Capacity Maturity Model Integration) certification. Project management courses and training packages for specialist topics of interest to staff units and indirect operating units continued. Webinars with internal trainers made it possible to reach a large number of people with training programmes concerning company processes.
Asynchronous training, involving 25,485 hours and 7,423 participants, was primarily focused on satisfying mandatory and statutory training requirements, with special attention being devoted to anti-bribery training as part of the effort to obtain ISO 37001 certification and that dedicated to issues concerning the 231 compliance model.
Language training was conducted using both synchronous and asynchronous approaches, involving 166 people for a total of 1,771 hours, with activities organised into self-study, individual courses, multimedia courses and thematic workshops.
Finally, 2021 consolidated the coordination of assessment, development and training processes, enabling more targeted integration of activities to identify and leverage the potential of our people.

OCCUPATIONAL HEALTH AND SAFETY

As enshrined in its Code of Ethics, 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.
In 2021, the ENAV Group continued to promptly implement all legal requirements issued with regard to managing the COVID-19 emergency, with specific attention being paid to the implementation of all the prevention measures established under the new protocol updating measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace of 6 April 2021.
More specifically, in response to legislative provisions extending the requirement for COVID-19 vaccination or recovery certification (green pass) in the workplace, starting from 15 October 2021 it became mandatory to possess a valid green pass or medical certification of exemption from vaccination to enter all ENAV Group premises (for employees, external personnel and suppliers alike), to be presented upon request of authorised personnel. The documentation produced on risk mitigation, the *COVID-19 Risk Assessment* document and the information manual for personnel, was constantly updated for all Group companies.
During 2021, internal audits were performed as scheduled to ensure compliance with the Group's occupational health and safety management system in accordance with UNI ISO 45001:2018, while in the second half of 2021 the surveillance audit of the UNI ISO 45001:2018 certification was carried out successfully by the certification body DNV-GL.
With regard to the analysis of injuries, out of 13 accidents occurring at ENAV, 12 were classified as having occurred during travel to and from work and 1 occurred at work but was not directly attributable to the tasks performed by the worker involved. For Techno Sky, of 6 injuries, 3 occurred during travel to and from work, while those that occurred at work (3) were only partly attributable to the job performed by the worker. IDS AirNav registered 1 injury occurring during travel to or from work.

Finally, for all Group offices work continued on the preparation and updating of emergency plans, risk assessment documents, unified interference risk assessment documents, cooperation and coordination reports and the management of personal protective equipment, with the provision of training in occupational health and safety and the scheduled performance of worker health surveillance, in accordance with the approved health protocols, evacuation drills and physical surveillance of radiogenic sources by radiation protection experts.

Investments and 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. Investments are planned on the basis of the long-term investment plan (2020-2024), which is updated when necessary to reprogramme projects to take account of operational requirements that have emerged during the year.

In 2021 consolidated capex amounted to €85.6 million (€91.5 million in 2020), while that reported in the separate financial statements of ENAV S.p.A. came to €85.2 million (€87.7 million in 2020).

In the wake of the COVID-19 pandemic, the investment plan developed as part of the budget approval process was revised to take account of both the difficulties and delays in the various activities attributable to suppliers, in particular abroad, and those connected with the impossibility of travel and the lack of materials, as well as a decrease in the requirements of the Parent Company. The pandemic crisis, in fact, prompted a major revision of expected traffic scenarios, leading ENAV to begin a review of the planning of investment spending on the basis of reduced capacity objectives in line with the other European air navigation service providers.

The main investments under way in 2021 included:

- the continuation of the 4-Flight programme, which is designed to develop the new automation technology platform for Italian Area Control Centres (ACC) and adopt the Coflight system as a basic component;
- the construction of the first Italian Remote Tower, which is intended to enable airport control via cameras from a control room with a 360° view, replacing the traditional room located in a physical control tower;
- the transfer of approach radar control positions from their current dedicated rooms at major airports to the higher-level Area Control Centres;
- the modernisation of airport weather observation systems;
- the construction of the new ENET-2 communication network, which will replace the current ENET network connecting all national operational sites, carrying operational voice, radar data, flight plans, and weather, AIS and plant control data;
- the construction of the Technical Operation Centre, which is responsible for centralised control of flight assistance systems;

- the development of the Arrival Management system, which is used to optimise the sequencing of aircraft arriving at major airports.

The new objectives of the SESAR project to deal with the current fragmentation of air traffic control services include the implementation of complex programmes on an international scale. Various projects have been launched in this area, with some of the more important ones listed below.

SESAR AND RESEARCH AND DEVELOPMENT ACTIVITIES

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.
In 2017 the first phase of the project relating to period 2009-2016 (SESAR 1) was concluded, with the Parent Company having played an important role leading various pre-operational testing activities, both regarding airports and overflight and/or approach air space, taking part in 98 projects and more than 30 validation exercises.
The second phase of the project, called SESAR 2020 or SESAR 2, is currently being executed and covers a period of eight years. SESAR 2020 is structured into three activity periods: Wave 1 which covers the first four years (2016-2020), Wave 2 covering the next four (2020-2023) and, in parallel with Wave 2, Wave 3 over the final 2021-2023 period, completing the budget of European Commission appropriations for SESAR 2020.
For the implementation of the projects, the Parent Company drew on the contribution of a group of national and international partners, so-called Linked Third Parties (LTP), appropriately selected on the basis of dedicated technical-operational agreements, as well as the subsidiaries Techno Sky, IDS AirNav and D-Flight. For certain projects, the Parent Company operates as the coordinator for the specific solution, while for others it operates under the coordination of other lead partners.
Overall, the ENAV Group is participating in 32 SESAR 2020 projects involving issues of the greatest company interest, divided into: Wave 1, which was successfully completed in 2020 with the Parent Company engaged in 16 projects and with more than 20 validations conducted; Wave 2 and Wave 3, both currently under way, with the participation of the ENAV Group in 12 and 4 projects, respectively.
A new phase of the programme, called SESAR 3 (2023-2031) was formally launched in December 2021, with the start of technical activities scheduled for 2023, with the Group companies fully involved in the modernisation of the European ATM system.

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. This activity is carried out through the SESAR Deployment Alliance Association Internationale Sans But Lucratif (SDA AISBL), an international non-profit organisation composed of a number of air navigation providers, airline companies and the SDAG (SESAR Related Deployment Airport Operators Grouping), for a total of 19 members, including ENAV.
In accordance with Article 9 of Regulation (EU) 409/2013, the Deployment Manager is responsible for the synchronisation and coordination of the local implementation projects necessary to implement Regulation 2021/116 (the Pilot Common Project - PCP) and structure it in the Deployment Pro-

gramme, which is the reference document for identifying European funding band priorities for the air transport sector. The term of the current SDM will end in May 2022. At the end of October 2021 the European Commission issued a new call for the selection of the next Deployment Manager, which saw the participation of the SESAR Deployment and Infrastructure Partnership (SD&IP), which brings together airspace users, airport operators, European airspace managers, including ENAV, and the Network Manager. The new Deployment Manager is expected to be selected in the first half of 2022.
SESAR deployment activities, coordinated by the SESAR Deployment Manager and co-financed by the European Commission through INEA, facilitate the annual updating of the Deployment Programme, in which the Parent Company has a leadership role, in coordination with the other European stakeholders. At the same time, the Parent Company maintains the alignment of the Investment Plan and requirements of the Deployment Programme to ensure the conformity of the implementation methods and timing planned by the Parent Company with the applicable European regulations. Note that with regard to the cofinancing calls drawn on the Connecting European Facilities (CEF), 2021 saw the continuation of projects that have been awarded for the implementation of Regulation 716/2014, which was replaced in February 2021 by Regulation (EU) 2021/116 establishing Common Project One. The number of projects coordinated by the SDM totals 343, of which more than 155 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.

THE NATIONAL RECOVERY AND RESILIENCE PLAN (NRRP) FOR THE ENAV GROUP

Since the last quarter of 2020 and continuing throughout 2021, ENAV has worked in close coordination with the Ministry of Sustainable Infrastructure and Mobility (MSIM) to identify initiatives eligible for inclusion in the package of measures that the Italian government proposed to the EU institutions as part of the European plan for recovery from the COVID-19 pandemic. In 2021, the Group completed its assessment with the MSIM and the Ministry for the Economy and Finance (MEF), identifying a total of 9 projects that leverage the excellence of the entire Group and fall within the scope of the Digital Innovation and Green Infrastructures pillars. The initiatives were approved at the end of 2021, with the signing of appropriate agreements with the MSIM.
ENAV, IDS Air Nav, Techno Sky and D-Flight have all contributed to defining a group of initiatives, which will begin to produce tangible results from the end of 2023, with implementation continuing until the first quarter of 2026. The costs for all nine initiatives will reach €110 million. The initiatives include a series of modernisation projects that envisage the consolidation of nine approach control centres within the Italian ACCs, the implementation of a new generation Tower ATM system at two airports and the implementation of an advanced system for the efficient sequencing of arriving aircraft at the Rome and Milan ACCs. Other projects will help improve the cyber-security of communication infrastructure, invest in the public cloud to support the Group's management needs and virtualise certain operational infrastructures, improve digitalisation of aeronautical information, implement a maintenance model that adopts the most advanced IT technologies and implement initiatives for the control and management of "unmanned" traffic in the Italian skies.

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.

OPERATIONAL MEASURES

In order to foster the sustainable development of air transport, the Parent Company is involved in the ongoing review and constant modernisation of the ATS network and infrastructure, optimising service performance and deploying increasingly efficient instrument procedures and flight routes, thereby helping to reduce fuel consumption and, consequently, lower environmental impacts.
Always guaranteeing the highest levels of safety, ENAV, working cooperatively to develop collaborative initiatives with stakeholders, plans and implements measures to modernise its assets in order to ensure the continuous improvement of the ATS network, offering carriers increasingly environmentally friendly flight paths, enjoying shorter travel times and reduced constraints on planning and flight operations.
All the measures planned and implemented in this area are catalogued and monitored periodically in the Flight Efficiency Plan (FEP).
The annual update of the FEP reports and assesses all operational efficiency initiatives implemented by the Parent Company, in the reference period, in the various business segments, including: i) the ground phase, dedicated to speeding up operations and optimising the ground movement of aircraft at the airport (start-up and taxi in/out phases); ii) the flight phase, which includes take-off and trajectories for initial climb; iii) the cruise phase (en-route phase); and iv) the terminal phase (arrival), dedicated to the optimisation of approach segment flight profiles for landing.
The progress and effectiveness of the actions implemented to achieve the environmental targets and performance required of air navigation service providers (Environmental Key Performance Areas/Indicators), which are audited and overseen by ENAC, are reported and measured in the Flight Efficiency Plan.
Since 2012, the results of the actions reported in the FEP are considered and incorporated in Italy's Action Plan on CO_2 Emissions Reduction, to which the country has committed as part of its contribution to the broader programme for fighting climate change being led in aeronautical sector by ECAC/ICAO.
The extraordinary conditions brought about by the COVID-19 health emergency produced a severe global contraction in air connections in 2020 and also characterised 2021, albeit to a lesser extent in the second half of the year.
After the initial reduction in traffic volumes recorded in the first half of 2021 (estimated at about 60-70% of the air traffic recorded in domestic airspace in 2019), the easing of national and international restrictions on the movement of people and goods made possible by vaccines led to a significant recovery from July onwards in overflight traffic and in air traffic arriving and departing from/to the main European countries or from/to domestic airports, generating an increase of 44.9% in service units compared with 2020, although traffic was still down 42.4% compared with pre-pandemic volumes.
In 2021, in reflection of this reduction in traffic and, looking forward, to support the planning of air-

space users, the European air navigation service providers, in coordination with the Network Manager, maintained the vast majority of the flight efficiency measures introduced in 2020, extending the suspension of many flight planning restrictions.
In Italy, the volume of air traffic handled made it possible to maintain and implement ad hoc measures in 2021 that further optimised route planning with fewer or no restrictions on the use of the ATS network, suspending limitations on airspace availability for horizontal trajectories, removing level capping (normally used to organise and maintain smooth management of traffic flows en route, in terminal areas and near departure and/or destination airports) for vertical profiles and easing the restrictions on the permeability of military areas.
Following up on actions taken in previous years and supplementing the achievements of the Free Route Airspace Italy Project (FRAIT), which allows freer planning of the flight paths in airspace above 30,500 ft, around 9,000 metres), in 2021 the Parent Company, in coordination with the Italian Air Force, worked to maximise air space availability, modernised the ATS network in the airspace below the FRAIT area and in terminal areas and implemented initiatives to achieve performance improvements for operations in airport movement areas.
With regard to the FRAIT airspace, almost 45% of assisted air traffic was able to benefit from a reduction in the total route distance, from the departure airport to the destination airport (gate-to-gate), of about 10.8 million kilometres (equal to 31.0 km per aircraft), with a consequent overall reduction in CO_2 emissions of about 151 million kg and fuel savings for en-route flight of approximately 48.2 million kg.
While the constraints that characterised the earlier network had already been removed in the FRAIT airspace, enabling airspace users to plan/fly from a defined entry point into national airspace to an exit point following direct trajectories, in 2021 additional measures were implemented to ensure further harmonisation of the flight profiles of national and international air traffic flows involving military areas. In close collaboration with the Italian Air Force and in a shared application of the flexible use of airspace (FUA) concept, these measures made it possible to further reduce planned/flown distances, with results that can be quantified in a reduction of about 0.85 million kg of fuel and a consequent reduction of atmospheric emissions of CO_2 estimated at about 2.47 million kg.
Also in 2021, the Parent Company continued the implementation of two long-term programmes involving terminal areas: i) the transition to Performance-Based Navigation (PBN), implementing satellite-based instrument procedures, with the progressive decommissioning of now obsolete ground-based radio aids, such as non-directional beacons (NDBs) and locators; and ii) the transfer of approach control services to the Area Control Centres. These two programme will enable the optimisation of the ATS network in terminal areas, further balancing flight efficiency with capacity performance and predictability, with expected overall reductions in fuel consumption and CO_2 emissions estimated at about 3.7 million kg of fuel and 11.6 million kilograms of CO_2 emissions.
Furthermore, in 2021, the decommissioning of certain radio aid systems with no change or an improvement in the level of service provided to airspace users made it possible to reduce energy consumption and, therefore, enabled the Parent Company to reduce the electromagnetic impact generated by the emissions produced by the decommissioned radio aids and to reduce energy consumption for the ordinary and extraordinary maintenance of this plant, including the costs and fuel consumption of the vehicles used to reach the remote sites where the radio beacons were located.
Finally, the follow-up and improvement of Airport Collaborative Decision Making (A-CDM) processes continued, creating a coordinated management system for aircraft ground movements at the airports of Rome Fiumicino, Milan Malpensa, Milan Linate, Venice Tessera, Naples Capodichino and Bergamo Orio al Serio.

PROJECTS CONNECTED WITH THE DEVELOPMENT OF ADVANCED AIR MOBILITY

The future of sustainable mobility will also be reached through the development of Advanced Air Mobility and its Urban component. In accordance with the national plan for advanced air mobility drafted by ENAC, the Group - and ENAV in particular - collaborates with other public and private stakeholders on defining a regulatory framework to enable the development of Advanced Air Mobility in Italy.
Based on the foundation represented by the memorandum of understanding and cooperation agreements with ENAC and the other sector stakeholders, as well as its experience gained in the creation of the ATS network, ENAV is proactively contributing to the definition of the development of an air connection network between the nodes of a future general mobility system (airports, stations, ports, interchange centres and hubs, logistics hubs, etc.) that can support the effective use of innovative electric aircraft (drones, but also vertical take-off aircraft, or eVTOL), so as to help create the conditions to replace or at least reduce the use of less environmental friendly modes of transport.
More specifically, the Group is providing its technical-operational expertise to define:

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

The development of new operational concepts, new infrastructures and networks, new air services and operations will expand the supply of products and services available to the public and businesses and will enable, albeit gradually, the development of a new segment of air transport that will make it possible to reduce and, in some cases, replace polluting vehicles with innovative, environmentally friendly methods of electrically powered air transport.

FACILITIES PROJECTS

In line with the environmental policies introduced in recent years, the Parent Company is committed to the reduction of energy consumption and to reducing greenhouse gas emissions through the use of plants for the self-production of energy from renewable sources or from less-polluting sources (methane). In line with EU legislation that, following the COP26 (Conference of the Parties held in Glasgow in 2021), calls for cutting polluting atmospheric emissions by over 45% by 2030, the Group is committed to embarking on a path that can lead to compliance with this target in advance of this deadline.
To this end, in October, ENAV entered into a contract for the purchase of electricity for all its sites generated from renewable sources. In compliance with Legislative Decree 102/2014, the Parent Company conducted an energy diagnosis at 24 sites and on the basis of the findings identified opportunities for improvements in energy efficiency. These improvements will be implemented with measures designed to put electricity consumption on a downward trend.

The planned initiatives include new photovoltaic installations in addition to those at the Parent Company headquarters, the airports of Bari and Ancona Falconara, the Brindisi Area Control Centre and the Bitonto radio beacon. More specifically, photovoltaic plants are in the process of being activated at the Naples, Genoa and Catania airports, while an additional 4 plants are being installed at ENAV sites in southern Italy. Meanwhile, design work has begun on photovoltaic plants for the Academy at Forlì and for the new tower and Area Control Centre of Milan.
The modernisation of the internal and external LED lighting system, complete with a demotic command and control system, at the Area Control Centres of Rome and Padua was completed and work began on the modernisation of the LED lighting system at the Parent Company headquarters. Work also began on the construction of a trigeneration plant at the Rome ACC, which will reduce power drawn by the ACC from the grid by about 36% from current levels, equivalent to a reduction in CO_2 emissions of 590 tonnes per year.
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

Last year continued to be impacted by the COVID-19 pandemic, which caused a substantial contraction in travel and, consequently, the number of in-person international meetings. Nevertheless, the Parent Company used tele- and videoconference meetings to continue initiatives to consolidate relations with other Air Navigation Service Providers on both the bilateral level and through alliances and aggregations (such as, for example, the A6 Alliance), as well as with the major international institutions and organisations in the air transport field and, specifically, in air traffic management (ICAO, the European Commission, SESAR Joint Undertaking, SESAR Deployment Manager, EASA, CANSO, EUROCONTROL and EUROCAE).
In addition, numerous activities were pursued within European institutions, with particular regard to certain key regulatory issues involving the aviation sector and the Parent Company, of which the most relevant are reported below:

- the revision by the Council and the European Parliament of two new Regulations proposed by the European Commission that modify the regulatory framework of the Single European Sky. The initiative has a direct impact on the activities of the ENAV Group, both as regards the core business and the non-regulated third market, as well as for the broader strategy of the Company and its positioning at the national and international levels. For this reason, various coordination activities were carried out during the year, with initiatives undertaken at the national and international levels. This activity will continue in 2022 in view of the fact that those Regulations provide for the subsequent preparation and/or revision of numerous implementing regulations;
- the approval of a new Regulation defining the regulatory framework for the provision of services for the management of drone air traffic (U-Space), a sector in which the ENAV Group, together with national supervisory authorities and Italian industry, are acting as drivers at the European and international levels as well in consideration of the active role of the subsidiary D-Flight, which supplies U-Space services. The approval of the Regulation involved an intense debate among institutions and actors at both the European and national levels, with activities to continue in 2022 with a view to defining non-binding rules to support implementation of the Regulation;

- the revision of the Regulation for the definition of European performance targets for the third reference period (RP3 2020-2024) and the consequent drafting of new national Performance Plans.

Other regulatory developments include the updating of a number of Regulations relevant to air navigation service providers involved, such as:

- Regulation (EU) 2017/373 laying down common requirements, on the basis of which the Parent Company is certified by ENAC for the provision of air navigation services;
- Regulation (EU) 923/2012 laying down standardised European rules of the air (SERA) on the basis of which air traffic services are provided;
- Regulation (EU) 2015/340 concerning air traffic controllers' licences and certificates, which serves as the basis for the issue of certification to air traffic control personnel.

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

- activities continued within the SESAR Joint Undertaking, which brings together all the players in the aviation sector, with the launch in December of the new SESAR 3 Joint Undertaking, which will be responsible for managing ATM research for the next 10 years;
- coordination efforts continued with airlines, airports, the main suppliers of air navigation services and Eurocontrol – the Network Manager – on the creation of the consortium responsible for the coordination and synchronisation activities of the Deployment Programme (DP), the implementation programme for the SESAR projects envisaged in Regulation (EU) 2021/116 establishing Common Project One;
- as part of exploratory research activities, ENAV continued the activities envisaged under the ECHO (European Concept for Higher Airspace Operations) project, which seeks to define the operational concepts of operations in the so-called higher airspace, i.e. the airspace above the flight levels normally used for conventional air traffic. The project closely involves national government and industry actors, considering Italy's role given the presence of a spaceport in Italy at the Taranto-Grottaglie airport.

Commercial operations

In 2021 the ENAV Group generated revenues from the sale of systems and services on the non-regulated market of €33 million, an increase of 22.3% on the €26.9 million posted in 2020. During the year, a number of contracts were acquired by the Group despite the fact that the health emergency slowed activity, especially the delivery of the on-site services provided to customers.

The Parent Company acquired a number of orders for flight inspection and validation activities both in Italy and abroad (Albania, Qatar, Romania, Lithuania and Croatia) with a total value of €1.6 million as well as aeronautical consulting engagements in Italy totalling €1.4 million.

In the run-up to the World Cup to be held in Qatar in 2022, the Civil Aviation Authority of the Emirate of Qatar has launched various programmes to modernise its air traffic control platforms. As part of this effort, the Parent Company was awarded an initial contract worth about €0.6 million to support local civil aviation in obtaining ICAO approval of the new Doha Flight Information Region. In collaboration with Leonardo, ENAV was awarded a contract worth around €1 million for the supply of validation services for new operational concepts such as Distance Base Separation.

IDS AirNav acquired a number of orders, including a contract to update the Aeronautical Information Management (AIM) systems of the Brazilian service provider worth €2.2 million. Another deal involves system upgrading and the renewal of the maintenance agreement for a period of five years with the Australian service provider with a total value of €3.4 million. Other agreements included an Aeronautical Data Processing System (ADPS) update contract and a three-year renewal of the maintenance agreement for Flight Procedure Design systems with the Canadian service provider totalling €2.3 million and a contract for air traffic controller training services with the Libyan Civil Aviation Authority worth about €0.9 million.
Techno Sky signed a contract for the supply of communication and navigation systems to the Asmara airport in Eritrea for a total of €3.1 million and new agreements were reached with the Libyan Civil Aviation Authority for the supply of systems at the airports of Mitiga and Misurata and related training courses, worth a total of €1.3 million.
ENAV Asia Pacific won a tender in Taiwan for the supply of aeronautical consulting services worth €0.3 million.

Other information

2020 – 2024 PERFORMANCE PLAN

The persistent presence of the COVID-19 pandemic in 2021 as well has significantly modified the growth scenario in which the air transport industry has found itself operating. With regard to air navigation service providers, the most important measure was the issue by the European Commission of the new Regulation (EU) no. 2020/1627 concerning the performance and charging scheme. The Regulation established a new timeline for the revision of Performance Plans for the 2020-2024 reference period (RP3) and introduced a combined period (2020-2021) for the purposes of measuring performance and determining balance revenues, while new European cost efficiency targets were established in Decision no. 891 of 2 June 2021, as follows:

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

In compliance with Regulation (EU) no. 2020/1627, the providers and the member states were therefore called upon to draft their new Performance Plans by October 2021. In compliance with the deadline, on 6 October 2021 the national regulator (ENAC) transmitted Italy's Performance Plan for the third reference period (2020-2024) to the European Commission, including the operational and financial information of the Parent Company. In the new Plan, consistent with the new performance targets, the Company has planned its own cost and traffic levels for the purpose of determining unit rates for the 2022-2024 period.
After submission of the Plan, on 15 October 2021 Eurocontrol's statistical body, STATFOR, published a new European traffic forecast developed on the basis of the most recent information on trends in flights and service units. Taking account of the new traffic forecasts, the European Commission sent a letter to the member states asking them to update their Performance Plans to take account of the

new estimates published by STATFOR for the remaining years of RP3.
Compared with the traffic forecast contained in the Performance Plan submitted on 6 October 2021, the new STATFOR forecast of 15 October 2021 indicated a substantial increase in volumes for Italy. Accordingly, in agreement with the national regulatory authority, ENAC, the Parent Company revised its financial and operational planning in light of the new estimates, updating the relevant parts of the Italian Performance Plan.
Following ENAC's determination that ENAV's cost and traffic forecasts were consistent with the targets provided for in Commission Decision 2021/891, in the second half of November 2021, ENAC submitted the updated Performance Plan to the European Commission.
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. On the basis of information from the recent meeting of the Single Sky Committee, the PRB issued a preliminary assessment of the Italian Performance Plan, finding it to be consistent with the targets set in Decision no. 2021/891 for all financial and operational areas.
As a result of the positive assessment, within the time limits specified in European regulations the PRB sent its positive assessment of the Italian Performance Plan to the European Commission, proposing that it issue the Conformity Decision for the plan. With the issue of communication no. C(2022) 2294 final, the European Commission informed the Italian government that the performance targets contained in the Performance Plan presented in November 2021 were consistent with the targets set at the EU level for the third reference period in Implementing Decision (EU) 2021/891.
With regard to the 2020-2021 combined period, the European Commission's cost efficiency target, calculated in terms of Determined Unit Cost (DUC), was set at a maximum of +120.1% of the DUC baseline value in 2019. Outperforming the European target, the DUC planned by the Parent Company in the updated Performance Plan was set at just +94.3% of the DUC baseline value for 2019 for the 2020-2021 combined period.
Accordingly, on the basis of the costs and traffic volumes envisaged in the updated Performance Plan, the Parent Company calculated the overall en-route and terminal balances for the 2020-2021 combined period consistent with the DUC presented in the Performance Plan and in conformity with the efficiency targets established in the Decision. The balance was measured in accordance with the performance scheme and in compliance with the provisions of Regulation (EU) 2020/1627 and with the rate reporting tables, which are used by all member states and their air navigation service providers for the purpose of monitoring performance and reporting balances. The reporting tables will be submitted to Eurocontrol and the European Commission by June 2022 for an audit of the values reported there.

PROGRAMME CONTRACT

For the purposes of preparing the definitive text and subsequent signing of the 2020-2024 programme contract, during the year the Parent Company collaborated ENAC on the drafting of the agreement with the dual objective of updating the document to ensure compliance with the EU rules concerning the new reference period (RP3 2020-2024) and incorporate the initial comments of the relevant national institutions.
In preparation for the signing of the contract, in July a first draft, with annexes, was sent by the ministry to all national actors in order to obtain overall feedback on the sections of the document.
Technical discussions were subsequently held in the closing months of 2021 in order to agree the final text of the contract. At present, the draft of the document is still being assessed by the competent national entities.

Pending acceptance of the 2020-2024 scheme, the Company's operational activities concerning service continuity, i.e. the timing and types of services provided at the facilities are in any case guaranteed by the continuity clause in the previous programme contract.
As regards financial aspects, rates and performance targets are already applied in the reference period in accordance with the provisions of the 2020-2024 Performance Plan transmitted by ENAC to the European Commission in mid-November 2021.
Among the most relevant aspects, the 2020-2024 contract confirms the extension of the applicability of operating performance (in terms of on-time performance) to a specified number of airports included in the Charging Zone 3, again on the basis of the rules and methodology provided for in the applicable EU legislation.
No less important, the scheme also provides for the establishment of a committee to monitor the state of implementation of the contract, with the participation of members representing ENAC and all the national signatories.

SUSTAINABILITY PLAN

The Parent Company has for years been committed to a developing its responsiveness to sustainability issues, in line with the provisions of the new Corporate Governance Code, which place sustainability at the heart of a modern business vision. In this context, the 2021-2023 Sustainability Plan approved by the Board of Directors of the Parent Company on 1 July 2021 was prepared. The Plan envisages 33 objectives that represent the main projects on which the Group will be engaged in the next three years and are divided into the following strategic lines: "Strategy and Governance", "Policies", "Technological Innovation", "Reporting and Communication", "Culture and dedicated projects" and "Climate Change", which, starting from the 17 Sustainable Development Goals (SDGs) set out by the United Nations, delineate a series of actions inspired by a variety of sources, including: the results of stakeholder management activities, analysis of the positioning of the ENAV Group with respect to assessments conducted for key sustainability indices and a benchmark analysis on sustainability issues of greatest interest to the market and to the Group. As a cutting-edge service provider on the European scene, the Parent Company has long been committed to the implementation of projects to lower emissions on the ground and in flight. The Free Route procedure, for example, enables airlines to cross Italian airspace using direct routes, eliminating the old fixed airways. Since 2017, the year in which this procedure was activated, 204.1 million kg of fuel have been saved globally, with a reduction of 643 million kg of CO_2 emissions. Direct (Scope 1) and indirect (Scope 2) CO_2 emissions in 2021 decreased by 24.6% compared with 2019, while in 2022, thanks to a further decrease in direct emissions (scope 1 and scope 2) and investments in environmental protection projects (generating carbon credits), ENAV intends to achieve carbon neutrality, meeting European Union targets almost 10 years early. ENAV's strategy in reducing direct and indirect emissions made it possible to obtain validation from one of the leading international institutions involved in fighting climate change, the Science-Based Target Initiative (SBTi). This goal will be achieved thanks to various initiatives, most of which have already started, ranging from actions to increase consumption efficiency, the purchase and generation of power from renewable sources, the gradual replacement of the vehicle fleet with electric cars and the massive use of flexible working as a lever for improving the work environment for employees. Also significant are projects for the elimination of single-use plastics and the green supply chain, as well as initiatives aimed at caring for people, such as improving the reconciliation of work and private life, welfare policies and a new vision of diversity and inclusion as opportunities for a better company.

UNMANNED AERIAL VEHICLES TRAFFIC MANAGEMENT

The ENAV Group operates in the field of Unmanned Aerial Vehicles Traffic Management (UTM) through the company D-Flight, 60% owned by ENAV and 40% by UTM System & Services Srl, which is in turn held by Leonardo SpA and Telespazio SpA. D-Flight has developed technological and operational solutions to ensure the safe operation of drone traffic at low altitudes and supplies innovative services to meet the needs of the market.
The Parent Company and D-Flight collaborate with leading national and international stakeholders to further develop innovative drone traffic management capabilities, through conceptualisation, testing and demonstration activities and in research projects that have made it possible to develop solutions that have reached the operational stage.
On the regulatory level, on December 31, 2020 the new EU drone regulations 2019/945 and 2019/947 came into force, transferring supervision much of the regulatory framework to the European Union Aviation Safety Agency (EASA), harmonising regulations for the entire European Union, voiding national regulations and abolishing the distinction between recreational and professional use of drones. Following the entry into force of the European regulations, ENAC updated national regulations 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. To date, some 110,000 users are accredited on the D-Flight platform, a tool for recording, cartography and issuing authorisations, of which 65,000 registered as UAS Operators and 63,000 inserted in the database, of which 45,000 with a QR code.
Regulation (EU) 2021/664 of 22 April 2021, which will enter into force on 26 January 2023, defines and regulates the U-Space and the conditions for the creation of a free European market for the provision of U-Space services, which is essential for the inclusion and integration of UAS traffic in airspace, enabling operations beyond the line of sight and/or in autonomous mode. D-Flight has begun development of the main U-Space services (Network Remote Identification, Traffic Information, Flight Authorisation, Geoawareness) and their certification, an effort in which it will be involved for all of 2022, with the aim of becoming the key Italian U-Space service provider.

ENAV GROUP CERTIFICATIONS

In 2020 the Parent Company was again monitored by ENAC to verify ongoing compliance with the requirements for the provision of air navigation services set out in Regulation (EU) No. 2017/373 (21 audits) and to operate as a training organisation for air traffic controllers, persons providing aeronautical information services and personnel providing meteorological services for air navigation (9 audits) pursuant to Regulation (EU) 2015/340 and the applicable ENAC Regulations. ENAC's ongoing oversight activities also regarded verifying compliance with the requirements set out in ENAC Regulation on operating as an instrument flight procedure design organisation (1 audit).
With regard to the certification of ENAV Group corporate management systems, in 2021 the international certification body DNV GL – Business Assurance successfully concluded the renewal of the certifications for:

- ENAV and Techno Sky's quality systems, in accordance with ISO 9001;
- ENAV's security management system (SecMS), in accordance with ISO/IEC 27001;
- ENAV and Techno Sky's occupational health and safety management system, in accordance with ISO 45001.

Work was also completed on:

- the initial oversight audit of the quality management system, the information security management system, the environmental management system and the occupational health and safety management system of IDS AirNav, in accordance, respectively, with ISO 9001, ISO/IEC 27001, ISO 14001 and ISO 45001 for the purposes of maintaining the associated certifications;
- the issue of the first certification of the occupational health and safety management system of D-Flight in accordance with ISO 45001 and the anti-bribery management system of ENAV, in accordance with ISO 37001.

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

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

- with regard to the accreditation of the Techno Sky calibration laboratory, in June 2020, the Italian accreditation body "ACCREDIA" successfully completed the second oversight audit in compliance with UNI CEI EN ISO/IEC 17025:2018;
- in December 2021 the international certification body DNV GL – Business Assurance carried out the third audit of continued compliance with the F-GAS certification (certification of companies and personnel as regards stationary refrigeration, air conditioning and heat pump equipment containing certain fluorinated greenhouse gases) pursuant to Implementing Regulation (EU) no. 2015/2067;
- the certification of maturity level 1 for implementation of the Capability Maturity Model for Development (CMMI-DEV) for software development was renewed.

The subsidiary IDS AirNav also maintains certification as a design organisation for the Parent Company's instrument procedures in Italy and the United Arab Emirates and maturity level 3 in relation to the implementation of the Capability Maturity Model for Development (CMMI - DEV) for software development activities.

SECURITY

Global conditions, affected by the direct and indirect effects of the ongoing pandemic emergency, were again the driving force behind activities in 2021 to enhance prevention of security events. At the same time, security activity was significantly impact by major regulatory requirements, as legislation adopted at both the national and European levels in 2021 required the adoption of measures with an impact on the organisation and processes of all Group companies.

Consequently, the strategic objective characterising specific security efforts was to develop actions consistent with the regulatory framework, but above all focused on the effective governance of security risk in the areas of cyber security as well as physical and personnel safety. This includes the protection of employees traveling abroad, with safeguards being strengthened with the release of new technological applications to support the missions.

More specifically, with the comprehensive expansion of staffing in all areas of responsibility, we have upgraded the capacity to define security requirements and measure process effectiveness, monitor both physical and logical safety and the correlation of events and have boosted our ability to analyse

the environment with the development of automated systems that can capture even weak signals of possible anomalies and deployed increasingly advanced threat intelligence processes.
The close focus on the necessary involvement of the entire corporate community in the development of the security culture has involved specific training and exercise initiatives, adopting highly innovative approaches, and the creation of a specific organisational unit dedicated to awareness development processes.
The evolution of security with a modern vision, focused on the human factor and on the balanced development of supporting technologies, has affected all the Group's companies, encompassing the entire life cycle, from security by design to the preparation of emergency planning with a view to operational continuity, with the goal of spreading the value of protection to all operational, technical, administrative and support activities, with a view to continuous improvement with clear and defined objectives.
No significant security events occurred during the year under review.

GENERAL DATA PROTECTION REGULATION

Ensuring compliance with the General Data Protection Regulation (GDPR) was carried out in continuity with the activities launched 2020. The activities of the Group DPO (Data Protection Officer) were performed in support of all units of the ENAV Group, providing advice on personal data protection issues, in synergy with Internal Audit, reaching consensus on the activities and resources to devote to all aspects, including information technology and cybersecurity.
Specific mention must be made of the measures deployed to contain the spread of COVID-19, which ensured that the safeguards used nevertheless complied with the regulations governing the protection of personal data. In application of the principle of privacy by design and by default, the DPO was active in a number of working groups, including that involved with the installation of thermoscanners to measure body temperature at workplace entrances and the design of the system for checking green passes to allow access to the workplace.
The joint activities of the DPO, Internal Audit and Security made it possible to complete assurance audits in in the area of cyber intelligence and cyber security, with certain activities targeted at assessing the security resilience of certain central Group IT infrastructures, including the "enav.it" and "d-flight.it" portals and the corporate electronic correspondence registration system. The goal was to verify the resilience of the objects identified by replicating the techniques and behaviour of a real attacker. All corrective actions were disseminated and discussed with the internal units involved in order to ensure remediation of the issues on the basis of an agreed action plan.
During 2021, 28 requests for the exercise of the rights guaranteed by the GDPR were received by the DPO, all of which were assessed and processed in compliance with the time limits and other requirements established in the GDPR. Each petitioner received feedback on the outcome of the request.
Each report of a possible incident associated with personal data was promptly examined by the competent units as defined in internal procedures, in compliance with the GDPR and in line with best practices and recommendations in this field.

PURCHASE OF TREASURY SHARES

The Shareholders' Meeting of 21 May 2020 authorised, subject to revocation of the unexecuted portion of the previous authorisation pursuant to the resolution of the Shareholders' Meeting of 27 April 2018, the Board of Directors to purchase and dispose of treasury shares of ENAV, in compliance with applicable regulations and for a period of eighteen months from the date of the resolution, for the following purposes: i) to implement the remuneration policies adopted by ENAV and specifically to satisfy the obligations deriving from share option programmes or other grants of shares to employees or members of the Company's administrative bodies and/or of companies directly or indirectly controlled by ENAV; and ii) to support market liquidity in accordance with the market practices permitted pursuant to Article 180, paragraph 1, letter c) of the Consolidated Law on Financial Intermediation. A maximum of 1,200,000 shares were authorised for purchase. No purchases were made in 2021. At 31 December 2021, ENAV held 518,823 treasury shares equal to 0.10% of share capital, having awarded 253,280 treasury shares between May and June 2021 to the beneficiaries of the second cycle of the performance share plan for 2018-2020.

SIGNIFICANT TRANSACTIONS

No transactions that had a significant impact on the performance and financial position of the Group were carried out in 2021.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, we report that during 2021 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 Sustainable Infrastructure and Mobility (MSIM). Other related parties are the directors and their immediate family, standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family of the Parent Company and companies directly and/or indirectly controlled by it and the post-employment benefit plan funds for Group employees.
Related-party transactions conducted by the ENAV Group in 2021 essentially involved services that were provided as part of ordinary operations and settled on market terms and conditions, as described in more detail in Note 33 of the consolidated financial statements and Note 30 of the separate financial statements as at 31 December 2021.
In conformity with the provisions of Article 2391 bis of the Civil Code and in compliance with the principles set out in the Regulation containing provisions governing related-party transactions adopted with CONSOB resolution no. 17221 of 12 March 2010, as amended, the Parent Company established, with effect from the date of the admission of the company's shares to trading on the Mercato Telematico Azionario (now EXM – Euronext Milan) organised and operated by Borsa Italiana, a procedure governing related-party transactions approved by the Board of Directors on 21 June 2016. On 1 July 2021, the Board of Directors of the Parent Company, having obtained the favourable opinion of the Control, Risks and Related-Parties Committee, approved the new procedure governing related-party

transactions incorporating the amendments of the Related Parties Regulation issued 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 is available on the ENAV website www.enav.it in the Governance section in the company documents area.
In 2021 no transactions of greater importance as identified in Annex 1 of the related-party transaction procedure were carried out. Nor were there any transactions subject to disclosure obligations because they qualify as cases exempt under the procedure or transactions that had a significant impact on the consolidated financial position or the consolidated results for the year.

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 2021, 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 2021 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 2021.

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 has declared that it is participating in simplification regime envisaged by Articles 70, paragraph 8, and 71, paragraph 1-bis, of CONSOB Regulation no. 11971 of May 14, 1999 as amended (CONSOB Issuers Regulation), therefore availing itself of the option to derogate from the obligations to publish the information documents required for significant mergers, demergers, capital increases through the transfer of assets in kind, acquisitions and disposals.

Information on the main ENAV companies

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

TECHNO SKY S.R.L.

			CHANGE	
	2021	2020	Amount	%
Revenues	97,340	95,048	2,292	2.4%
EBITDA	20,101	26,967	(6,866)	-25.5%
EBIT	18,981	25,152	(6,171)	-24.5%
Net profit/(loss) for the year	13,778	18,293	(4,515)	-24.7%
Net capital employed	44,035	36,996	7,039	19.0%
Shareholders' equity	51,955	38,591	13,364	34.6%
Net financial position	(7,920)	(1,595)	(6,325)	396.6%
Headcount at end of year	658	665	(7)	-1.1%

(thousands of euros)

Techno Sky closed 2021 with a net profit €13.8 million, a decrease of €4.5 million, on the previous year. With regard to the comparability of the 2021 figures with the previous year, note that 2020 included certain non-recurring items that are not fully comparable with 2021 figures, which are however in line with the performance registered in 2019.

With regard to 2021 performance, revenues rose as a result of an increase in orders on the non-regulated market, with a concomitant increase in operating expenses directly connected with work on orders, as well as an increase in operating costs associated with intercompany service contracts that took effect in the last quarter of 2020, which reflected the increase in activities centralised with the Parent Company. Personnel costs also rose, mainly due to holiday entitlement accrued and not used, which in 2020 had a positive impact of €1.3 million, and early retirement incentives paid to departing staff. These factors produced EBITDA of €20.1 million, down 25.5% on 2020, and EBIT of €19 million, down 24.5% on 2020, benefiting from lower depreciation, amortisation and impairment losses. The net financial position was a positive €7.9 million, an improvement increase of €6.3 million on 31 December 2020, thanks to the collection of a receivable from Vitrociset at the end of the year.

In 2021, Techno Sky also maintained a good level of technical performance linked to the global maintenance contract for the operating facilities of the Parent Company, both with regards to the management and maintenance of the hardware of the ATC technology infrastructure and the corrective, adaptive and evolutionary maintenance of software.

IDS AIRNAV S.R.L.

			CHANGE	
	2021	**2020**	**Amount**	**%**
Revenues	24,847	20,664	4,183	20.2%
EBITDA	5,396	4,368	1,028	23.5%
EBIT	3,408	3,111	297	9.5%
Net profit/(loss) for the year	2,442	2,279	163	7.2%
Net capital employed	10,833	11,394	(561)	-4.9%
Shareholders' equity	9,502	7,074	2,428	34.3%
Net financial position	1,331	4,320	(2,989)	-69.2%
Headcount at end of year	152	150	2	1.3%

(thousands of euros)

IDS AirNav closed 2021 with a net profit of €2.4 million, an increase of 7.2%, on the previous year. This performance reflected an increase of 20.2% in revenues compared with 2020, attributable to the improved performance of services and maintenance performed during the year, which was made possible by the easing of restrictions on international travel, making it possible to develop contracts with foreign customers. The company operated in some 50 countries around the world and maintained relationships with about 110 customers, of which approximately 40% were service providers in Europe and elsewhere, while the remainder were customers involved in the aviation industry. Costs increased by a total of €3.2 million in reflection of greater purchases associated with the expansion of revenues from operating activities. These factors produced EBITDA of €5.4 million, an increase of €1 million compared with 2020. EBIT was impacted by an increase in depreciation and amortisation, which in part reflected the acquisition of intellectual property rights in respect of two software packages, the effects of which fully impacted 2021, as well as the prudential writedown of receivables in the amount of €3.4 million, an increase of 9.5% on the previous year. Net financial debt stood at €1.3 million, an improvement of €3 million compared with 31 December 2020, mainly due to the increase in liquidity generated by ordinary operations.

ENAV ASIA PACIFIC SDN BHD

	2021	2020	CHANGE Amount	%
Revenues	1,072	2,691	(1,619)	-60.2%
EBITDA	245	1,046	(801)	-76.6%
EBIT	202	1,000	(798)	-79.8%
Net profit/(loss) for the year	131	712	(581)	-81.6%

(thousands of euros)

ENAV Asia Pacific, a company incorporated under the laws of Malaysia, closed 2021 with a net profit of €0.1 million, a decrease of €0.6 million compared with the previous year. Revenues decreased by €1.6 million as a result of a decline in work on various orders. The decline in revenues was also reflected in developments in costs, producing EBITDA of €0.2 million, a decrease of €0.8 million compared with the previous year.

ENAV NORTH ATLANTIC LCC

ENAV North Atlantic, a company incorporated under the laws of the US state of Delaware, is a vehicle company that holds the stake in Aireon LLC, a US company also owned by service providers from Canada (Nav Canada), Ireland (IAA), Denmark (Naviair), and the United Kingdom (NATS) and the technological partner IRIDIUM, in the total amount of €47.1 million, corresponding to $53.3 million, with a 9.1% interest that will rise to 11.1% following execution of the redemption clause. Aireon LLC created the first global satellite surveillance system for air traffic control, which was completed with the eighth and final launch of the satellites that make up the Iridium Next constellation. With the installation of a device on board of each of the 66 operational satellites (out of a total of 75), the system will 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.
Last year closed with a net profit of €2.5 million (€4.6 million in 2020), mainly generated by the deferred tax assets recognised on the tax loss registered in the tax return filed in 2021 for the 2020 financial year.

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

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

	31.12.2021		31.12.2020	
	Net profit	**Shareholders’ equity**	**Net profit**	**Shareholders’ equity**
Parent Company	61,588	1,136,190	43,342	1,073,908
Consolidation differences	0	(29,721)	0	(29,721)
Amortisation of increased value of assets from acquisition, net of tax effects	(1,866)	(4,585)	(1,866)	(2,719)
Elimination of intercompany income effects net of tax effect	591	(13,646)	606	(14,237)
Translation reserve	0	6,638	0	1,766
Reserve from fair value measurement of investments, employee benefits and FTA	0	(6,815)	0	(833)
Consolidation reserve	0	3,946	0	3,946
Other effects	1	(6)	1	(7)
Intercompany dividends	0	(23,962)	(13,194)	(23,962)
Net profit of subsidiaries	18,058	93,195	25,395	75,137
Group total	**78,372**	**1,161,234**	**54,284**	**1,083,278**
Non-controlling interests	(341)	1,848	(311)	2,189
Total	**78,031**	**1,163,082**	**53,973**	**1,085,467**

(thousands of euros)

Risk management

The ENAV Group has long adopted an Enterprise Risk Management (ERM) process to identify, assess and monitor Group-wide risks and to define and manage mitigation actions to contain the level of risk within the propensity thresholds approved by the Board of Directors (risk appetite).
An analysis of the most significant risks, as defined in the Corporate Risk Profile, for the Group is provided below, taking due consideration of the impact of the COVID-19 pandemic and the scenarios delineated in the Group's strategic lines of development. For the analysis of purely financial risks, please see the explanatory notes of the consolidated financial statements.

SAFETY

The prevention and containment of the risks associated with the provision of our core business activities is a primary objective of the ENAV Group. The level of operational safety of air navigation services is an indispensable priority for ENAV, which in pursuing its institutional objectives reconciles the interdependencies of the various performance areas with achievement of pre-eminent safety objectives.
Safety performance is monitored through dedicated organisational arrangements and we have developed and operate a specific Safety Management System, approved and validated by ENAC as part of its surveillance of the certification of ENAV as an Air Navigation Service Provider.
The Parent Company prepares its own safety policies and a plan for improvement of those policies (the Safety Plan), which programmes the activities that it intends to carry out in order to achieve the specified safety performance objectives and to improve safety as a whole.
In order to mitigate the impact of the COVID-19 virus, training plans have been developed to minimise the risk of a decline in the levels of attention paid by operational and technical personnel in response to the low volume of air traffic handled. In addition, in view of the expected upsurge in air traffic as part of the return to normal operations ("Back to Normal"), a specific training plan was implemented for operational personnel using high traffic loads similar to those registered in the summer 2019, a period currently used as a benchmark for measuring air traffic levels in Italy.

IMAGE & REPUTATION

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

BUSINESS CONTINUITY

The Group has developed specific business continuity plans following thorough business impact analysis, defining appropriate procedures to be applied in the case of events that cause a significant deterioration or interruption of services, in order to preserve continuity in various possible emergency scenarios. The availability of operational personnel is ensured on a continuous basis, putting this staff through periodic training programmes in order to maintain their required professional qualifications, while also guaranteeing the necessary availability of technology systems with specific functional redundancies and an extensive maintenance plan for all systems and equipment supporting air navigation services. The service level of 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. The world is experiencing a constant increase in cyber-attacks, a phenomenon that in part reflects the exploitation during the pandemic of the considerable vulnerabilities created with the massive use of remote working platforms by businesses. As a result, the risk exposure of the Group's activities has increased, despite the deployment of appropriate mitigation measures.
Information security is managed by a dedicated organisational structure, with the implementation and maintenance of a Security Management System certified in accordance with the ISO/IEC 27001:2014 standard.
The confidentiality, integrity and availability of operational and corporate information are constantly monitored and guaranteed through a complex architecture of physical and logical security controls as well as internal rules and procedures. Additional security is provided through coordination with the competent civil and military authorities for the protection of operational data, in particular in the context of the National Plan for Cyber Protection and IT Security, and collaborative initiatives with the Italy's CSIRT (Computer Security Incident Response Team) and CNAIPIC (National IT Crime Centre for the Protection of Critical Infrastructure).

MARKET ABUSE

The ENAV Group manages the risks associated with market abuse in order to prevent and manage the possible dissemination of false or misleading information to manipulate the financial markets and to prevent the use of inside information in order to take advantage of it (so-called internal dealing). In this regards, the Compliance Model implemented pursuant to Legislative Decree 231 of 8 June 2001 comprises market abuse 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 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 responsibil-

ities, processes and organisational systems.
During 2021, compliance with the regulatory requirements set out in Implementing Regulation (EU) 2017/373 laying down requirements for providers of air traffic management/air navigation services and by Implementing Regulation (EU) 2015/340 for training activities was monitored on a regular basis.
The ENAV Group also pays close attention to environmental issues, both with a view to regulatory compliance but also with the deployment of proactive actions aimed at limiting environmental impact in all its forms.
In order to address environmental issues more effectively, the Group has implemented an Environmental Management System, which is UNI EN ISO 14001 compliant.
In addition, the Group has established a system of employer-designated environmental officers as well as persons in charge of managing the hazardous waste cycle. They are called upon to ensure compliance with the provisions of Legislative Decree 152/06.
As part of its ongoing enhancement of compliance risk mitigation arrangements, in December 2021 ENAV obtained anti-bribery certification under UNI ISO 37001: Anti-bribery management systems. The certification, a key objective of the Board of Directors, required the implementation of an anti-bribery management system, at the end of which the certification body recognised the maturity and soundness of our system of corporate compliance, which is founded on the principles of integrity, sustainability and transparency. In addition, following an assessment of the safeguards adopted by ENAV, Transparency International Italia last April accepted the Parent Company's application to join the Business Integrated Forum.

HEALTH & SAFETY

Among the Group companies, ENAV, Techno Sky and IDS AirNav have established Occupational Health and Safety Management Systems certified in accordance with the OHSAS 18001 standard. During the year they completed work for the transition of the certificate of conformity to the new ISO 45001:2018 standard.
The governance of these systems, together with centralised monitoring and constant training and awareness-raising activities with Group personnel, ensures ongoing compliance with applicable regulations. Particular attention is also paid to measures to guarantee the safety of workers operating abroad in countries at risk (so-called "travel security"). To this end, health and safety assessments of the workplace are carried out for individual missions with the issue of specific recommendations, the definition of contingency plans for missions in non-low risk countries, the organisation of training/information sessions for workers and the planning of "emergency response" services.

INSTITUTIONAL RELATIONS

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

HUMAN CAPITAL

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

MACRO TRENDS AND COST GOVERNANCE

The European Commission has issued a new regulation on the charging scheme providing for exceptional measures for the 2020-2021 years of the third reference period (2020-2024 - RP3). This regulation, which applies to air navigation service providers (ANSP), introduces special rules for the definition of performance targets at the European level for the first two years of RP3 in order to mitigate the impact of the COVID-19 pandemic on the air transport sector and ensure its long-term sustainability. Consistently with the timing provided for by the EU regulation applicable for the 2020-2021 period, and in compliance with the targets set in the decision of the European Commission issued in June 2021, in November 2021 ENAV presented its financial planning for costs, traffic and investments to ENAC for the purpose of defining the Performance Plan for the third reference period. ENAC, noting the consistency of this planning with the EU targets, forwarded the Performance Plan to the European Commission. The bonus/malus mechanism that assigns ANSPs an annual bonus or penalty, equal to a maximum of 2% of determined costs, was suspended for the 2020-2021 period, but will be fully reactivated from 2022 onwards. More specifically, in the third reference period, the new regulation establishes that the capacity target and the incentive system shall be determined at the national level, amending the rules applicable in the second reference period (2015-2019), which established that the capacity target and the related incentive system would be defined at the level of Blue Med FAB (Functional Airspace Block).

CLIMATE CHANGE RISKS

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 “European Aviation in 2040 - Challenges of growth - Adapting aviation to a changing climate” (June 2018) identifies five main types of meteorological factors that could potentially impact the aviation world: 1) precipitation, comprising rain, snow and hail, which when they become intense can require greater separation distances between aircraft, directly impacting airport capacity; 2) temperature, an increase in which impact infrastructures; 3) sea level rise and river flooding, with risk concentrated at airports adjacent to bodies of water; 4) wind, meaning changes in direction and intensity, which in

the airport environment can generate strong crosswinds that can impact flight safety as runways are constructed along the prevailing local wind direction; 5) extreme events such as thunderstorms and hurricanes that could impact on-time flight performance. All these possible impacts could affect the Parent Company in terms of lost revenues and/or higher operating costs.
ENAV has developed business continuity plans, specifying the procedures to be followed in the case of events that lead to a deterioration or interruption of services, in order to preserve their continuity in the various possible emergency scenarios. However, ENAV's ability to guarantee the pursuit of its business objectives in the medium-long term, first and foremost by ensuring continuity of the delivery of its services, is strongly dependent on the resilience of the entire air transport system to the effects of climate change. In particular, the airport system involves a complex interaction between various actors (airport operators, carriers, land transport and road infrastructure management companies, utilities, etc.), meaning that long-term mitigation solutions may in some cases require a coordinated and agreed approach among all the actors involved in order to reduce the overall impact on the sector's activities.

CORONAVIRUS RISK TO GROUP OPERATIONS

In 2020, the spread of COVID-19 around the world returned the volume of world air traffic to the levels prevailing in the early 2000s and forecasts for the recovery of traffic are affected by uncertainty because they are closely linked to developments in the health crisis. In 2021, Eurocontrol published new forecasts (which are constantly updated) based on the evolution of the COVID-19 pandemic and the effectiveness of vaccination campaigns under way in the various countries, using that information to assess the air traffic forecasts for Europe over the next four years.
With regard to the impact on the health and safety of all ENAV Group personnel, all the measures prescribed by existing COVID protocols have been adopted, as well as the measures recommended by the competent entities, such as the Ministry of Health and the Istituto Superiore di Sanità.
All the Group's line and staff units are actively involved in a plan to monitor short- and medium-term developments in the situation, focusing on the actual effects and risks related to COVID-19, with a view to evaluating the repercussions for the business as accurately as possible and to activating all remedial actions to protect and secure the Group's operations.

Significant events after 31 December 2021

The Russian government's invasion of Ukraine has upended the geopolitical balance, with inevitable repercussions on global macroeconomic conditions. After the imposition of sanctions by the European Union on natural and legal Russian persons, including restrictions in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, and restrictions on the export of goods, services and technologies, the Group took immediate steps to assess their impact on its business and take all necessary actions to ensure compliance.
The ENAV Group's relationships involve:
(i) contracts between the subsidiary IDS AirNav and Azimut Joint Stock Company, a company incorporated under Russian law specialising in Air Traffic Management technologies, with respect to which as at 31 December 2021 there was an exposure of €756 thousand to be collected. The residual activities envisaged under the contracts and commercial relationships relating to Azimut regard: i) maintenance of software already supplied until 20 May 2022; and ii) remote training ses-

sions, which under the terms of the agreements would have been provided until April 2022;

(ii) a memorandum of understanding, finalised in 2017 between ENAV and State ATM Corporation of the Russian Federation, the local air navigation service provider. That memorandum has only involved information exchanges and bilateral meetings, with no financial content.

In view of the nature of the sanctions imposed in response to the invasion, on 3 March 2022 we notified Azimut of the immediate suspension of effectiveness of all commercial relationships, with suitable precautions taken to safeguard the position of ENAV Group entities. Similarly, with a message of the same date, equivalent notice was given with regard to memorandum of understanding noted above.

In conclusion, the Business Plan and the related forecast cash flows will be only marginally affected by the suspension of commercial relations with Azimut (the only Russian operator with which commercial transactions have been carried out). Furthermore, the Business Plan does not envisage any transactions to be carried out with operators located in the area affected by the Russia-Ukraine conflict.

For the sake of completeness, it should be noted that ENAV has receivables due from Eurocontrol regarding flight assistance services provided to Russian airlines, with a total value of €686 thousand mainly regarding flights in January and February 2022.

Finally, as regards the investment in Aireon LLC, a capital increase of up to $50 million is under way and is likely to be completed by the second quarter of 2022. This capital increase is intended to support new investment and the expansion of air traffic flow management, data analytics, monitoring of fleets and aircraft, search and rescue, collectively called Commercial Data Services (CDS). The prospective effects of this transaction could lead to changes in the current shareholding structure and the estimated value.

Outlook for operations

After a 2020 severely impacted by the rapid spread of COVID-19 and the restrictions introduced to contain the pandemic, the year just ended was a more positive period, both in terms of the recovery in the country's economic indicators and the increase in volumes of air traffic handled.

However, following the resurgence of the pandemic and the recent dramatic events associated with the conflict between Russia and Ukraine, a degree of uncertainty remains that could influence developments in 2022. Nevertheless, at the moment – bearing in mind positive trend in air traffic volumes recorded in the early months of 2022 - traffic forecasts for this year point to traffic volumes of about 85% of the pre-crisis figure registered in 2019, in line with Eurocontrol forecasts.

In this context, in 2022 the Group expects to maintain continuity in its direction and the management actions it has adopted with regard to spending control, implementation of industrial strategies and maximisation of production capacity, which made it possible to achieve the results obtained in 2021. No less significant will be the attention paid by the Group in the development of activities on the non-regulated market, with regard to both contracts already in our portfolio and new orders.

As reported in the section dedicated to this issue, we confirm the approval of the Performance Plan by the Performance Review Body (PRB). With the issue of communication no. C(2022) 2294 final, the European Commission informed the Italian government that the performance targets contained in the Performance Plan presented in November 2021 were consistent with the targets set at the EU level for the third reference period in Implementing Decision (EU) 2021/891.

The developments above are further confirmation of the return of traffic and regulatory conditions ever closer to the pre-pandemic situation. During 2022, ENAV will therefore be called upon to achieve the financial and operational performance targets set out in the Performance Plan.
In line with the objectives set out in the Parent Company's Performance Plan for the regulated market and with a view to giving lending impetus to the strategic industrial guidelines and actions, the ENAV Group has formulated a new Business Plan, which will presumably be presented to the Board of Directors of the Parent Company in May 2022.

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

Dear Shareholders,
The Board of Directors invites you to:

- approve the financial statements of ENAV S.p.A. at 31 December 2021 showing a profit for the year of €61,588,435;
- allocate 5% of the profit for the year, equal to €3,079,421.75, to the legal reserve as provided for pursuant to Article 2430, paragraph 1 of the Italian Civil Code, and in the amount of €58,506,483.25 to dividends to be distributed to the Shareholders, corresponding to a dividend of €0.1081 per share issued as at the ex-dividend date, excluding the treasury shares held as at that date, and €2,530.00 to the unrestricted reserve denominated "retained earnings";
- to pay that dividend of €0.1081 per share on 26 October 2022, with the ex-dividend date set for 24 October 2022 and record date set for 25 October 2022.

21 April 2022

The Board of Directors

ENAV GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

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ENAV Group consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31.12.2021	of which related parties (Note 33)	31.12.2020	of which related parties (Note 33)
Non-current assets					
Property, plant and equipment	**7**	884,715,291	0	929,533,044	0
Intangible assets	**8**	176,192,810	0	175,629,242	0
Investments in other entities	**9**	47,253,016	0	50,121,845	0
Non-current financial assets	**10**	426,874	0	346,719	0
Deferred tax assets	**11**	33,246,034	0	27,147,820	0
Non-current tax receivables	**12**	715,754	0	23,857,810	0
Non-current trade receivables	**13**	687,253,421	0	385,970,716	0
Other non-current assets	**15**	6,362,903	6,312,216	7,764,636	7,751,760
Total non-current assets		**1,836,166,103**		**1,600,371,832**	
Current assets					
Inventories	**14**	61,518,741	0	61,560,792	0
Current trade receivables	**13**	177,161,512	44,270,001	136,581,749	40,641,837
Current financial assets	**10**	70,238	0	9,850,827	9,850,827
Tax receivables	**12**	5,564,549	0	13,336,512	0
Other current assets	**15**	50,323,565	28,356,001	52,234,355	35,239,207
Cash and cash equivalents	**16**	225,309,927	30,874,698	316,044,081	224,570
Total current assets		**519,948,532**		**589,608,316**	
Assets classified as held for sale	**17**	0		1,431,642	
Total assets		**2,356,114,635**		**2,191,411,790**	

(euros)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2021	of which related parties (Note 33	31.12.2020	of which related parties (Note 33
Shareholders' equity					
Share capital	**18**	541,744,385	0	541,744,385	0
Reserves	**18**	469,279,232	0	467,486,532	0
Retained earnings/(loss carryforward)	**18**	71,838,340	0	19,763,486	0
Profit (loss) for the year	**18**	78,371,693	0	54,283,479	0
Total Group shareholders' equity	**18**	**1,161,233,650**		**1,083,277,882**	
Non-controlling interests and reserves		2,188,502	0	2,499,765	0
Profit/(loss) attributable to non-controlling interests		(341,318)	0	(311,263)	0
Total shareholders' equity attributable to non-controlling interests		**1,847,184**		**2,188,502**	
Total shareholders' equity	**18**	**1,163,080,834**		**1,085,466,384**	
Non-current liabilities					
Provisions for risks and charges	**19**	3,601,072	0	1,050,000	0
Severance pay and other employee benefits	**20**	47,895,752	0	49,943,154	0
Deferred tax liabilities	**11**	6,188,240	0	6,729,418	0
Non-current financial liabilities	**21**	415,199,419	0	485,149,609	0
Non-current trade payables	**22**	41,561,039	139,789	8,506,073	0
Other non-current liabilities	**23**	169,143,537	0	171,403,925	0
Total non-current liabilities		**683,589,059**		**722,782,179**	
Current liabilities					
Short-term portion of provisions for risks and charges	**19**	10,313,372	0	2,291,531	0
Current trade payables	**22**	116,424,813	15,793,571	149,811,624	17,959,187
Tax and social security payables	**24**	32,890,186	0	24,755,009	0
Current financial liabilities	**21**	252,231,730	0	67,515,998	0
Other current liabilities	**23**	97,584,641	43,558,504	138,784,423	91,884,439
Total current liabilities		**509,444,742**		**383,158,585**	
Liabilities directly associated with assets held for disposal	**17**	0		4,642	
Total liabilities		**1,193,033,801**		**1,105,945,406**	
Total shareholders' equity and liabilities		**2,356,114,635**		**2,191,411,790**	

(euros)

CONSOLIDATED INCOME STATEMENT

	Notes	2021	of which related parties (Note 33)	2020	of which related parties (Note 33)
Revenues					
Revenues from operations	**25**	504,307,407	15,001,787	352,216,440	10,251,259
Balances	**25**	294,398,448	0	383,378,133	0
Total revenues from contracts with customers	**25**	*798,705,855*		*735,594,573*	
Other operating income	**26**	46,406,561	34,368,707	45,270,927	34,870,314
Total revenues		**845,112,416**		**780,865,500**	
Costs					
Costs for raw materials, supplies, consumables and goods	**27**	(9,733,785)	(898,704)	(7,772,336)	(276,081)
Costs for services	**27**	(127,265,215)	(8,136,283)	(112,672,031)	(9,061,250)
Personnel costs	**28**	(499,240,954)	0	(460,956,551)	0
Costs leases and rentals	**27**	(1,786,555)	(66,275)	(2,115,601)	(23,546)
Other operating expenses	**27**	(3,618,301)	0	(4,720,414)	0
Capitalised costs	**29**	27,441,610	0	27,727,063	0
Total costs		**(614,203,200)**		**(560,509,870)**	
Depreciation and amortisation	**7 and 8**	(129,257,108)	0	(138,071,100)	0
Writedowns/(writebacks) for impairment of receivables	**13**	(3,920,795)	0	(6,168,077)	0
Writedowns/(writebacks) for impairment of property, plant and equipment and intangible assets	**7**	0	0	(4,179,047)	0
Provisions	**19**	554,570	0	(813,131)	0
Operating income		**98,285,883**		**71,124,275**	
Financial income and expense					
Financial income	**30**	10,869,309	0	1,818,166	0
Financial expense	**30**	(6,791,005)	0	(7,353,433)	0
Exchange rate gains (losses)	**30**	421,377	0	(589,877)	0
Total financial income and expense		**4,499,681**		**(6,125,144)**	
Income before taxes		**102,785,564**		**64,999,131**	
Income taxes	**31**	(24,755,189)	0	(11,026,915)	0
Profit (loss) for the year		**78,030,375**		**53,972,216**	
Attributable to shareholders of Parent		*78,371,693*		*54,283,479*	
Attributable to non-controlling interests		*(341,318)*		*(311,263)*	
Basic earnings/(loss) per share	**38**	0.14		0.10	
Diluted earnings/(loss) per share	**38**	0.14		0.10	

(euros)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2021	2020
Profit (loss) for the year	**18**	**78,030,375**	**53,972,216**
Other comprehensive income recyclable to profit/(loss):			
- Differences arising from the translation of foreign financial statements	**18**	4,872,264	(5,265,937)
- Fair value of derivative financial instruments	**10 and 18**	211,216	(154,172)
- Tax effect of the valuation at fair value of derivative financial instruments	**11 and 18**	(50,692)	37,001
Total other comprehensive income recyclable to profit or loss		*5,032,788*	*(5,383,108)*
Other comprehensive income not recyclable to profit or loss:			
- fair value measurement of investments in other entities	**9**	(7,031,772)	(8,497,758)
- Actuarial gains/(losses) on employee benefits	**18 and 20**	(1,125,538)	(453,807)
- Tax effect of actuarial gains/(losses) on employee benefits	**11 and 18**	1,746,801	1,893,443
Other comprehensive income not recyclable to profit or loss		*(6,410,509)*	*(7,058,122)*
Comprehensive Income		**76,652,654**	**41,530,986**
Attributable to shareholders of Parent Company		76,993,972	41,842,249
Attributable to non-controlling interests		(341,318)	(311,263)

(euros)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

				RESERVES
	Share capital	Legal reserve	Sundry reserves	Reserve from actuarial gains/ (losses) for employee benefits
Balance at 31 December 2019	**541,744,385**	**31,809,804**	**450,743,646**	**(11,209,831)**
Allocation of net profit from the previous year	0	5,594,056	0	0
Dividend distribution	0	0	0	0
Purchase/award of treasury shares	0	0	1,773,331	0
Currency translation difference reserve	0	0	(5,265,937)	0
Long-Term Incentive Plan	0	0	(813,186)	0
Comprehensive income, of which:				
- Profit (loss) recognised directly in equity	0	0	(6,713,229)	(344,893)
- Profit (loss) for the year	0	0	0	0
Balance at 31 December 2020	**541,744,385**	**37,403,860**	**439,724,625**	**(11,554,724)**
Allocation of net profit from the previous year	0	2,167,114	0	0
Dividend distribution	0	0	0	0
Purchase/award of treasury shares	0	0	1,049,667	0
Currency translation difference reserve	0	0	4,872,264	0
Long-Term Incentive Plan	0	0	(46,360)	0
Comprehensive income, of which:				
- Profit (loss) recognised directly in equity	0	0	(5,555,100)	(855,409)
- Profit (loss) for the year	0	0	0	0
Balance at 31 December 2021	**541,744,385**	**39,570,974**	**440,045,096**	**(12,410,133)**

Cash flow hedges	Total reserves	Retained earnings/(loss carryforward)	Profit (loss) for the year	Total	Attributable to non-controlling interests	Total shareholders' equity
2,029,942	**473,373,561**	**19,992,565**	**118,432,376**	**1,153,542,887**	**2,499,765**	**1,156,042,652**
0	5,594,056	112,838,320	(118,432,376)	0	0	0
0	0	(113,189,994)	0	(113,189,994)	0	(113,189,994)
0	1,773,331	0	0	1,773,331	0	1,773,331
0	(5,265,937)	0	0	(5,265,937)	0	(5,265,937)
0	(813,186)	122,595	0	(690,591)	0	(690,591)
(117,171)	(7,175,293)	0	0	(7,175,293)	0	(7,175,293)
0	0	0	54,283,479	54,283,479	(311,263)	53,972,216
1,912,771	**467,486,532**	**19,763,486**	**54,283,479**	**1,083,277,882**	**2,188,502**	**1,085,466,384**
0	2,167,114	52,116,365	(54,283,479)	0	0	0
0	0	0	0	0	0	0
0	1,049,667	(41,511)	0	1,008,156	0	1,008,156
0	4,872,264	0	0	4,872,264	0	4,872,264
0	(46,360)	0	0	(46,360)	0	(46,360)
160,524	(6,249,985)	0	0	(6,249,985)	0	(6,249,985)
0	0	0	78,371,693	78,371,693	(341,318)	78,030,375
2,073,295	**469,279,232**	**71,838,340**	**78,371,693**	**1,161,233,650**	**1,847,184**	**1,163,080,834**

(euros)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021	of which related parties	2020	of which related parties
A - CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (*)	**16**	**317,419**		**450,657**	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the year	**18**	78,030	0	53,972	0
Depreciation and amortisation	**7 and 8**	129,257	0	138,071	0
Net change in liabilities for employee benefits	**20**	(3,173)	0	(3,020)	0
Change resulting from exchange rate differences	**18**	(49)	0	(23)	0
Loss on sale of property, plant and equipment and impairment loss of property, plant and equipment and intangible assets	**7 and 8**	42	0	4,320	0
Other income/expense on non-cash flows	**7**	0	0	4	0
Provision for stock grant plans	**28**	962	0	1,083	0
Net provisions for risks and charges	**19**	10,903	0	1,691	0
Net change in deferred tax assets and deferred tax liabilities	**11**	(4,434)	0	(11,476)	0
Decrease/(increase) in inventories	**14**	630	0	(248)	0
Decrease/(increase) in current and non-current trade receivables	**13**	(342,610)	(3,628)	(300,372)	2,157
Decrease/(increase) in tax receivables and tax and social security payables	**12 and 24**	39,102	0	(8,722)	0
Change in other current assets and liabilities	**15 and 23**	(38,842)	(40,729)	(6,848)	12,107
Change in other non-current assets and liabilities	**23**	(859)	1,440	3,435	8,592
Increase/(decrease) in current and non-current trade payables	**22**	(26,107)	71	(44,925)	1,595
B - TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**(157,148)**		**(173,058)**	
of which taxes paid		(15,253)		(37,195)	0
of which interest paid		(4,228)		(4,414)	0

(*) Cash and cash equivalents at the beginning of the year include €1,375 thousand of the liquidity of Sicta Consortium in liquidation, which was reclassified to assets held for sale and liquidated during the year.

	Notes	2021	of which related parties	2020	of which related parties
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	**7**	(71,502)	0	(74,003)	0
Investments in intangible assets	**8**	(14,129)	0	(17,485)	0
Increase/(decrease) in trade payables for investments	**22**	25,708	(2,097)	14,906	(1,939)
(Decrease)/increase in trade receivables for investments	**13**	750	0	750	0
Increase/(decrease) in trade payables for equity investments	**9**	(714)	(714)	(1,313)	0
Investments in financial assets	**10**	0	0	24,897	0
C - TOTAL CASH FLOW FROM INVESTING ACTIVITIES		**(59,887)**		**(52,248)**	
Net cash flow generated/(absorbed) from financing activities					
New medium and long term loans	**21**	180,000	0	220,000	0
(Repayments) of medium and long term loans	**21**	(63,665)	0	(13,540)	0
Net change in short-term financial liabilities	**21**	13	0	174	0
Net change in short-term financial liabilities	**21**	(1,525)	0	(1,980)	0
(Increase)/Decrease in current and non-current financial assets	**10**	9,854	9,851	877	807
Dividend distribution	**18**	0	0	(113,190)	(60,308)
D - TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**124,677**		**92,341**	
E - Total cash flow (B+C+D)		**(92,358)**		**(132,965)**	
F - Exchange rate differences on cash		**249**		**(273)**	
G - CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E+F)	**16**	**225,310**		**317,419**	

(thousands of euros)

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 (now EXM – Euronext Milan) organised and operated by Borsa Italiana S.p.A. and, at 31 December 2021, 53.28% the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.62% by institutional and individual shareholders, with 0.10% being held by ENAV as treasury shares.
The activity of the ENAV Group consists of the air traffic control and management services and other essential services provided by the Parent Company for air navigation in Italian airspace and at the national civil airports for which it is responsible, as well as the technical operation and maintenance of air traffic control equipment and systems, the sale of aeronautical software solutions and commercial development and aeronautical consulting activities. The measurement and presentation of operations is broken down into three operating sectors, namely *air navigation services, maintenance services, AIM software solutions* and a remaining sector defined as *other sectors*.
The Group's consolidated financial statements for the year ended 31 December 2021 include the financial statements of ENAV S.p.A. and its subsidiaries and were approved by the Board of Directors on 21 April 2022, 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 2021 of ENAV S.p.A. and its subsidiaries (hereinafter also the "Group") were prepared in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002 as well as Legislative Decree 38 of 28 February 2005, which governed the application of the IFRS under the scope of Italian law.
"IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the related EU Regulations published up to 21 April 2022, 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 2021 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 also applied the new definition of material introduced with amendments to IAS 1 and IAS 8, which states that information is material if omitting, misstating or obscuring could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of the information, or both. The Group assesses whether information, individually or in combination with other information, is material in the context of the financial statements considered as a whole.
The consolidated financial statements were prepared on a historic cost basis with the exception of financial statement items that must be measured at fair value.
Each item of the consolidated financial statements is compared with the corresponding figure for the previous year.
In accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 (the ESEF Regulation) and Article 154-ter of the Consolidated Law on Financial Intermediation, the consolidated financial statements and a range of identifying information of the Parent Company have been tagged in accordance with the IFRS, and the Annual Financial Report has been published in the single electronic format required under the ESEF Regulation as well as the usual courtesy format.

3. PRINCIPLES AND SCOPE OF CONSOLIDATION

Subsidiaries

In addition to the Parent Company, the consolidated financial statements include the companies over which the latter exercises control, directly or indirectly through its subsidiaries, starting from the date of acquisition and until the date such control ceases, in accordance with IFRS 10.
Control is acquired when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. it has existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.
- Generally speaking, it is assumed that holding a majority of voting rights gives control. In support of this assumption, when the Group owns less than the majority of voting rights or similar rights, the Group considers all the facts and relevant circumstances to establish whether it controls the investee, including:
- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- Group voting rights;
- potential Group voting rights;
- a combination of the previous facts and circumstances.

The Group reassesses whether it controls an investee if the facts and circumstances indicate that changes may have taken place in one or more of the three elements of control indicated above. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.
If the Group loses control of a subsidiary, it eliminates the related assets and liabilities and other components of equity, while any profit or loss is recognised in the income statement. Any portion of the investment retained is recognised at fair value.
The financial statements of the subsidiaries are prepared with reference to 31 December 2021, 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:

	31.12.2021		31.12.2020	
	12-month average	at 31 December	12-month average	at 31 December
Malaysian ringgit	4.9026	4.7184	4.7935	4.9340
US dollar	1.1835	1.1326	1.1413	1.2271

Conversion of items in foreign currencies

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

Business combinations

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at

fair value and any (positive or negative) difference recognised through profit or loss.
Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration, classified as a financial instrument pursuant to IFRS 9, are recognised through profit or loss. Contingent consideration classified as equity instruments are not remeasured and is recognised directly in equity.
If the fair values of the assets, liabilities and contingent liabilities are determined provisionally, the business combination is recognised using these provisional values. Any adjustments resulting from the completion of the valuation process are recognised within 12 months of the acquisition date, restating the comparative figures.
The goodwill that emerges from the acquisition of subsidiaries is the excess of the consideration paid, as measured at fair value on the acquisition date, over with the net fair value of the identifiable assets and liabilities. After initial recognition, goodwill is not subject to amortisation, but undergoes testing of its recoverable value at least once a year. For impairment testing purposes, the goodwill acquired in a business combination is allocated, from the acquisition date, to each cash generating unit or CGU of the Group in which benefits are expected from the synergies created with the combination, irrespective of the fact that other assets or liabilities of the acquiree have been allocated to these units. A CGU is the smallest group of assets that generates largely independent cash flows. In the process of identifying the CGUs, management has taken into account the specific nature of the activity and the business it belongs to (business areas, legislative framework, etc.), verifying that the inward cash flows from a group of assets are largely independent of those from other assets (or groups of assets). Additionally, the assets included in each CGU were also identified on the basis of the methods through which management monitors and manages them within the scope of its business model.
If goodwill was allocated to a cash generating unit and the entity divests some of the assets of this unit, the goodwill associated with the divested assets is included in the carrying amount of the asset when the gain or loss from the divestment is calculated. The goodwill associated with the divested assets is calculated on the basis of the values relating to the divested asset and the part retained by the cash generating unit.

Scope of consolidation

The scope of consolidation at 31 December 2021 has changed compared with the previous year due to the exit from consolidation as from 1 March 2021 of ENAV España Control Aereo S.L.U. and the definitive closure following completion of liquidation of the Sicta Consortium in liquidation, in accordance with the resolution of the Shareholders' Meeting of 25 February 2021.
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 2021 in thousands of euros and the percentage interest held:

						% PARTICIPATION	
Name	**Office**	**Business**	**Currency**	**Consolidation method**	**Share capital**	**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%
ENAVNorth Atlantic	Miami	Services	US dollar	Line-by-line	44,974	100%	100%
IDS AirNav S.r.l.	Rome	Services	Euro	Line-by-line	500	100%	100%

4. ACCOUNTING POLICIES

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

Property, plant and equipment

Property, plant and equipment is recognised at cost, net of depreciation and any impairment losses. The cost includes directly attributable ancillary costs incurred to prepare the asset for the use for which it was acquired. Cost incurred for major repairs or maintenance are recognised in the carrying amount of the equipment or machinery, where the recognition criterion is satisfied. All other repair and maintenance costs are recognised through profit or loss when incurred. In any event, the costs incurred after acquisition are recognised as an increase in the carrying amount of the item referred to if it is likely that the future benefits associated with the cost will flow to the Group and the cost of the item can be measured reliably.
Depreciation is calculated on a straight-line basis, from the time the asset is available and ready for use, over the estimated useful life of the asset, which is reviewed annually. Any changes in the useful life will be made and 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 lives of the main classes of property, plant and equipment are as follows:

Type	Description	useful life (years)
Buildings	Buildings	25
	Extraordinary maintenance of buildings	25
	Light constructions	10
Plant and machinery	Radio systems	10
	Recording systems	7
	Synchronisation systems and control centres	10
	Manual and electromechanical plant	7
	Electrical plant and 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	4
	Business aircraft	15
	Aircraft equipment and flight inspection systems	10

The carrying amount of property, plant and equipment is checked to detect any impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If there is such evidence and if the carrying amount exceeds the recoverable value, the assets are written down and recognised at their recoverable value. The recoverable value of property, plant and equipment is represented by the higher of the asset's fair value less costs to sell and its value in use.
For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item writedowns and impairment losses. These impairments are reinstated if the reasons that generated them disappear, within the limits of the net carrying amount that the asset in question would have had if the writedown had not been made and if the depreciation had taken place.
At the time of the sale or when the future economic benefits anticipated from the use of an asset do not exist, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the carrying amount) is recognised through profit or loss in the year of the 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

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

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, which includes related ancillary costs. If 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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and undergo impairment testing. Gains and losses are recognised through profit or loss when the asset is eliminated, modified or revalued. Within the consolidated financial statements, financial assets at amortised cost include the following: current and non-current financial assets, current and non-current trade receivables and other current and non-current assets.
For financial assets at fair value through other comprehensive income in the form of equity instruments, at first-time application of IFRS 9, the Group irrevocably elected to recognise changes in the

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

Cash and cash equivalents

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

Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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 that are observable for the asset or liability, either directly or indirectly;

Level 3: fair value calculated using valuation techniques employing unobservable inputs for the asset or liability.

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 the actuarial risk. Since the amount of the benefit to be paid under a defined-benefit plan can only be quantified after the termination of the employment relationship, the related financial effects are recognised on the basis of actuarial calculations performed in conformity with IAS 19. Defined-contribution plans are plans whereby the employer pays fixed contributions into a fund. The 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 account of the severance entitlement accrued for service already rendered and is based on actuarial assumptions mainly comprising: demographic factors (such as employee turnover and mortality) and financial factors (such as the inflation rate and the discount rate for maturities consistent with the expected date of termination). The value of the liability recognised in the financial statements is, therefore, in line with the actuarial measurement, and actuarial gains and losses resulting from the calculation are allocated directly to shareholders' equity under other comprehensive income in the period in which they arise, taking account of the related deferred tax effects.
The severance pay due to employees 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). The cost of such plans is represented by the fair value of those instruments calculated at the grant date, and it is recognised under personnel costs over the period between the grant date and the vesting date, with a matching entry in the stock grant reserve under shareholders' equity. The overall estimated amount is deferred over the vesting period, and personnel costs and the corresponding increase in equity are periodically recognised as a portion of the estimated amount.
The estimated cost should be reviewed during the vesting period if subsequent information indicates that the number of instruments that will vest at the end of the vesting period will differ from the original estimates. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. 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 a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received.
Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.
The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.
Risks for which the recognition of a liability is only possible are disclosed and no provision is made.

Revenue 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 balances represent the variable consideration, factored into the transaction price of each performance obligation, attributable to the services provided within the en-route and terminal streams, making it possible to measure the actual value of the performance delivered to the customer, adjusted appropriately to take account of the time value of money;
- *non-regulated market*: revenues are broken down by type of transaction, such as the sale of licenses and provision of services, flight inspection, aeronautical consulting, technical and engineering services, training and other revenues. Revenues recognised over time are limited mainly to aeronautical consulting 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

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 receivable recorded (under-recovery). In compliance with the cost-recovery principle, the balance therefore represented the result of the correction mechanism used to adjust the amount of revenues to the effective billable costs incurred. The effects of this mechanism were reflected for rate purposes starting from the second year after the reference year and taken to profit or loss with the opposite sign of the balance recognised.

From 1 January 2015 this cost-recovery mechanism applied exclusively to terminal Charging Zone 3. With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the National Performance Plan, approved for 2015-2019 (the second reference period), in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore the Parent Company, with regard to both traffic and costs. In 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. Pursuant to the Regulation, the Performance Plan updated on the basis of the latest air traffic forecasts issued by Eurocontrol was presented in November 2021, to be used to determine the balance for the year. The balance in respect of the loss of traffic in the 2020-2021 period shall, on an exceptional basis, be recovered over a period of five years, which can be extended to seven years, starting from 2023. Although the Regulation addresses en-route revenues, the Parent Company has extended its application to include terminal revenues for Charging Zones 1 and 2, which are subject to the same European regulations. The adjustment of en-route and terminal revenues will be charged to the item “Balance for the year”. The receivable and payable components of the balance, whether current or non-current, are classified under current and non-current trade receivables in the manner of contract assets/liabilities consistent with IFRS 15. The associated receivable/payable in respect of the balance is identified separately in the explanatory notes.

For both terminal services and en-route services, the “Balance for the year” item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only

be settled ex post. In other words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.
The “Balance for the year” will be reflected in rates as indicated by the European Commission, while in the year ending the receivable/payable balance is recognised in profit or loss through the item “Balance utilisation” and included in the rate for the year.
Bearing in mind that the recovery of asset and liability balances is deferred in time and takes place on the basis of the plans to recovery balances through adjustments to unit rates, in accordance with IFRS 15, the Parent Company takes account of the time value of money in measuring those revenues, with initial recognition at their present value and subsequent recognition of accrued financial income/expense until their incorporation in rates.
If the balance recovery plans are changed, the Group adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balances for previous financial statements but it does require the prospective application of the changes.
The balance also includes a significant financing component, with a time horizon of more than 12 months. For this reason, the Group adjusts the transaction price to take account of the time value of money. The receivables and payables for balances, limited to the amounts recognised in the year, represent variable consideration, or contract assets/liabilities, which will be incorporated in unit rates in the future. The receivables and payables for balances included in unit rates for the year represent the draw-down at the time of invoicing of the contract assets/liabilities mentioned above. These contract assets/liabilities are classified under current and non-current trade receivables/payables, and are reported separately in the explanatory notes.

Grants

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

Financial income and expense

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

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 Sustainable Infrastructure and Mobility (MSIM), and the controlling Ministry, namely the Ministry for the Economy and Finance (MEF), entities under the control, including joint control, of the MEF and associated companies.
For a detailed analysis of related-party transactions, please see to Note 33 of the consolidated financial statements.

Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity: i) that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment; iii) for which discrete financial information is available.
For management purposes, the ENAV Group is organised in strategic units identified on the basis of the nature of the services provided and, for the purpose of financial reporting, has three operating segments (air navigation services, maintenance services and AIM software solutions) coinciding with the cash generating units (CGU). A fourth operating segment of a residual nature is also present, which includes operations connected with minor activities that do not fall within the scope the main operating segments subject to monitoring.
The information for the operating segments for 2021, with the comparative figures for 2020, is provided in Note 32 "Operating segments".

Basic and diluted earnings/(losses) per share

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

5. USE OF ESTIMATES AND MANAGEMENT JUDGEMENTS, INCLUDING THOSE CONNECTED WITH THE COVID-19 PANDEMIC

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.
In compliance with the recommendations issued by ESMA on 29 October 2021 with regard to the impact of the COVID-19 pandemic, this section also reports the areas most affected by estimates and judgments that may have had greater impact as a result of the health emergency. 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.
In order to enhance understanding of the financial statements, the main financial statement items or accounting circumstances which could significantly affected by management judgements are reported below, highlighting the main assumptions adopted in the evaluation process, in compliance with international accounting standards.

Measurement of revenues for the balance

As described in the Accounting Policies section, in the wake of the COVID-19 pandemic and the significant impact it has had on the air transport sector, the European Commission adopted 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, with Decision 2021/981 (the “Decision”), the European Commission revised the performance targets for the third reference period, 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. For 2020-2021, this indicator shall not exceed 120.1% of the DUC baseline value in 2019. Outperforming the European target, the DUC planned by ENAV in the updated Performance Plan was set at just +94.3% of the DUC baseline value for 2019 for the 2020-2021 combined period.
Note that the Decision has substantially changed only the methods for measuring the amount due to the Group for services provided, without modifying the original right to such payment. The 2021 bal-

ance revenues were determined using the measurement criteria in line with the principles contained in Implementing Regulation (EU) 2020/1627 in conformity with the performance targets set out in the Decision and in accordance with the Performance Plan presented in the November 2021, which incorporates the new traffic forecasts issued by Eurocontrol. The en-route and terminal balances were also determined in accordance with the rate reporting tables provided for in EU regulations, which are used by all the member states and their air navigation service providers to monitor performance and report balances. The reporting tables will be sent to Eurocontrol and the European Commission by June 2022 in order to audit the values. The balance so calculated shall be recovered on an exceptional basis over a period of five years, which can be extended to seven years, starting from 2023.

Fair value measurement of equity instruments

At each balance sheet date, the Group updates the fair value of the equity instruments for which it has made an irrevocable election to recognised the related adjustments to OCI in a specific equity reserve. With reference to the fair value measurement of the investment in Aireon LLC, the analysis conducted by management requires the assessment of a series of internal and external inputs such as: a review of the annual budget, an examination of the long-term financial plan and an analysis of the main market indicators. The evaluation requires extensive use of significant estimates and assumptions by management. In particular, the estimate of the fair value of Aireon was performed on the basis of the economic and financial forecasts for 2022-2033 period (the "Plan"), presented in December 2021 and updated by Aireon management in February 2022. More specifically, the valuation model is based on the following main assumptions:

- the equity value, determined from the equity-side perspective on the basis of the distributable dividends drawn from that Plan. These dividends were determined on the basis of the explicit valuation period, beyond which it was assumed that the Company will generate a sustainable cash flow at a nominal average growth rate (g-rate) in the long term (terminal value);
- the discount rate used is the cost of capital (Ke) of 13.56%, calculated using the Capital Asset Pricing Model (CAPM) method.

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

Impairment of assets and cash generating units

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

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

- Air navigation services: this CGU coincides with ENAV S.p.A. whose core business is providing air traffic control and management services and other essential air navigation services in Italian airspace and at the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology infrastructure of air navigation systems;
- Maintenance services: this CGU coincides with the subsidiary Techno Sky S.r.l. whose core business is the technical management and maintenance of air traffic control equipment and systems.
- AIM software solutions: this CGU coincides with the subsidiary IDS AirNav S.r.l. whose core business is the development of software solutions for aeronautical information management and air traffic management and the provision of associated commercial services, for a range of customers in Italy, Europe and around the world.

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

Performing the impairment test required management to make significant estimates. Any changes in the assumptions and inputs used could result in significant changes regarding the recoverable value of the CGU.

For the Maintenance Services CGU the discounted cash flows cover a time horizon of three years (2022-2024) while for the AIM Software Solutions CGU, the discounted cash flows refer to a time horizon of five years (2022 - 2026) and are taken from the business plans approved by their respective boards of directors and by the Parent Company, taking due account of the approved budget for 2022. For the explicit forecast period, these flows are formulated on the basis of hypothetical assumptions and associated with the expectations for the development of the business, while the years following the explicit period use assumptions about long-term sustainable profitability to enable operational continuity (growth rates and other factors linked to macroeconomic dynamics).

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

- definition of NOPAT (Net Operating Profit After Taxes) on the basis of the average for the three-year explicit forecast period (2022-2024) for the Maintenance Services CGU and the average for the last two years of the explicit forecast period (2025-2026) for the AIM Software Solutions CGU;
- depreciation is aligned with investments to maintain fixed capital;
- working capital with balance of zero;
- the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 1.4% in line with the revision of the growth forecasts for Italy under current macroeconomic conditions.

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.

Risk provisions

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

Provision for doubtful accounts and provision for inventory losses

The provisions for doubtful accounts for inventory losses respectively reflect the estimates of losses on Group receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used.
In order to take account of the effects of COVID-19 on the impairment of trade receivables, the model adopted by the Group was compared with that used in 2020, taking account of the deterioration of the creditworthiness of a basket of companies representing the air transport sector.
Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

6. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards adopted in the preparation of the consolidated financial statements at 31 December 2021 are in consistent with those used for the preparation of the consolidated financial statements at 31 December 2020. The amendments and interpretations applied for the first time in 2021 did not have an impact on the consolidated financial statements. The Group has not opted for early adoption of any new standard, amendment or interpretation issued but not yet in force.

New accounting standards, interpretations and amendments that did not have an impact on the Group's consolidated financial statements

The following is a list of the new accounting standards, amendments and interpretations applicable to the Group as from 1 January 2021 or subsequently during the year with no impact on the Group's consolidated financial statements at 31 December 2021.

- *Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*, issued on 27 August 2020 and endorsed on 13 January 2021. The amendments for phase 2 address issues that could affect financial reporting when changing the interest rate, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative rate (replacement issues).
  The amendments took effect for reporting periods that begin on or after 1 January 2021.
- *Amendment to IFRS 16 – Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*- issued on 31 March 2021 and endorsed on 30 August 2021, taking effect as from 1 April 2021. With this amendment, the IASB further amended IFRS 16 to extend the time limit of one of the criteria with which a lessor must comply in order to apply the practical expedient to the concessions received (exemption for lessees from the obligation to determine whether a lease concession represents a modification of the lease), or that any reduction in lease payments could only affect the payments originally due by 30 June 2021. The original amendment was to have effect until 30 June 2021, but in view of the continuing economic impact of the COVID-19 pandemic, application of the practical expedient was extended until 30 June 2022.
  The Group did not receive rent concessions as a consequence of the pandemic but will apply the practical expedient if this should occur during the period in which the amendment is in effect.

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

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

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

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

- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use* – issued on 14 May 2020 and endorsed on 28 June 2021. These amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise the proceeds from the sale of these items, and the costs to produce them, in profit or loss.
  The amendments will take effect for annual periods beginning on or after 1 January 2022. Entities are required to apply the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendments. The amendments are not expected to have a material impact for the Group.
- *Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of fulfilling a contract* – issued on 14 May 2020 and endorsed on 28 June 2021. The amendments clarify which costs must be considered by an entity in assessing whether a contract is onerous, i.e. loss-making. The amendment provides for the application of a "directly related costs approach". Costs that relate directly to a contract for the supply of goods or services consist of both incremental costs and other costs that relate directly to fulfilling contracts. General and administrative costs are not directly related to a contract and are excluded unless they are explicitly charged to the counterparty under the terms of the contract. The amendments will take effect for annual periods beginning on or after 1 January 2022.
- *Annual Improvements 2018-2020* – issued on 14 May 2020 and endorsed on 28 June 2021. As part of the cycle of improvements of accounting standards, the IASB published an amendment of IFRS 1 First Time Adoption, which permits a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 to measure the cumulative translation differences at the amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to the IFRSs. The amendment also applies to associates and joint ventures. The IASB also amended IFRS 9, clarifying that the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In particular, these include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity shall apply the amendment to financial liabilities that are modified or traded subsequent to the date of the first reporting period in which the entity applies the amendment for the first time. The amendments will take effect for annual periods beginning on or after 1 January 2022. Early adoption is permitted.
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – issued on 7 May 2021, endorsement pending. IAS 12 requires the recognition of deferred taxes or assets for all temporary differences, i.e. taxes due or recoverable in the future. In particular, it was established that companies, in specific circumstances, can be exempted from recognising the deferred tax when they recognise assets or liabilities for the first time. This provi-

sion previously raised some uncertainty as to whether the exemption would apply to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. With the amendment to IAS 12, the IFRS clarifies that the exemption does not apply and that companies are required to recognise the deferred tax on such transactions. The aim of the amendments is to reduce the diversity in accounting for deferred taxes on leases and decommissioning obligations. The amendments will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2023 and early adoption is permitted.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* – issued on 12 February 2021 and endorsed on 2 March 2022. The amendments introduce a definition of accounting estimates to replace the concept of changes in accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop an accounting estimate if an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. Furthermore, the Board clarifies that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period error. An effect of a change in an accounting estimate is recognised in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both. The amendments will take effect for annual periods beginning on or after 1 January 2023.
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies* – issued on 12 February 2021 and endorsed on 2 March 2022. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. More specifically, an n entity is now required to disclose its material accounting policy information instead of its significant accounting policies and several paragraphs are added to explain how an entity can identify material accounting policy information, which may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments will take effect for annual periods beginning on or after 1 January 2023.
- *Amendment to IAS 1: Classification of Liabilities as Current or Non-current* – issued on 23 January 2020, with deferral of initial application issued on 15 July 2020. The IASB modified paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, that this right must exist at the end of the financial year and that classification is unaffected by the likelihood that an entity will exercise its deferral right. Finally, the amendment also clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments will take effect for annual reporting periods beginning on or after 1 January 2023. The Group is monitoring discussions within the IFRS Interpretations Committee and the IASB.

Notes to the consolidated statement of financial position

7. PROPERTY, PLANT AND EQUIPMENT

The table below shows changes in property, plant and equipment at 31 December 2021 compared with the previous year.

	Land and Buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Cost	553,441	1,989,831	269,968	325,620	207,398	3,346,258
Accumulated depreciation	(261,872)	(1,623,763)	(229,325)	(301,765)	0	(2,416,725)
Net amount at 31.12.2020	**291,569**	**366,068**	**40,643**	**23,855**	**207,398**	**929,533**
Increases	6,735	15,768	4,002	12,142	71,502	110,149
Disposals - cost	(449)	(7,665)	(1,376)	(2,058)	0	(11,548)
Disposals - accumulated depreciation	420	7,663	1,376	2,047	0	11,506
Reclassifications	(15)	(8)	(160)	0	(38,801)	(38,984)
Depreciation	(21,113)	(78,119)	(7,865)	(8,844)	0	(115,941)
Total changes	**(14,422)**	**(62,361)**	**(4,023)**	**3,287**	**32,701**	**(44,818)**
Cost	559,710	1,997,624	272,434	335,704	240,099	3,405,571
Accumulated depreciation	(282,563)	(1,693,917)	(235,814)	(308,562)	0	(2,520,856)
Net amount at 31.12.2021	**277,147**	**303,707**	**36,620**	**27,142**	**240,099**	**884,715**

(thousands of euros)

Property, plant and equipment in 2021 decreased by a net €44,818 thousand, reflecting:

- depreciation for the period of €115,941 thousand (€124,648 thousand in 2020);
- an increase in property, plant and equipment of €110,149 thousand, of which €38,67 thousand relating to investments that entered service during the period. These included: i) programme for the transfer of approach radar control positions from the existing dedicated rooms at the airports of Lamezia Terme, Bari Palese, Ronchi dei Legionari and Verona to their respective Area Control

Centres; ii) the program dedicated to the new Technical Operations Centre (TOC) model for managing the maintenance of air traffic control plant and systems, established in a special room of the Rome Area Control Centre (ACC), which will act as a national centre from which it will be possible to access all the main remote control systems necessary for the management and maintenance of ATM/CNS systems; iii) the upgrade of the weather forecasting offices at the Rome ACC, with the creation of the new Italy MFU (Meteorological Forecast Unit) to provide all airports handled by ENAV with centralised weather forecasting and advisory services, as well as the implementation of a new technology platform to manage messaging to and from the Italy MFU in a uniform and integrated manner; iv) the supply and installation of fibre optic devices and cabling at the Milan Malpensa airport; v) the activation of two new frequencies at a number of remote sites of the Milan ACC and a number of airports; vi) supply and installation services connected with the replacement of two SMR (Surface Movement Radar) sensors of the A-SMGCS airport surveillance system at Milan Linate airport; vii) the implementation of new features in the EAWOS airport weather system in compliance with the Regulation (EU) 2017/373 at various airport sites; and viii) evolutionary maintenance for a various systems.

Increases of €71,502 thousand refer to progress on assets under construction as part of investment projects, including: i) the 4-Flight programme, whose objective is to develop the entire Air Traffic Management (ATM) technology platform of the ACCs based on SESAR operational concepts and taking the Coflight system as a basic component. The new generation Coflight Flight Data Processing system, which supports air traffic controllers in calculating expected flight trajectories, was developed in collaboration with the French provider DSNA; ii) the program for transferring approach radar control stations from the current dedicated rooms at major airports to the higher-level Area Control Centres; iii) the construction of the first Italian remote tower, enabling airport control using cameras from a Control Room with a 360° view, in place of a room located on a physical control tower; iv) modernisation and upgrading of airport voice recording systems; v) the new tower and technical area of the Treviso airport; vi) the construction of the new ENET-2 communication network, which will replace the existing ENET network connecting all national operational sites, transmitting operational voice communications, radar data, flight plans, weather information, AIS and plant control information;

- the decrease due to reclassifications totalling €38,984 thousand mainly regards investment projects that were completed and entered service during the year, with classification to a specific account in the amount of €38,647 thousand, as well as €588 thousand for the reclassification of certain components of operating systems in inventories for replacement parts and the remainder regarding amounts classified to this item from intangible assets.

Note that part of the investments, with a historical cost of €289.7 million, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006 and 2007-2013 for initiatives at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/09 and projects financed at the European level. The capital grants for these investments are accounted for as other liabilities and reversed to profit or loss in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €4,481 thousand. With regard to property, plant and equipment, no internal or external evidence of impairment losses was found that would call for an assessment of the recoverability of the assets 30 June 2021.

8. INTANGIBLE ASSETS

Intangible assets at 31 December 2021 amounted to €176,193 thousand, with the following changes during the year:

	Industrial patent and intellectual property rights	Other intangible assets	Assets under development	Goodwill	Total
Cost	184,756	11,816	47,670	93,472	337,714
Accumulated amortisation	(158,607)	(3,478)	0	0	(162,085)
Net amount 31.12.2020	**26,149**	**8,338**	**47,670**	**93,472**	**175,629**
Increases	4,069	517	14,129	0	18,715
Disposals	0	0	0	0	0
Reclassification	0	0	(4,835)	0	(4,835)
Amortisation	(12,030)	(1,286)	0	0	(13,316)
Total changes	**(7,961)**	**(769)**	**9,294**	**0**	**564**
Cost	188,825	12,333	56,964	93,472	351,594
Accumulated amortisation	(170,637)	(4,764)	0	0	(175,401)
Net amount 31.12.2021	**18,188**	**7,569**	**56,964**	**93,472**	**176,193**

(thousands of euros)

Intangible assets increased by a net €564 thousand during the year as a result of the following factors:

- amortisation for the year amounting to €13,316 thousand (€13,423 at December 31, 2020);
- increases totalling €18,715 thousand, of which €4,586 thousand in respect of investment projects completed and entering service during the year, mainly regarding: i) the evolution of the features of the software to support D-Flight activities in order to ensure regulatory compliance and add new features; ii) the software development of Flight Procedure Design and Airspace Management (FPDAM) products and the Aeronautical Information Management (AIM) suite with modernisation and release of modules/features expanding the product range offered by IDS AirNav, as well as long-term licenses for management and operating systems. The remainder of the increases, equal to €14,129 thousand, regarded projects under development in 2021, which included software development activities for the engineering of FPDAM and the technological innovation of LTMLT products, which are used to optimise the management of traffic flows and capacity at the local level, and work on the creation of a Group ERP system. The Company verified that that item had not incurred any impairment loss as at the reporting date;
- decreases in intangible assets for reclassifications of €4,835 thousand are mainly accounted for by investment projects completed during the year and entering service that were classified to a specific account.

Goodwill amounted to €93,472 thousand and includes €66,486 thousand in respect of the positive difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets at fair value, and is representative of future economic benefits. This value is entirely allocated to the Maintenance Services CGU, coinciding with the legal entity Techno Sky S.r.l.. At 31 December 2021, in application of the methodology envisaged in IAS 36 - Impairment of assets, the goodwill underwent impairment testing, carried out by comparing the recoverable value of the CGU with the carrying amount of the net assets of that unit, consistent with the provisions of IAS 36. In determining recoverable value, reference was made to value in use. The discount rate used is a WACC of 6.24% (7.30% in 2020), with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 1.4% (0.80% in 2020), consistent with the revised inflation forecasts for Italy.

Management decided that the estimation of recoverable value would use the value in use estimated on the basis of the cash flows drawn from the 2022-2024 business plan prepared by the subsidiary and approved by the company on 14 April 2022, which reflects both economic and financial conditions in the market, taking account of the budget already approved for 2022.

The plan shows moderate revenue growth in the reference period (a CAGR of 5.1% in 2021-2024) due to a general increase in activities to be carried out on the non-regulated market, which benefitted from the positive effects of the reorganisation of the Group's commercial activities. This growth is expected to come mainly in the final part of the explicit period (2023-2024), partially offset by an increase in variable costs, albeit at a slower pace than the growth in revenues on the non-regulated market, thereby having a positive impact on EBITDA growth over the plan horizon (a CAGR of 5.8% in 2021-2024). 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 by management, which reflected the 2022 budget approved on 20 December 2021, and objective data concerning the continuation of the company's core business.

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

For the purposes of the sensitivity analysis, an increase in the WACC of 0.3% was assumed and, maintaining a growth rate of 1.4%, the headroom continues to be positive in the amount of €97.9 million. Assuming a zero growth rate with no change in the WACC, the recoverable value is €58.6 million greater than the carrying amount.

In order to verify the robustness of the value in use of the CGU, sensitivity analyses were conducted for the main drivers (the growth rate g and WACC), which found that value was fully consistent with the carrying amount, even in a zero-growth scenario.

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.

At 31 December 2021, in application of methodology envisaged in IAS 36 - Impairment of assets, the goodwill underwent impairment testing, carried out by comparing the recoverable value of the CGU with the carrying amount of the net assets of that unit, consistent with the provisions of IAS 36. In determining recoverable value, reference was made to value in use. The discount rate used was a WACC of 11.49% (12.6% in 2020) with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 1.4% (0.8% in 2020), consistent with the revised growth forecasts for Italy.

Management decided that the estimation of recoverable value would use the value in use estimated

on the basis of the cash flows drawn from the 2022-2026 business plan prepared by the subsidiary and approved by IDS AirNav on 13 April 2021, also taking account of the budget for 2022. The plan shows a broad equivalence of revenue on the non-regulated market compared with previous estimates, but with a lower growth rate compared with previous projections. The reduction reflects the difference in actual 2021 figures compared with budget projections, with a CAGR that remains virtually unchanged until 2026 at about 10%.
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 €5.9 million.
For the purposes of the sensitivity analysis, an increase in the WACC of 0.5% was assumed while maintaining the growth rate at 1.4%. Headroom was positive at €2.9 million. Assuming a zero growth rate and no change in the WACC, the recoverable value exceeds the carrying amount by €0.2 million. No other plausible changes in the key impairment parameters have been found that could eliminate the positive difference between the value in use and the carrying amount of the CGU's assets.

9. INVESTMENTS IN OTHER ENTITIES

At 31 December 2021, investments in other entities amounted to €47,253 thousand (€50,122 thousand at 31 December 2020), a decrease of €2,869 thousand compared with the previous year, associated entirely with the writedown of the investment in Aireon LLC, which is measured at fair value through OCI, reflecting the adjustment of the investment to fair value and measurement at the year-end exchange rate. The investment is therefore carried at €47.1 million for the Group's stake of 9.14% pre-redemption, which will rise to 11.1% following execution of the redemption clause, which will not give rise to costs for the Company.
The fair value was measured using the valuation techniques provided for in IFRS 13, under which the calculation of fair value should maximise the use of observable data and minimise unobservable data in order to estimate the price at which it would be sold in an orderly transaction to transfer the equity instrument would take place between market participants at the measurement date. With a non-active market, the inputs used are consistent with Level 3 of the fair value hierarchy.
At 31 December 2021, the Group estimated the fair value of the investment using the following inputs: the cash flows under the Long-Term Operating Plan (LTOP) presented by the Board of Directors of Aireon and updated by the company's management on 16 February 2022 with a time horizon running through 2033, which takes account of the start of the operational phase of the company and is consistent with the useful life of the technology assets the satellite constellation – underpinning the development of the business and estimated by the management of Aireon. The forecasts for performance and financial position take account of the effects of the health emergency, which has impacted the air transport industry on a global scale and which on the basis of the estimates of Aireon's management could have structural effects.
The Plan envisages a financial structure with a broadly unchanged level of debt over the entire time horizon to fund the distribution of dividends to shareholders and investments in the creation of the second constellation during the last few explicit forecasting years of the Plan.
Other elements considered in the estimation are official stock market prices and historical and forecast economic-financial data for the sector and the market price of government securities. Following the update of the inputs, the fair value of the investment in Aireon LLC as at 31 December 2021 was

equal to €47.1 million, corresponding to $53.3 million, a decrease of $7.9 million compared with 31 December 2020.
The valuation model used is based on the following assumptions: i) fair value, determined from an equity-side perspective, based on a model involving the discounting of the dividends drawn from the explicit period of the plan; ii) the terminal value of the investment was determined by assuming sustainable cash flows at a long-term nominal average growth rate (g-rate); iii) the discount rate used is a cost of capital (Ke) of 13.56%, calculated using the CAPM (Capital Asset Pricing Model) method. In order to verify the robustness of the estimate, a sensitivity analysis was conducted for the Ke and the growth rate g: maintaining a growth rate of 2.5% and assuming a Ke of 13.20%, the value of the investment would increase by about $1.7 million.
Investments in other entities also includes the 16.67% stake held by the Parent Company in the French company ESSP SaS, in which the main European service providers are shareholders and which operates the EGNOS satellite navigation system and provides the associated services. In 2021, it paid a dividend of €667 thousand, an increase of €250 thousand on the dividend distributed in 2020.

10. CURRENT AND NON-CURRENT FINANCIAL ASSETS

Current and non-current financial assets amounted to €70 thousand and €427 thousand, respectively, an overall reduction of €9,701 thousand on 31 December 2020. The item breaks down as follows:

	31.12.2021			31.12.2020			CHANGE		
	Current assets	**Non-current assets**	**Total**	**Current assets**	**Non-current assets**	**Total**	**Current assets**	**Non-current assets**	**Total**
Financial assets at amortized cost	0	0	0	9,851	0	9,851	(9,851)	0	(9,851)
Other financial assets	0	344	344	0	347	347	0	(3)	(3)
Derivative financial instruments	70	83	153	0	0	0	70	83	153
Total	**70**	**427**	**497**	**9,851**	**347**	**10,198**	**(9,781)**	**80**	**(9,701)**

(thousands of euros)

The change mainly regarded current financial assets following the collection of €9,851 thousand in respect of the financial receivable due from the company from which the business unit transferred to Techno Sky was acquired, corresponding to the severance pay for the employees of the business unit, which fell due on 28 December 2021.
At 31 December 2021, the financial instrument obtained by ENAV to hedge the exposure to adverse changes in the euro/dollar exchange rate had a positive fair value, compared with a negative fair value the previous year. The financial instrument establishes a perfectly effective hedging relationship, accounted for using the cash flow hedge method. Please see Note 34 for all the information required by IFRS 7.

11. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	31.12.2020		INCR./DECR. THROUGH PROFIT OR LOSS		INCR./DECR. THROUGH OCI			31.12.2021	
	Temporary differences	Deferred tax assets / liabilities	Temporary differences	Deferred tax assets / liabilities	Temporary differences	Deferred tax assets / liabilities	Exchange differences	Temporary differences	Deferred tax assets / liabilities
Deferred tax assets									
Taxed provisions	32,081	7,699	984	236	0	0	0	33,065	7,935
Write-down of inventories	9,081	2,179	176	42	0	0	0	9,257	2,221
Discounting of receivables	20,847	5,004	4,575	1,098	0	0	0	25,422	6,102
Tax effect of IFRS conversion	296	91			0	0	0	296	91
Discounting of severance pay provision	4,341	1,061	0	0	1,126	270	0	5,467	1,331
Non-deductible portion of severance pay	89	22	0	0	0	0	0	89	22
Fair value of derivatives	62	15	0	0	(58)	(14)	0	4	1
Fair value of investment	0	0	0	0	6,970	1,464	0	6,970	1,464
Other	45,574	11,077	12,617	2,493	0	0	509	58,191	14,079
Total	**112,371**	**27,148**	**18,352**	**3,869**	**8,038**	**1,720**	**509**	**138,761**	**33,246**
Deferred tax liabilities									
Other	6,632	1,592	600	144	0	0	0	7,232	1,736
Discounting on debts	123	30	329	79	0	0	0	452	109
Tax effect of IFRS conversion	2,048	610	(236)	(66)	0	0	0	1,812	544
Fair value of investment	62	13	0	0	(62)	(13)	0	0	0
Fair value of derivatives	2,580	619	0	0	153	37	0	2,733	656
PPA	0	3,865	0	(722)	0	0	0	0	3,143
Total	**11,445**	**6,729**	**693**	**(565)**	**91**	**24**	**0**	**12,229**	**6,188**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2021 of €33,246 thousand and €6,188 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 2021 and the reversal of the deferred tax liabilities for receivables and payables accruing in 2021;
- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 13 and 19;
- the recognition of employee severance pay in accordance with the actuarial method, which produced an actuarial loss for the year recognised in other comprehensive income;
- the measurement at fair value of derivative financial instruments, recognised in other comprehensive income;
- the recognition of deferred tax assets on the fair value of the investment in Aireon, as reported in Note 9;
- the measurement and reversal to profit or loss of the elimination of margins on intercompany transactions;
- the reversal of the deferred tax liabilities connected with the purchase price allocation of the subsidiary IDS AirNav.

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

12. CURRENT AND NON-CURRENT TAX RECEIVABLES

Non-current tax receivables amounted to €716 thousand, a decrease of €23,142 thousand on the previous year in reflection of the reduction in the receivable for the excess IRES paid by the Parent Company in 2007-2011, which was partially collected during the year, with the remainder being assigned without recourse on 15 December 2021, generating total receipts including accrued interest of €27.2 million. Current tax receivables amounted to €5,565 thousand and include the receivables shown in the following table.

	31.12.2021	31.12.2020	Change
Receivables from tax authorities for VAT	4,097	5,559	(1,462)
IRES receivable	902	6,896	(5,994)
IRAP receivable	160	692	(532)
Other current tax receivable	406	190	216
Total	**5,565**	**13,337**	**(7,772)**

(thousands of euros)

Receivables from tax authorities for VAT amounted to €4,097 thousand, a decline of €1,462 thousand compared with 31 December 2020 that mainly reflected horizontal offsetting in the payment of the second payment on account in accordance with the provisions of the second Support Decree (Decree law 73/2021).

The *IRES and IRAP* receivables for the Group show a credit balance as the positive balance between payments on account and the tax liability for 2021. The decrease regards the Parent Company, whose tax position at 31 December 2021 showed a debtor balance.

13. CURRENT AND NON-CURRENT TRADE RECEIVABLES

Current trade receivables amounted to €177,161 thousand and non-current trade receivables amounted to €687,253 thousand, with the developments detailed in the following table:

	31.12.2021	**31.12.2020**	**Change**
Current trade receivables			
Receivables from Eurocontrol	134,557	94,708	39,849
Receivables from the Ministry for the Economy and Finance	10,993	10,243	750
Receivables from the Ministry of Sustainable Infrastructure and Mobility	30,000	30,000	0
Receivables from others	37,244	31,526	5,718
Balance receivables	0	2,559	(2,559)
	212,794	**169,036**	**43,758**
Provision for doubtful accounts	(35,633)	(32,454)	(3,179)
Total	**177,161**	**136,582**	**40,579**
Non-current trade receivables			
Receivables from customers	0	741	(741)
Balance receivables	687,253	385,230	302,023
Total	**687,253**	**385,971**	**301,282**

(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 2021, most of which had not yet fallen due, amounting to €87,461 thousand (€65,748 thousand at 31 December 2020) and €47,096 thousand (€28,960 thousand at 31 December 2020), respectively, gross of the provision for doubtful accounts. The overall increase of €39,849 thousand mainly reflected an increase of €57.1 million in turnover in November and December 2021 compared with the same months of the previous year, thanks to the recovery in air traffic volumes, which generated an increase of 152.1% in en-route service units and 158.1% in terminal service units compared with the same months of 2020, partly offset by the receipt of payment of receivables for flights from March to May 2020, which had been deferred as a result of the payment deferral granted by the member states of Eurocontrol to airlines, which would be settled as from February 2021. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €109,304 thousand (€73,117 thousand at 31 December 2020).
Receivables from the Ministry for the Economy and Finance (MEF) of €10,993 thousand are entirely accounted for by the en-route and terminal exemptions recognised in 2021, a slight increase compared

with the previous year, reflecting a rise in en-route service units generated in the year. The receivable in 2020 of €10,243 thousand was offset, after approval of the 2020 financial statements, with the payable to the Italian Air Force for collections in respect of en-route charges of €26,465 thousand, which left a payable of €16,222 thousand due to the MEF, which was recognised under other liabilities.

Receivables from the Ministry of Sustainable Infrastructure and Mobility 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 recognised in 2020 were collected.

Receivables from others amounted to €37,244 thousand, a net increase of €5,718 thousand on the previous year, attributable to an increase in receivables associated with progress on work for a number of orders for the Libyan Civil Aviation Authority involving the airports of Tripoli and Misurata and contract assets in respect of activities performed for customers in Zambia, Saudi Arabia and Morocco. The increase also includes the receivable due from Alma Mater Studiorum University of Bologna in the amount of €741 thousand, representing the final instalment on the deferred payment for the Academy building complex, falling due on 28 June. The previous year it had been classified under non-current receivables.

The *provision for doubtful accounts* amounted to €35,633 thousand, with changes in 2021 breaking down as follows:

			DECREASES		
	31.12.2020	**Increases**	**Utilisation**	**Cancellations**	**31.12.2021**
Provision for doubtful accounts	32,454	6,067	(2,168)	(720)	35,633

(thousands of euros)

The increase in the year in the provision for doubtful accounts reflected both positions written off following the bankruptcy of a number of air carriers and the results of the valuation model used to assess the recoverability of receivables, which had been revised in 2020 in the wake of the COVID-19 emergency, in compliance with the instructions of ESMA and CONSOB, with the changes being retained for 2021 as they reflected the risk presented by the air transport sector, which has a direct impact on the expected collection of the receivable due from Eurocontrol.

The decrease in the provision for doubtful accounts includes €2,168 thousand in respect of receivables prudentially written down in previous years and collected during 2021, while €720 thousand regards the writeoff of receivables in respect of Eurocontrol, which does not affect the right to recover the receivable.

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

Balance receivables amounted to €687,253 thousand net of discounting effects (€387,789 thousand at 31 December 2020), all recognised under non-current receivables. The change represents a net increase of €299,464 thousand. The rise mainly reflects the balance recognised in 2021 in conformity with Regulation (EU) 2020/1627 issued in response to the global COVID-19 emergency, which has had a significant impact on the air transport sector, introducing rules that partially derogate from Regulation (EU) 2019/317 concerning the performance and charging scheme and adopting specific provisions in relation to 2020 and 2021, which are considered as a single period. Under the provisions of the Regulation, balance revenues shall be measured on the basis of the actual determined costs presented in November 2021 in the 2020-2024 Performance Plan, which compared with actual service units generated in 2021 found a loss of revenue in 2020-2021 net of the amount already recognised in 2020. On the basis of this criterion, a balance of €243.4 million emerges for en-route charges. This criterion was also extended to the overall determination of terminal balances for Charging Zones 1 and 2, which were equally affected by the health crisis. This resulted in an overall balance of €45 million. The balance for Charging Zone 3, determined on a cost recovery basis, amounted to €19.3 million. Considering the fact that recovery of these balances pursuant to the EU Regulation will have to be spread over a period of five years, which can be extended to seven years, starting from 2023, they were discounted over that period, producing an overall negative value of €9.5 million.

14. INVENTORIES

Inventories, which are mainly represented by spare parts, amounted to €61,519 thousand net of the provision for inventory losses, a decrease of €42 thousand on the previous year. Changes during the year break down as follows:

	31.12.2020	Increases	Decreases	31.12.2021
Bonded inventory	65,208	2,626	(2,406)	65,428
Direct inventory	5,435	575	(661)	5,349
	70,643	**3,201**	**(3,067)**	**70,777**
Provision for inventory losses	(9,082)	(176)	0	(9,258)
Total	**61,561**	**3,025**	**(3,067)**	**61,519**

(thousands of euros)

The increase of €3,025 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, meteorological systems and lighting aids. Part of the increase, equal to €588 thousand, was attributable to parts of systems classified to inventories from property, plant and equipment. The decrease of €3,067 thousand, net of the provision for inventory losses, reflected the use of spare parts in operating systems.

The provision for inventory losses increased by €176 thousand for replacement parts that became obsolete as they were designed for plant no longer in use.

15. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets amounted to €50,324 thousand, a decrease of €1,910 thousand compared with 2020, while other non-current assets totalled €6,363 thousand, a decrease of €1,402 thousand on 31 December 2020. The item breaks down as follows:

	31.12.2021	31.12.2020	Change
Other current receivables			
Receivables from government entities for capital grants	28,342	35,239	(6,897)
Receivables from personnel	3,479	3,291	188
Receivables from various entities for projects funded	17,103	12,139	4,964
Accruals and deferrals	1,643	1,446	197
Other receivables	2,478	2,819	(341)
	53,045	**54,934**	**(1,889)**
Provision for doubtful accounts	(2,721)	(2,700)	(21)
Total	**50,324**	**52,234**	**(1,910)**
Other non-current receivables			
Receivables from government entities for capital grants	6,312	7,752	(1,440)
Other receivables	51	13	38
Total	**6,363**	**7,765**	**(1,402)**

(thousands of euros)

Receivables from government entities for capital grants decreased by €8,337 thousand compared with 31 December 2020, mainly due to the collection of grants under a number of funded projects, including the deconflicting tool at the Brindisi Area Control Centre, the 4-Flight project at the Brindisi Area Control Centre and the ACDM airport operator interoperability project at the Naples airport in the total amount of €5,357 thousand. The remainder of the change reflected the cancellation of part of certain funded projects net of the amount classified under current receivables as they regarded investments that will be completed by the end of 2022. The part recognised under non-current assets regards investments that will be undertaken in subsequent years.

Receivables from personnel refer to the advances paid to employees for travel expenses and not yet completed at the end of the year, of which the largest portion (€2,634 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 2021, €66 thousand were collected, reducing the provision. In order to secure the receivable, one fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in some cases, real estate were also seized.

Receivables from sundry entities for projects funded, totalling €17,103 thousand, show a net increase of €4,964 thousand on 31 December 2020, mainly due to the recognition of receivables on projects financed under the Connecting Europe Facility (CEF) calls for 2014, 2016 and 2017 in the amount of €12.3 million following the reporting of the accounts and the recognition of the share co-financed as part of the activities performed by the Group under the SESAR 2020 Wave 2 and Wave 3 project. That increase was partly offset by amounts collected for the SESAR 2020 and the interim payment on projects financed under the CEF, for which the accounts were reported the previous year.

Other receivables decreased by €341 thousand compared with 31 December 2020 as a result of the settlement in favour of the Parent Company of a prior-year dispute. The position was closed by offsetting against a liability item recognised under tax and social security liabilities.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €225,310 thousand, a net decrease of €90,734 thousand on the previous year. The decline mainly reflected developments in receipts and payments connected with ordinary operations, which produced a negative cash flow owing to the reduction in receipts from core business operations as a result of the effects of the COVID-19 pandemic. The health emergency produced a sharp contraction in air traffic, which although improving on 2020 has not yet returned to 2019 levels. Other factors included: i) the payment of the liability to the Ministry for the Economy and Finance for 2019 in the amount of €65.4 million; ii) the payment of the liability to ENAC for its share of en-route and terminal receipts and payment to the Italian Air Force of its share of terminal receipts in the total amount of €14.8 million. These developments were only partly offset by liquidity from new borrowing in the total amount of €180 million, the receipts from the assignment of the tax receivable in the amount of €27.2 million and from projects funded under the NOP and SESAR 2020 initiatives.

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

17. ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Assets and liabilities held for sale fell to nil in 2021 following the definitive closure of the Sicta Consortium in liquidation in accordance with the shareholders' resolution of 25 February 2021 and the definitive liquidation of ENAV España Control Aereo S.L.U. on 1 March 2021.

18. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity at 31 December 2021 amounted to €1,163,081 thousand and breaks down as follows.

	31.12.2021	31.12.2020	Change
Share capital	541,744	541,744	0
Legal reserve	39,571	37,404	2,167
Other reserves	436,283	441,885	(5,602)
Translation reserve	6,639	1,767	4,872
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(12,410)	(11,555)	(855)
Cash flow hedge reserve	2,073	1,913	160
Reserve for treasury shares	(2,150)	(3,200)	1,050
Retained earnings/(accumulated losses)	71,838	19,763	52,075
Profit (loss) for the year	78,372	54,284	24,088
Total shareholders' equity attributable to shareholders of the Parent	**1,161,233**	**1,083,278**	**77,955**
Non-controlling interests	2,189	2,500	(311)
Profit/(loss) attributable to non-controlling interests	(341)	(311)	(30)
Total non-controlling interests	**1,848**	**2,189**	**(341)**
Total shareholders' equity	**1,163,081**	**1,085,467**	**77,614**

(thousands of euros)

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, 46.62% by institutional and individual shareholders and 0.10% by ENAV in the form of treasury shares. At 31 December 2021, 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 2021, in accordance with the resolution of the Shareholders' Meeting of 28 May 2021, at the time of approval of the 2020 financial statements, 5% of ENAV S.p.A.'s profit for the year was allocated to the legal reserve in an amount equal to €2,167 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, €1.5 million for the reserve for the long-term incentive plan for the Group's management, which decreased during the year following the award of the shares connected with the second vesting period of the 2018-2020 plan, net of the portion recognised during the year for the other vesting cycles, €4.6 million in respect of the fair value measurement of investments in other entities (Aireon), net of deferred tax assets, and €3.9 million in respect of the equity reserve from D-Flight S.p.A..

The *translation reserve* for the conversion of financial statements denominated in foreign currencies reflects exchange differences generated by the translation into euros of the financial statements of companies operating in areas other than the euro area.

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

The *reserve for actuarial gains/(losses) for employee benefits* includes the effects of the actuarial changes in employee severance benefits, net of the tax effect, which at 31 December 2021 registered a Group actuarial loss of €0.8 million.

The *cash flow hedge reserve* includes the impact of the measurement at fair value of hedging derivatives, which shows a net increase of €160 thousand for the year.

The *treasury share reserve* reports the value of 518,823 treasury shares purchased at an average price of €4.14 per share, the remainder of the 772,103 treasury shares registered at 31 December 2020 following the award of 253,280 shares to the beneficiaries of the second vesting period (2018-2020) of the 2017-2019 Performance Plan.

Retained earnings/(loss carryforward) reflects results for previous years of the companies included in the scope of consolidation and adjustments made at the consolidated level. The change of €52,075 thousand mainly reflects the allocation of profit for 2020 to this item.

Profit for the year pertaining to shareholders of the Parent Company amounted to €78,372 thousand, while consolidated profit amounted to €78,030 thousand.

At 31 December 2021, non-controlling interests amounted to €1,848 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.

19. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €13,914 thousand, of which the portion classified in current liabilities totalled €10,313 thousand, and changed as follows during the year:

	31.12.2020	Increases	To profit or loss	Uses	31.12.2021
Provisions for disputes with personnel	1,530	0	(555)	(334)	641
Provisions for other pending litigation	50	0	0	0	50
Other risk provisions	883	0	0	0	883
Provisions for other charges	878	11,462	0	0	12,340
Total provisions for risks and charges	**3,341**	**11,462**	**(555)**	**(334)**	**13,914**

(thousands of euros)

Provisions for disputes with personnel, the short-term portion of which stood at €415 thousand, decreased by €889 thousand during the year as a result of the favourable settlement of a number of disputes and a review prompted by new information, which led to the updating of the provisions as a result of a decrease in the liabilities that could emerge from labour disputes of various types. At 31 December 2021 the total value of legal claims relating to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €1 million.
Provisions for other pending litigation, of which the short-term portion amounted to €30 thousand, did not change on the previous year. At 31 December 2021, the estimated charges related to outstanding disputes for which Group legal counsel have deemed the risk of a loss to be possible is €0.3 million.
Provisions for other charges, of which the short-term portion amounted to €9,868 thousand, increased as a result of the recognition of charges connected with the *Isopensione* early retirement scheme governed by Article 4, paragraphs 1-7 ter of Law 92/2012, which was implemented following an agreement signed with the union representing executives on 7 December 2021. Among other issues, the agreement established the maximum number of executives involved who meet the eligibility requirements for an old-age pension or an early-retirement pension in the 7 years following the termination of their employment relationship. The early retirement programme will terminate on 30 November 2023. The amount of the provision for positions classified as arising within 12 months regards 8 executives who are expected to terminate their employment by the end of 2022, with the concomitant payment of the liability to INPS in a single instalment.

20. SEVERANCE PAY AND OTHER EMPLOYEE BENEFITS

The provision for severance pay and other employee benefits amounted to €47,896 thousand, and is composed of the severance pay provision governed by Article 2120 of the Civil Code, which reports the estimated liability determined using actuarial techniques in respect of amounts payable to ENAV Group employees at the end of their employment relationship.
Developments in the liability for severance pay and other employee benefits during the year break down as follows:

	31.12.2021	31.12.2020
Liabilities for employee benefits at the beginning of the year	**49,943**	**52,509**
Interest cost	237	385
Actuarial (gains)/Losses on defined benefits	1,126	454
Advance payments, disbursements and other variations	(3,410)	(3,405)
Liabilities for employee benefits at the end of the year	**47,896**	**49,943**

(thousands of euros)

The interest cost component of the provision, equal to €237 thousand, was recognised under financial expense. The utilisation of €3,410 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 2021 this calculation generated an actuarial loss of €1,126 thousand.

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

	31.12.2021	31.12.2020
Discount rate	0.98%	0.34%
Inflation rate	1.75%	0.80%
Severance pay annual increase rate	2.81%	2.100%
Expected turnover rate	4.00%	4.00%
Expected rate of advance payments	2.50%	2.50%

The discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, using the IBoxx Corporate AA Index with the duration observed at the measurement date and commensurate with the average length of future service of the personnel involved. The inflation rate was determined by analysing the Update to the Economic and Financial Document for the short term and using the assumptions for economic and financial developments identified within the interministerial Services Conference for the long term. On the basis of this documentation, an inflation rate of 1.75% was obtained as the geometric mean over a medium/long-term time horizon. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.

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

LIABILITIES FOR DEFINED BENEFITS FOR GROUP EMPLOYEES

	31.12.2021	31.12.2020
Turnover rate + 1%	48,018	49,861
Turnover rate -1%	48,697	55,621
Inflation rate + 0.25%	48,959	50,873
Inflation rate - 0.25%	47,735	49,583
Discount rate + 0.25%	47,364	49,197
Discount rate - 0.25%	49,351	51,284

(thousands of euros)

The average duration of the liability for defined benefit plans is 10 years.

21. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include: i) payables to credit institutions for medium/long-term loans with the short-term portion reported under current financial liabilities inclusive of interest expense recognised on an accrual basis; ii) the bond issued by the Parent Company on 4 August 2015, with interest expense accrued for 2021, included under current liabilities. The bond will mature on 4 August 2022; and iii) lease liabilities emerging from the application of the new IFRS 16. The fair value of the sole outstanding financial derivative at 31 December 2021 is positive compared with the previous year and is reported under financial assets. The values of these items at 31 December 2021 compared with those at 31 December 2020 and the associated changes are shown below:

	31.12.2021			31.12.2020			CHANGE		
	current portion	non-current portion	Total	current portion	non-current portion	Total	current portion	non-current portion	Total
Bank loans	68,907	411,428	480,335	63,938	300,048	363,986	4,969	111,380	116,349
Bond	181,418	0	181,418	1,418	180,000	181,418	180,000	(180,000)	0
Lease liabilities ex IFRS 16	1,907	3,771	5,678	2,135	5,069	7,204	(228)	(1,298)	(1,526)
Financial derivatives	0	0	0	25	33	58	(25)	(33)	(58)
Total	**252,232**	**415,199**	**667,431**	**67,516**	**485,150**	**552,666**	**184,716**	**(69,951)**	**114,765**

(thousands of euros)

Bank loans at 31 December 2020 registered a net increase of €116,349 thousand as a result of new borrowing and the repayment of instalments on outstanding loans, reflecting the effects of amortised cost measurement. More specifically, this included i) three new term loans totalling €180 million obtained in July 2021 with a term of 24 months and repayment at expiry; ii) the repayment of two half-year instalments of the loan from the EIB (with an initial value of €80 million) in the total amount

of €5,333 thousand, with the final payment falling due on 12 December 2032 and the repayment of two half-year instalments of another loan from the EIB (with an initial value of €100 million) in the total amount of €8,332 thousand, with the final payment falling due on 19 December 2029; iii) the repayment of two half-year instalments in the amount of €33,333 thousand on a loan from Intesa San Paolo with an initial value of €100 million, with the final payment falling due on 30 October 2023; and iv) the repayment of two half-year instalments in the amount of €16,667 thousand on a loan from Mediobanca with an initial value of €50 million, with the final payment falling due on 28 October 2023.
The instalments of the above loans falling due in 2022 in line with the repayment plans are recognised under current liabilities in the total amount of €68,907 thousand, which includes the effect of amortised cost measurement.
At 31 December 2021, the Group had unused committed and uncommitted short-term credit lines totalling €294 million.
The following table provides an analysis of the loans with the general conditions for each individual Group credit relationship with the lenders. With regard to advances from the Unicredit and Intesa San Paolo, note that the conditions applied are agreed on a case-by-case basis and reflect market developments, while the conditions of the committed credit lines are determined on the basis of percentage use of the facilities.

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

(thousands of euros)

The average interest rate on bank loans in the reference period was 1.06%, slightly lower than the rate for the previous year (1.35%).
Lease liabilities under IFRS 16 include a total of €5,678 thousand in financial liabilities in respect of rights of use, broken down into long- and short-term in accordance with contractual due dates. During 2021, that liability decreased as a consequence of payments made.
On 4 August 2015, the Parent Company issued a bond with a nominal value of €180 million, which is listed on the Luxembourg Stock Exchange's regulated market and has a maturity of seven years, with full repayment at maturity (4 August 2022). The bond issue provides for the payment in arrears of an annual fixed-rate coupon of 1.93% of the nominal value. Interest accrued for the year amounted to €1,418 thousand.

In relation to the disclosure required under IFRS 7, the fair value of the bond, understood as the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, was estimated at €184.1 million.

The Group estimated the fair value of the bond on the basis of market data from a leading information provider, applying an additional spread for the ENAV counterparty to the zero curve.

With regard to other financing transactions, note that the fair value of bank loans at 31 December 2021 was estimated at €474.8 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 2021 and 31 December 2020 determined in accordance with the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	31.12.2021	of which with related parties	31.12.2020	of which with related parties
(A) Cash	225,310	30,875	316,044	225
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**225,310**	**30,875**	**316,044**	**225**
(E) Current financial receivables	**0**	**0**	**0**	**0**
(F) Current financial debt	(181,418)	0	0	0
(G) Current portion of non-current debt	(68,907)	0	(65,356)	0
(H) Other current financial debt	(1,907)	0	(2,135)	0
(I) Current financial debt (F)+(G)+(H)	**(252,232)**	**0**	**(67,491)**	**0**
(J) Net current financial debt/Liquidity (D)+(E)+(I)	**(26,922)**	**30,875**	**248,553**	**225**
(K) Non-current bank loans	(411,428)	0	(300,048)	0
(L) Bonds issued	0	0	(180,000)	0
(M) Other non-current loans	(3,771)	0	(5,069)	0
(N) Non-current trade payables	(41,561)		(8,506)	
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(456,760)**	**0**	**(493,623)**	**0**
(P) Total net financial debt as per ESMA guidelines (J)+(O)	**(483,682)**	**30,875**	**(245,070)**	**225**
(Q) Derivatives current and non-current	153	0	(58)	0
(R) Non-current financial receivables	0	0	0	0
(S) Total net financial debt ENAV Group (P)+(Q)+('R)	**(483,529)**	**30,875**	**(245,128)**	**225**

(thousands of euros)

22. CURRENT AND NON-CURRENT TRADE PAYABLES

	31.12.2021	31.12.2020	Change
Current trade payables			
Payables to suppliers	100,349	101,389	(1,040)
Payables for advances received for projects with EU financing	3,389	3,110	279
Balance payables	12,687	45,313	(32,626)
Total	**116,425**	**149,812**	**(33,387)**
Non-current trade payables			
Payables to suppliers	572	210	362
Balance payables	40,989	8,296	32,693
Total	**41,561**	**8,506**	**33,055**

(thousands of euros)

Current trade payables amounted to €116,425 thousand, a decrease of €33,387 thousand on the previous year, mainly attributable to balance payables, which registered an increase under non-current payables.

Payables to suppliers of goods and services necessary for the Group's operations show a net decrease of €1 million, reflecting on the one hand an increase in invoicing following the resumption of work on orders and on the other hand an increase in payments made by the entire Group as normal contractual deadlines approached.

Payables for advances received for projects with EU financing amounted to €3,389 thousand, broadly in line with the figure at 31 December 2020. They mainly regard prefinancing received under a numb er of SESAR Wave 2 and Wave 3 projects.

Eurocontrol balance payables amounted to €53,676 thousand, of which the part classified under current payables came to €12,687 thousand and corresponds to the amount that will be reimbursed through unit rates in 2022. The overall amounts are broadly in line in the two financial years and show an increase in the non-current balance liability reflecting the recognition of payables in 2021, concerning in particular the balance for traffic risk (both en-route and the first two terminal charging zones), for a total of €10.6 million, as the actual volume of service units recognised was greater than the forecasts in the Performance Plan. A balance to be paid to carriers was also recognised for the portion of the balance incorporated 2021 unit rates but not fully reimbursed as traffic was lower than the figure envisaged in determining unit rates, for a total of €17 million comprising en-route rates and the terminal rates for the first and second charging zones. Eurocontrol's cost balance amounted to €6.3 million and includes both the 2020 cost adjustment and the change with respect to costs included in unit rates for 2021. The current portion of the balance declined as a result of use of the 2021 share through unit rates.

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities showed an overall decrease of €43,459 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	31.12.2021			31.12.2020			CHANGE		
	current portion	non-current portion	Total	current portion	non-current portion	Total	current portion	non-current portion	Total
Payments on account	38,271	0	38,271	38,414	0	38,414	(143)	0	(143)
Other payables	51,047	0	51,047	91,925	9	91,934	(40,878)	(9)	(40,887)
Accruals and deferrals	8,267	169,144	177,411	8,445	171,395	179,840	(178)	(2,251)	(2,429)
Total	**97,585**	**169,144**	**266,729**	**138,784**	**171,404**	**310,188**	**(41,199)**	**(2,260)**	**(43,459)**

(thousands of euros)

Payments on account amounted to €38,271 thousand and include €35,862 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in 2021 for en-route and terminal services and €2,409 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During the year, the IAF was paid its accrued share for terminal services in the total amount of €7.5 million and IAF payments on account for en-route services registered at 31 December 2020 were offset against the receivable due from the Ministry for the Economy and Finance (MEF), which produced a payable of €16.2 million, which was recognised under other payables. The amount pertaining to ENAC was also paid in the amount of €7.2 million.

Other payables amounted to €51,047 thousand, a net decrease of €40,887 thousand compared with the previous year, mainly attributable to the settlement of payables to the MEF for 2020 in the amount of €65.4 million and an increase in payables to personnel due to a decrease in provisions accrued for the year.

Deferred income mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) Infrastructure and Networks NOP grants for the period 2000-2006, 2007-2013 and 2014-2020 concerning specific investments made in southern airports in the amount, net of amounts taken to profit of loss, of €71,907 thousand (€79,194 thousand at 31 December 2020); ii) capital grants for investments at military airports, in accordance with the provisions of Law 102/09, amounting to €55,387 thousand (€57,286 thousand at 31 December 2020); and iii) grants linked to the investment projects funded under the CEF programme in the amount of €45,645 thousand (€38,778 thousand at 31 December 2020), which increased as a result of the submission of final accounts for investment projects receiving funding under the 2014, 2016 and 2017 calls of the CEF programme.

24. TAX AND SOCIAL SECURITY PAYABLES

Tax and social security payables amounted to €32,890 thousand and break down as shown in the following table.

	31.12.2021	31.12.2020	Change
Tax payables	18,194	10,522	7,672
Social security payables	14,696	14,233	463
Total	**32,890**	**24,755**	**8,135**

(thousands of euros)

Tax payables showed an increase of €7,672 thousand, mainly attributable to an increase in IRES and IRAP liabilities totalling €10.4 million, compared with €2.6 million at 31 December 2020.
Social security payables amounted to €14,696 thousand, slightly higher than at 31 December 2020. They comprise contributions accrued on provisioned personnel costs and contributions for holiday entitlement accrued but not used in the total amount of €5,531 thousand (€3,959 thousand at 31 December 2020), as well as contributions on December remuneration, which will be paid to social security authorities in January 2022.

Notes to the consolidated income statement

25. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers, represented by revenues from operating activities and the balance adjustment component, totalled €798,705 thousand, up €63,111 thousand compared with the previous year thanks both to the recovery of activity in the transport sector and the spread of vaccination domestically and abroad, which facilitated the movement of travellers and, accordingly, produced an increase in air travel. These figures were still below their 2019 level, a year unaffected by the effects of the COVID-19 pandemic. Revenues were also positively affected by the increase of 22.3% in revenues from the non-regulated market compared with 2020.
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.

	2021	2020	Change	%
En route revenues	324,025	233,136	90,889	39.0%
Terminal revenues	136,329	81,899	54,430	66.5%
En route and terminal exemptions	10,990	10,239	751	7.3%
Revenues from non-regulated market	32,963	26,942	6,021	22.3%
Total revenues from operations	**504,307**	**352,216**	**152,091**	**43.2%**
Balance	294,398	383,378	(88,980)	-23%
Total revenues from contracts with customers	**798,705**	**735,594**	**63,111**	**8.6%**

(thousands of euros)

En-route revenues

En-route revenues amounted to €324,025 thousand, an increase of 39% on 2020, reflecting the increase of 46.2% in service units generated during the year (-61.0% in 2020 on 2019), due essentially to gains in the volume of air traffic handled starting from April and traffic peaks in the summer. Although these values are recovering, they are still lower than in 2019 (-43% in 2021 on 2019). The unit rate applied in 2021 decreased by 5.06% (€62.68 in 2021 compared with €66.02 in 2020), while the reduction amounted to 0.89% considering charges net of the balance.
Considering en-route revenues including the exempt flights component, which posted an increase of 1.5% as a result of the rise of 6.4% in service units during the year (-5.7% in 2020 on 2019), and the adjustment component for balances, en-route revenues totalled €560,907 thousand, an increase of €43,888 thousand, as shown below:

	2021	2020	Change	%
En-route revenues	324,025	233,136	90,889	39.0%
En-route exemptions	8,007	7,890	117	1.5%
Subtotal en route revenues	*332,032*	*241,026*	*91,006*	*37.8%*
En-route balance for the year	213,413	295,025	(81,612)	-27.7%
Discounting of balance for the year	(7,169)	(15,299)	8,130	-53.1%
Change in balance	(4,570)	(4,361)	(209)	4.8%
Use of en-route balance n-2	27,201	628	26,573	n.a.
Subtotal balance	*228,875*	*275,993*	*(47,118)*	*-17.1%*
Total en-route revenues with balance	**560,907**	**517,019**	**43,888**	**8.5%**

(thousands of euros)

The en-route balance amounted to €213,413 thousand, a decrease of €81,612 thousand compared with 2020. The balance was determined in accordance with the provisions of Regulation (EU) 2020/1627, which applied exceptional measures for the third reference period (2020-2024) of the performance and charging scheme system in order to take account of the effects of the COVID-19

pandemic on the air transport sector. This Regulation partially derogated from the provisions of Regulation (EU) 2019/317 concerning the cost efficiency targets in order to take account of the significant decrease in air traffic due to the contraction in demand and the measures imposed by the member states to contain the pandemic. This led to the issue of Decision 2021/891, which revised the performance targets for the third reference period and identified the Determined Unit Cost (DUC) performance indicator as the reference performance indicator, equal to the ratio between determined costs and traffic expressed in service units. For 2020-2021 considered as a single period, this indicator shall not exceed 120.1% of the DUC baseline value in 2019. Under the provisions of the Regulation, the Performance Plan drafted on the basis of the new air traffic forecasts issued by Eurocontrol for 2022-2024 and final determined unit costs for 2020, forecasts for 2021 and projections for the following years was presented in November 2021. The plan was the reference for determining the balance for the year, which produced: i) a loss of revenues for the two-year period, which net of the amount already recognised in 2020 amounted to €242.5 million for ENAV and Eurocontrol; ii) recognition of a balance for traffic risk of €8 million to reimburse, as actual service units were 2.8% greater than the service units projected in the Performance Plan; iii) recognition of a negative balance of €12.4 million for the balance to reimburse to carriers incorporated in 2021 unit rates but only partially reimbursed due to the fact that actual traffic was lower than that projected in determining unit rates; iv) other balances in reimbursement of €7 million, which were recognised on the basis of the provisions of Regulation 2019/317, whose application was not suspended by subsequent Regulations. The balances recorded in the year have been discounted over a period consistent with the EU Regulations, of which the part associated with the revenue loss will be recovered over a period of five years starting from 2023.
The change in the balance concerns the adjustment of Eurocontrol costs for 2020, which amounted to a negative €4.6 million, while the use of the n-2 en-route balance concerns balances recorded in previous years and reimbursed to carriers in 2021 unit rates.

Terminal revenues

Terminal revenues amounted to €136,329 thousand, an increase of 66.5% on the previous year, due to the increase of 37.2% in service units posted by the individual airports in the different charging zones (-60.8% in 2020 on 2019), a partial recovery compared with 2020 but still below the level registered in 2019 (-45.8%). This factor was partially offset by the reduction in unit rates applied in the first two charging zones.
In particular, *Charging Zone 1,* represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 8.1% compared with 2020 (-68.7% in 2020 on 2019), a smaller gain than in the other charging zones as it was more severely impacted by the operations of the new ITA Airways, which has replaced Alitalia as the national air carrier, while EU air traffic performed well. The unit rate applied in 2021 was €164.55, a reduction of 1.66% compared with the 2020 rate of €167.33.
Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio registered an increase in assisted air traffic, expressed in service units, of 33.7% on 2020 (-58.7% in 2020 on 2019), with a particularly strong performance being registered by domestic air traffic, although traffic volumes were still below 2019 (-44.4%). The rate applied in 2021 was €160.86, a reduction of 4% compared with the 2020 rate of €167.56.
Charging Zone 3, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 49% compared with 2020 (-58.2% in 2020 on 2019), with do-

mestic air traffic a posting gain of 52.5% and partially recouping the loss with respect to 2019 (-36.2%). The rate applied in 2021 was €395.35, an increase of 32.26% compared with 2020 (€298.93). Considering terminal revenues together with revenues for exempt flights, which increased by €634 thousand, and the adjustment component for balances, terminal revenues totalled €204,835 thousand, up €13,202 thousand on 2020, as shown below:

	2021	2020	Change	%
Terminal revenues	136,329	81,899	54,430	66.5%
Terminal exemptions	2,983	2,349	634	27.0%
Subtotal	*139,312*	*84,248*	*55,064*	*65.4%*
Terminal balance for the year	57,497	105,480	(47,983)	-45.5%
Discounting of balance for the year	(2,077)	(5,491)	3,414	-62.2%
Change inbalance	(448)	0	(448)	n.a.
Use of terminal balance n-2	10,551	7,396	3,155	42.7%
Subtotal	*65,523*	*107,385*	*(41,862)*	*-39.0%*
Total terminal revenues with balance	**204,835**	**191,633**	**13,202**	**6.9%**

(thousands of euros)

The terminal balance amounted to €57,497 thousand, a decrease of €47,983 thousand on 2020. The determination of the terminal balance for the first and second charging zones followed the same rules as those used for the en-route balance, while a cost recovery mechanism was adopted for the third charging zone. More specifically, Charging Zones 1 and 2 generated an overall balance of €38.2 million, down €3.1 million on the previous year, essentially reflecting the recognition of a negative balance for traffic risk in Charging Zone 2. Charging Zone 3 recorded a balance of €19.3 million, a reduction of €44.9 million compared with 2020 as actual costs exceeded the figure used in determining rates. These balances were discounted on the basis of their recovery times, with part to be recovered over five years starting from 2023, producing a negative €2,077 thousand. Use of the terminal balance registered in previous years and included in the 2021 unit rate amounted to €10,551 thousand. *Revenues from the non-regulated market* amounted to €32,963 thousand, an increase of 22.3% on the previous year, thanks to work on sales orders by the entire Group, which benefited from the reopening of European and extra-European travel. More specifically, these included the contract for the transition of the Colombian service provider from the traditional Aeronautical Information Service (AIS) system to the Aeronautical Information Management (AIM) system, the sale of licenses to the Brazilian service provider for the modernisation of AIM systems, progress on the Zambia contract for the implementation of the Aeronautical Message Handling System (AMHS) system, the supply of an AIM system to the Kosovo service provider, and maintenance services associated with products sold to various customers around the world, as well as progress on contracts with the Libyan Civil Aviation Authority at the Tripoli and Misurata airports and the replacement of damaged equipment at the new control tower of Mitiga international airport.
The following table provides a breakdown of non-regulated market revenues by type of activity.

	2021	2020	Change	%
Revenues from non-regulated market				
Sale of licenses and delivery of services	20,092	16,563	3,529	21.3%
Flight inspection	1,278	1,218	60	4.9%
Aeronautical consulting	2,802	3,084	(282)	-9.1%
Technical and engineering services	6,397	4,060	2,337	57.6%
Unmanned aerial vehicle services	567	582	(15)	-2.6%
Training	142	2	140	n.a.
Other revenues	*1,685*	*1,433*	*252*	*17.6%*
Total revenues from non-regulated market	**32,963**	**26,942**	**6,021**	**22.3%**

(thousands of euros)

26. OTHER OPERATING INCOME

Other operating income amounted to €46,407 thousand, an increase of 2.5% on the previous year, mainly reflecting an increase in European funding received following the submission of final accounts for projects carried out under the Connecting Europe Facility (CEF) calls for 2014, 2016 and 2017.

	2021	2020	Change	%
Capital grants	8,533	9,570	(1,037)	-10.8%
Operating grants	30,997	30,741	256	0.8%
European funding	5,358	3,858	1,500	38.9%
Other revenues and income	1,519	1,102	417	37.8%
Total other operating income	**46,407**	**45,271**	**1,136**	**2.5%**

(thousands of euros)

Other operating income also includes: i) the portion of capital grants recognised in profit or loss commensurate with the depreciation rates on the assets to which the grants refer in the amount of €8,533 thousand; ii) operating grants of €30,997 thousand, of which the majority (€30 million) in respect of the amount paid to the Parent Company under Article 11-septies of Law 248/05 to offset the costs incurred to guarantee the safety of its plant and operational safety, while the remainder regarded courses for operating personnel funded by Fondimpresa; (iii) receipts for grants from European funding of €5,358 thousand regarding not only the Connecting Europe Facility (CEF) but also a number of projects within the SESAR programme involving the entire Group.
The following table provides a breakdown of revenues for 2021 and 2020 by geographical area:

Revenues	2021	% of revenues	2020	% of revenues
Italy	818,553	96.9%	758,302	97.1%
EU	9,168	1.1%	8,823	1.1%
Non-EU	17,391	2.0%	13,741	1.8%
Total revenues	**845,112**		**780,866**	

(thousands of euros)

27. COSTS FOR GOODS, SERVICES, LEASES AND RENTALS AND OTHER OPERATING EXPENSES

Costs for goods, services, leases and rentals and other operating expenses totalled €142,404 thousand, an increase of 11.9% on the previous year, reflecting an increase in the various cost items.

	2021	2020	Change	%
Costs for the purchase of goods	9,734	7,772	1,962	25.2%
Costs for services:				
Maintenance costs	22,499	20,000	2,499	12.5%
Costs for Eurocontrol contributions	36,593	33,043	3,550	10.7%
Costs for utilities and telecommunications	27,699	25,065	2,634	10.5%
Costs for insurance	3,210	3,168	42	1.3%
Cleaning and security	4,910	5,233	(323)	-6.2%
Other personnel-related costs	8,232	6,295	1,937	30.8%
Professional services	12,362	12,202	160	1.3%
Other costs for services	11,760	7,666	4,094	53.4%
Total costs for services	**127,265**	**112,672**	**14,593**	**13.0%**
Costs for the use of third-party assets	1,787	2,116	(329)	-15.5%
Other operating expenses	3,618	4,720	(1,102)	-23.3%
Total costs for services	**142,404**	**127,280**	**15,124**	**11.9%**

(thousands of euros)

Costs for the purchase of goods, which include costs incurred to purchase spare parts for plant and equipment used for air traffic control and the related change in inventories, as well as purchases of materials for the restructuring and modernisation of airports and the sales orders of the subsidiaries, recorded an increase of 25.2% due to greater procurement and purchases of third-party software licenses and hardware components used in sales orders, which registered larger volumes in the year. *Costs for services* registered a net increase of 13% compared with the previous year, reflecting the higher costs associated with the fulfilment of foreign contracts, which increased in 2021 and impact both maintenance and other costs for services, as well as the increase in costs for Eurocontrol contributions, as in 2020 the agency had adopted cost containment measures. Costs for utilities and telecommunications also increased across the entire country as a result of higher electricity costs, while travel costs for personnel also rose after a 2020 in which travel was suspended as a result of the health emergency.

Other operating expenses amounted to €3,618 thousand, a decrease of €1,102 thousand compared with the previous year, mainly due to the effect of the recognition in 2020 of initiatives in support of the fight against COVID-19 such as donations to the Lazzaro Spallanzani National Institute for Infectious Diseases and the Civil Protection Department and the partial waiver of entitlement to MBO bonuses by executives and the Chief Executive Officer.

28. PERSONNEL COSTS

Personnel costs totalled €499,241 thousand, an increase of €38,284 thousand (+8.3%) on the previous year, reflecting both the recovery of activity in the air transport sector, which directly impacts the variable portion of remuneration, and the implementation of the *Isopensione* early retirement scheme pursuant to Article 4 of Law 92/2021 for executives of the Parent Company.

	2021	2020	Change	%
Wages and salaries, of which:				
Fixed remuneration	285,841	286,002	(161)	-0.1%
Variable remuneration	57,771	38,369	19,402	50.6%
Total wages and salaries	**343,612**	**324,371**	**19,241**	**5.9%**
Social security contributions	112,210	105,354	6,856	6.5%
Employee severance pay	23,094	23,176	(82)	-0.4%
Other costs	20,325	8,056	12,269	n.a.
Total personnel costs	**499,241**	**460,957**	**38,284**	**8.3%**

(thousands of euros)

Fixed remuneration amounted to €285,841 thousand, broadly in line with 2020, reflecting the change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries, while the effective Group workforce at the end of 2021 numbered 4,106, down 41 compared with 2020. The average workforce numbered 4,187, a reduction of 22.

Variable remuneration increased by 50.6%, mainly attributable to the reduction in the impact of holiday entitlement accrued and not taken, which amounted to €1.4 million, whereas in 2020 it had a positive impact of €10.1 million as a result of the use of holiday entitlement accruing during the year and the near elimination of the backlog of unused holiday time from previous years. Other items contributing to the increase in variable remuneration regard operating personnel (air traffic controllers), who, with the increase in air traffic handled in 2021 (especially in the summer), also returned to normal levels from their reduced level in 2020. This generated an increase in remuneration for overtime, holiday work and on-call availability, in addition to an increase in performance bonuses determined on the basis of the service units handled.

Other personnel costs increased by €12,269 thousand compared with 2020, mainly due to the adoption of the *Isopensione* early retirement scheme pursuant to Law 92/2012, which was activated fol-

lowing an agreement signed with management's union on 7 December 2021. Among other issues, the agreement established the maximum number of executives involved who meet pension eligibility requirements in the 7 years following the termination of their employment relationship, which must occur by 30 November 2023.
The following table provides a breakdown of Group's workforce by professional category:

	2021	2020	Change
Executives	50	56	(6)
Middle managers	412	417	(5)
Office staff	3,644	3,674	(30)
Workforce at period end	**4,106**	**4,147**	**(41)**
Average workforce	**4,187**	**4,209**	**(22)**

29. CAPITALISED COSTS

Capitalised costs amounted to €27,442 thousand, broadly in line with the previous year (€27,727 thousand in 2020). The item includes the hours Group personnel were involved on investment projects and internal investment projects, such as the installation of airport meteorological systems at various airport sites, the renovation of the equipment room of the Rome Area Control Centre, the installation of the airport LAN at the Milan Malpensa airport and the implementation of airport data-link services at the Rome Fiumicino and Milan Malpensa airports.

30. FINANCIAL INCOME AND EXPENSE

Net financial income totalled €4,500 thousand (net financial expense of €6,125 thousand in 2020), reflecting financial income of €10,869 thousand, financial expense of €6,791 thousand and net foreign exchange gains of €422 thousand.
The following table provides a breakdown of financial income:

	2021	2020	Change	%
Income from investments in other entities	667	417	250	60.0%
Financial income from discounting of balances	5,010	73	4,937	n.a.
Other interest income	5,192	1,328	3,864	n.a.
Total financial income	**10,869**	**1,818**	**9,051**	**n.a.**

(thousands of euros)

Financial income increased by €9,051 thousand on the previous year, mainly reflecting the reversal of the financial portion of the discounting of the balance recorded the previous year and the interest income collected on the receivable for excess corporate income tax (IRES) paid in 2007-2011, which totalled €4 million.
Financial expense amounted to €6,791 thousand, a decrease of €562 thousand on the previous year, reflecting the elimination of the financial expense linked to the discounting of the balance and a decrease in the interest cost on employee benefits, factors that were partially offset by an increase in interest expense on bank loans.
The following table provides a breakdown of financial expense:

	2021	2020	Change	%
Interest expense on bank loans	2,825	2,477	348	14.0%
Interest expense on bonds	3,474	3,474	0	0.0%
Interest expense on employee benefits	237	385	(148)	-38.4%
Interest expense on lease liabilities	167	156	11	7.1%
Financial expense on discounting of receivables	0	684	(684)	-100.0%
Other interest due	88	177	(89)	-50.3%
Total financial expense	**6,791**	**7,353**	**(562)**	**-7.6%**

(thousands of euros)

31. INCOME TAXES

Income taxes totalled €24,755 thousand, an increase of €13,728 thousand. The increase primarily reflected the increase in taxable income.
The following table provides a breakdown of current and deferred taxes:

	2021	2020	Change	%
IRES (corporate income tax)	25,169	18,222	6,947	38.1%
IRAP (regional business tax)	4,020	4,280	(260)	-6.1%
Total current taxes	**29,189**	**22,502**	**6,687**	**29.7%**
Deferred tax assets	(3,869)	(10,703)	6,834	-63.9%
Deferred tax liabilities	(565)	(772)	207	-26.8%
Total current and deferred tax assets and liabilities	**24,755**	**11,027**	**13,728**	**n.a.**

(thousands of euros)

For more details on the recognition of deferred tax assets and liabilities, please see note 11.
The IRES tax rate for 2021 was equal to 24.5%, virtually in line with the theoretical rate of 24%.

	2021		2020	
	IRES	**%**	**IRES**	**%**
Income before taxes	102,786		64,999	
Theoretical tax	**24,669**	**24.0%**	**15,600**	**24.0%**
Effect of increases/(decreases) compared to the standard tax				
Non-deductible prior-year costs	59	0.1%	78	0.1%
IRES deduction of IRAP paid on personnel costs	0	0.0%	(109)	-0.2%
Other	244	0.2%	1,806	2.8%
Temporary differences for taxed provisions	197	0.2%	847	1.3%
Actual IRES	**25,169**	**24.5%**	**18,222**	**27.6%**

(thousands of euros)

The IRAP tax rate for 2021 was 3.9%, a decrease on the theoretical rate of 4.78% as a result of the deductibility of the discounting of receivables for IRAP purposes not recognised the previous year.

	2021		2020	
	IRAP	**%**	**IRAP**	**%**
Income before taxes	102,786		64,999	
Theoretical tax	**4,913**	**4.78%**	**3,107**	**4.78%**
Effect of increases/(decreases) compared to the standard tax				
Other	(678)	-0.7%	880	1.4%
Temporary differences for taxed provisions	0	0.0%	0	0.0%
Financial income and expense	(215)	-0.2%	293	0.5%
Actual IRAP	**4,020**	**3.9%**	**4,280**	**6.6%**

(thousands of euros)

32. SEGMENT REPORTING

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

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

The column *Other segments* includes the Group's remaining activities that are not categorised in the other three segments subject to monitoring.
No operating segment has been aggregated to create the operating segments subject to reporting indicated below for 2021 and 2020.

2021

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

(thousands of euros)

2020

	Flight assistance services	Servicing	AIM software solutions	Other sectors	Consolidation adjustments/ reclassification	ENAV Group
Revenues from third parties	756,954	3,840	16,839	3,284	(52)	780,865
Intersegment revenues	4,719	91,209	3,825	0	(99,753)	0
Total revenues	**761,673**	**95,049**	**20,664**	**3,284**	**(99,805)**	**780,865**
Personnel costs	(401,380)	(51,401)	(8,210)	(18)	52	(460,957)
Other net costs	(168,636)	(16,680)	(8,085)	(2,978)	96,826	(99,553)
Total operating costs	**(570,016)**	**(68,081)**	**(16,295)**	**(2,996)**	**96,878**	**(560,510)**
Depreciation and amortisation	(136,568)	(1,656)	(728)	(309)	1,190	(138,071)
Writedowns and provisions	(10,467)	(159)	(529)	(5)	0	(11,160)
EBIT	**44,622**	**25,153**	**3,112**	**(26)**	**(1,737)**	**71,124**
Financial income and expense	7,431	10	(277)	(94)	(13,195)	(6,125)
Income before taxes	**52,053**	**25,163**	**2,835**	**(120)**	**(14,932)**	**64,999**
Income taxes	(8,710)	(6,869)	(555)	4,630	477	(11,027)
Net profit (loss) for the year	**43,343**	**18,294**	**2,280**	**4,510**	**(14,455)**	**53,972**
Total assets	**2,205,942**	**98,893**	**27,486**	**72,423**	**(213,332)**	**2,191,412**
Total liabilities	**1,132,033**	**60,302**	**20,412**	**6,573**	**(113,375)**	**1,105,945**
Net financial debt	**(251,687)**	**1,595**	**(4,530)**	**8,744**	**750**	**(245,128)**

(thousands of euros)

33. RELATED PARTIES

ENAV Group related parties were identified in accordance with the provisions of IAS 24 Related-party disclosures and are involved in transactions carried out in the interest of the Group, are part of ordinary operations and are settled on market terms and conditions unless otherwise indicated. On 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 2021 and 2020, respectively.

BALANCE AT 31.12.2021

Name	Trade receivables and other current and non-current assets	Cash and cash equivalents	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals
External related parties						
Ministry for the Economy and Finance	10,993	30,875	42,518	10,991	0	0
Ministry of Sustainable Infrastructure and Mobility	64,654	0	0	34,308	0	0
Enel Group	0	0	102	0	5,395	0
Leonardo Group	813	0	14,209	629	2,356	0
CDP Group	2,478		2,637	3,342	1,150	43
Other external related parties	0	0	26	101	134	23
Balance in financial statements	**233,848**	**225,310**	**255,571**	**550,714**	**136,999**	**1,787**
as % of balance in financial statements	**33.8%**	**13.7%**	**23.3%**	**9.0%**	**6.6%**	**3.7%**

(thousands of euros)

BALANCE AT 31.12.2020

Name	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals
External related parties							
Ministry for the Economy and Finance	10,243	0	225	91,866	10,239	0	0
Ministry of Sustainable Infrastructure and Mobility	72,991	0	0	0	34,776	0	0
Enel Group	0	0	0	749	0	6,144	0
Leonardo Group	399	9,851	0	17,174	12	3,031	0
Other external related parties	0	0	0	54	94	162	24
Balance in financial statements	**196,581**	**9,851**	**316,044**	**288,596**	**780,865**	**120,444**	**2,116**
as % of balance in financial statements	**42.5%**	**100.0%**	**0.1%**	**38.1%**	**5.8%**	**7.8%**	**1.1%**

(thousands of euros)

The nature of the main transactions with external related entities, namely the Ministry for the Economy and Finance (MEF) and the Ministry of Infrastructure and Sustainable Mobility (formerly 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. Cash and cash equivalents regard a bank account opened by the Company with the Bank of Italy;
- transactions with the Ministry of Infrastructure and Sustainable Mobility regard receivable and revenue relationships associated with both an operating grant intended to cover the costs incurred by the Parent Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/05, and receivables for capital grants as part of the Networks and Mobility NOP and on the basis of agreements between the parties registered with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with the Leonardo Group mainly regard activities connected with Parent Company investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;

- transactions with the Cassa Depositi e Prestiti Group regard activities connected with the Fincantieri Group, which in 2021 acquired IDS Ingegneria dei Sistemi S.p.A., with which ENAV has business relationships
- transactions with other related parties contain residual positions.

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

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

	2021	**2020**
Short/medium term remuneration	2,175	1,862
Other long-term benefits	0	0
Share-based payments	962	1,083
Total	**3,137**	**2,945**

(thousands of euros)

The remuneration paid by the Group to the Board of Auditors amounted to €232 thousand (€206 thousand in 2020).

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

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 auditors, shareholder representation is based on the equal participation of workers' representatives and representatives of the participating businesses. The Fund's board of directors resolves, among other things, on the general criteria for risk sharing in investments as well as on investment policies, the selection of asset managers and the designation of the custodian bank.

34. DISCLOSURES ON THE LONG-TERM INCENTIVE PLAN

On 21 May 2020, the Parent Company's Shareholders' Meeting approved the *Long-term share-based incentive plan for the management of ENAV and its subsidiaries* for 2020-2022 and on 22 December 2020 the Board of Directors approved the Plan Rules, which were subsequently amended on 18 February 2021, marking the start of the first vesting cycle for 2020-2022. The Board of Directors approved the start of the second vesting cycle for 2021-2023 on 11 November 2021.

Of the previous cycle, which was approved by the Shareholders' Meeting of the Parent Company on 28 April 2017 for the years 2017-2019, the second vesting cycle referring to 2018-2020 was awarded to the Plan beneficiaries in June 2021, while final determination of the performance achieved for the third vesting cycle referring to 2019-2021 will performed and the incentive awarded in 2022.

The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. The target aggregates are cumulative EBIT,

total shareholder return (TSR) and cumulative free cash flow, and, for the second long-term share-based incentive plan, a corrective factor based on sustainability indicators having a maximum impact on the stock incentive of +/-10%, identified with a resolution of the Board of Directors on the start date of each vesting period. For the first vesting cycle for 2020-2022, the sustainability indicator is represented by obtaining certification of ENAV as carbon neutral by 31 December 2022. For the second vesting cycle for 2021-2023, the sustainability target will be obtaining a solicited ESG rating by 31 December 2023. The corrective factor for that indicator, which will have an impact on the stock incentive of +/-10%, will be applied as at the date of final determination of the performance achieved.
The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also includes a lock-up period of two years for 30% of shares awarded to the beneficiaries, i.e. the Chief Executive Officer, key management personnel and any other specified managers.
The performance targets are composed of the following indicators:

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

With regard to the measurement of the long-term share-based incentive plan pursuant to the provisions of IFRS 2, the calculation method used for the market-based component is the Monte Carlo method, which, on the basis of appropriate assumptions, made it possible to define a large number of alternative scenarios over the time horizon considered. By contrast, the non-market-based component is not significant for the purpose of estimating the fair value at the time of the grant, but it is updated at every reporting date to take account of the expectations for the number of rights that may vest based on the performance of EBIT and free cash flow compared with the Plan targets.
At 31 December 2021, the overall fair value of the first and second vesting cycles was equal to €2.5 million and takes account of the adjustment for the second vesting cycle (2018-2020), which underwent final determination of the performance achieved and award of the incentive in the first half of 2021. The details for each vesting cycle are provided below.

Second vesting cycle 2018-2020

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

Third vesting cycle 2019-2021

The third cycle envisaged 8 beneficiaries and the cost recognised for 2021 was equal to €0.2 million, while the equity reserve amounted to €0.6 million.

First vesting cycle 2020–2022

The first vesting cycle for 2000-2022 envisaged 9 beneficiaries and assumed achievement of the target with 300,403 shares and a fair value of €0.8 million. The cost recognised for 2021 was equal to €0.3 million, while the equity reserve amounted to €0.6 million.

Second vesting cycle 2021–2023

The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 373,397 shares and a fair value of €1 million. The cost recognised for 2021 was equal to €0.3 million, while the equity reserve amounted to €0.3 million.

35. DERIVATIVES

During April 2019, the Parent Company entered into five derivative contracts, two of which already exercised, with the aim of hedging exposure to unfavourable developments in the euro/dollar exchange rate deriving from the Data Services Agreement signed by the Parent Company with Aireon LLC for the acquisition of satellite surveillance data. This contract provides for the payment in dollars of service fees on an annual basis until 2023. The exchange risk was managed through forward currency purchases whose residual notional value at the reporting date was $2.8 million.
The fair value of derivatives was a positive €153 thousand at 31 December 2021. In accordance with IFRS 13, the mark-to-market value was adjusted to also take account of the effect of non–performance risk (CVA), i.e. the risk that one of the parties will not meet its contractual commitments as the result of a possible default. From an accounting perspective, the positive or negative fair value was recognised in current/non-current financial assets/liabilities based on the contractual maturity, with a matching entry in an equity reserve.
Indeed, pursuant to IFRS 13, the fair value of a derivative must incorporate the risk that one or both counterparties may not meet their obligations (credit risk adjustment). More specifically, from the financial perspective, the Credit Valuation Adjustment (CVA) is the expected value of the loss deriving from the default of the counterparty, if the derivative has a positive fair value. Conversely, a Debit Valuation Adjustment (DVA) represents the value of the expected loss on the default of the Company if the fair value is negative.
The contractual characteristics and the relative fair value at 31 December 2021, as indicated in bank communications, are listed below:

Counterparty	Transaction type	Date of contract	Expiration date	Notional (thousands of USD)	Forward exchange rate	Forward value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	02/04/19	14/01/22	1,392	1.2063	1,154	68.6
BNL - BNP Paribas	Buy USD (Fwd)	02/04/19	13/01/23	1,392	1.2340	1,128	81.4
Total				**2,784**		**2,282**	**150.0**

(thousands of euros)

The fair value at the end of 2021 is reported in the following table, adjusted to take account of the Debit Valuation Adjustment:

Counterpary	Transaction type	Notional (thousands of USD)	Forward value (thousands of euros)	MtM	Debit Valuation Adjustment (DVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,154	70.3	(0.1)	70.2
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	82.6	(0.1)	82.5
Total		**2,784**	**2,282**	**152.9**	**(0.2)**	**152.7**

(thousands of euros)

It was not possible to identify an active market for these instruments. The fair value was therefore calculated using a method consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. Although quotes on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market on which the measurements could be based.
Due to the substantive features of the derivatives, they are classified as hedging instruments. The information required under the IFRS on the instruments is given below:

Maturity Analysis

Expiry	BNL exchange rate derivative (euros/000)
Up to 1 month	70.2
Between 1 and 3 months	0.0
Between 3 and 6 months	0.0
Between 6 and 12 months	0.0
Between 1 and 2 years	82.5
Between 2 and 3 years	0.0
Between 3 and 5 years	0.0
Between 5 and 10 years	0.0
More than 10 years	0.0
Total	**152.7**

Sensitivity Analysis

Transaction type	"Fair value (euros/000)"	Delta equity Eur/FX +5% (euros/000)	Delta equity Eur/FX -5% (euros/000)
Forward purchase (BNL)	153	282	40

36. ASSETS AND LIABILITIES BY MATURITY

	Within the next financial year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	427	0	427
Deferred tax assets	0	33,246	0	33,246
Non-current tax receivables	0	716	0	716
Non-current trade receivables	0	599,700	87,553	687,253
Other non-current receivables	0	6,363	0	6,363
Total	**0**	**640,452**	**87,553**	**728,005**
Financial liabilities	252,232	309,538	105,661	667,431
Deferred tax liabilities	0	6,188	0	6,188
Other non-current liabilities	0	35,789	133,355	169,144
Non-current trade payables	0	41,561	0	41,561
Total	**252,232**	**393,076**	**239,016**	**884,324**

(thousands of euros)

Non-current trade receivables falling due after the 5th year refer to the portion of balances recognised in 2020 and 2021 that, in conformity with the EU Regulation governing the charging scheme, will be recovered over five years as from 2023.
Financial liabilities falling due after the 5th year refer to the bank loans commented on in detail in Note 40.
Other non-current liabilities maturing in more than 5 years refer to the share of capital grants recognised in line with the depreciation of the investment projects to which they refer for the amount that will be reversed to profit or loss after the fifth year.

37. GUARANTEES AND COMMITMENTS

Guarantees regard sureties granted to third parties in the interest of the Group in the amount of €5,800 thousand (€5,471 thousand at 31 December 2020), a net increase of €329 thousand attributable mainly to the impact of the release of sureties issued in previous years to secure foreign contracts.

38. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are reported at the end of the income statement and are calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares outstanding during the year.
Share capital, which did not change during the year, is composed of 541,744,385 ordinary shares. The Parent Company holds 518,823 treasury shares after the award in 2021 of the shares pertaining to the second vesting cycle (2018-2020) of the incentive plan for 2017-2019.
The table below summarises the calculation.

	2021	2020
Consolidated profit	78,030,375	53,972,216
Weighted average number of ordinary shares	541,120,029	540,722,675
Basic Profit (loss) per share	0.14	0.10
Diluted Profit (loss) per share	0.14	0.10

39. TRANSPARENCY IN THE SYSTEM OF GOVERNMENT GRANTS

Pursuant to Article 1, paragraphs 125 and 126, of Law 124/2017 as amended, the following provides information on grants received from Italian government entities. The disclosures regard grants exceeding €10 thousand from the same grantor entity in 2021, including amounts disbursed in more than one transaction. The transactions are recognised on a cash basis.

Grantor	Date of receipt	Amount	Description
Ministry of Sustainable Infrastructure and Mobility	20/12/21	30,000	Operating grant to offset costs incurred by Parent Company to ensure safety of its plant and operating safety pursuant to Article 11-septies of Law 248/05
Ministry of Sustainable Infrastructure and Mobility	9/04/2021 - 04/08/2021	4,783	Infrastructure and Networks NOP 2014-2020
Ministry of Sustainable Infrastructure and Mobility	17/12/21	574	Infrastructure and Networks NOP 2014-2020
Total Ministry of Sustainable Infrastructure and Mobility		**35,357**	
Total		**35,357**	

(thousands of euros)

40. 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 to take account of the health emergency, based on the deterioration of the credit standing of a basket of companies representing the air transport sector.

Liquidity risk

Liquidity risk is the risk that the Group, despite being solvent, might be unable to promptly meet the commitments associated with its financial liabilities, whether expected or unexpected, due to difficulties in obtaining financial resources, or that it will be able to do so only on unfavourable financial terms due to factors related to the perception of its risk by the market or during systemic crises such as, but not limited to, credit crunches and sovereign debt crises, or because it fails to comply with the covenants envisaged in certain loan agreements and the bond issue.
Although it does not have a cash pooling system, the Group's liquidity is largely managed and monitored by the Parent Company at a centralised level in order to optimise the overall availability of financial resources by performing a coordinating role for the other Group companies.
At 31 December 2021, the Group had €225.3 million in available cash and €294 million in unused short-term lines of credit. These include: i) €74 million in uncommitted lines of credit subject to revocation, which do not require compliance with either covenants or other contractual commitments. Of that total, €1 million are held in current account overdrafts, €58 million in financial advances which can be drawn on without any constraints regarding their use and €15 million in export financing; and ii) committed lines of credit, of which two obtained in May 2020 in the total amount of €150 million, falling due in May 2022, and three obtained in July 2021 in the total amount of €70 million, falling due in July 2023. The committed lines of credit obtained in July 2021 form part of funding initiatives to manage liquidity risk, in concomitance with the receipt of three term loans totalling €180 million, which have a term of two years with repayment in full at maturity. These loans bear a floating rate indexed to 3-month Euribor.
In the longer term, liquidity risk is mitigated by a debt management strategy that diversifies the sources of financing in terms of both types of credit facilities and counterparties, with a view to meeting the Group's financial requirements and establishing a balanced debt maturity profile.
In compliance with the general guidelines established by top management and the policy approved by the Board of Directors, the Finance and Procurement unit defines the short- and medium/long-

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

The Group's gross financial exposure at 31 December 2021 stood at €660 million and is represented by bank debt for medium/long-terms loans of €480 million and the exposure to holders of the bond issued on 4 August 2015 maturing on 4 August 2022, with a principal amount of €180 million.

The Parent Company is currently analysing various alternatives in order to initiate specific financial transactions aimed at guaranteeing the repayment of its short-term liabilities.

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

Lender	Type	Outstanding debt at 31.12.2021	<1 year	from 1 to 2 years	from 3 to 5 years	> 5 years
EIB - European Investment Bank	15-year loan	71,381	8,458	8,587	26,553	27,783
EIB - European Investment Bank	15-year loan	58,667	5,333	5,333	16,000	32,000
EIB - European Investment Bank	16-year loan	70,000	4828	4,828	14,483	45,862
Intesa Sanpaolo	3-year loan	66,667	33,333	33,333	0	0
Mediobanca	3-year loan	33,333	16,666	16,667	0	0
BNL BNP Paribas	2-year loan	90,000	0	90,000	0	0
Unicredit	2-year loan	45,000	0	45,000	0	0
Mediobanca	2-year loan	45,000	0	45,000	0	0
Bond		180,000	180000	0	0	0
Total		**660,048**	**248,618**	**248,748**	**57,036**	**105,645**

(thousands of euros)

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

Specifically, note the following:

- the loan agreements between the Parent Company and the European Investment Bank (EIB) for €180 million in 2014 and €70 million in 2016, which were entered into in order to fund investment

projects associated with 4-Flight and other projects and had been entirely used at 31 December 2021, have the following repayment plan: i) semi-annual instalments in arrears from December 2018 until December 2029, with a fixed interest rate of 1.515%, for the tranche of €100 million; (ii) semi-annual instalments in arrears from June 2018 to December 2032 with a fixed interest rate of 1.01% for the tranche of €80 million; and iii) semi-annual instalments in arrears from August 2022 to August 2036 with a fixed interest rate of 0.638% for the tranche of €70 million.
These agreements include:

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

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

- the terms and conditions of the bond issued by the Parent Company in August 2015 in the amount of €180 million, paying interest at an annual gross fixed rate of 1.93% with bullet repayment of principal on 4 August 2022, include:
  - a negative pledge clause, namely a commitment by the Parent Company not to establish or provide guarantees or privileges on the debt to third-parties additional to those securing the bonds issued unless authorised by the bondholders' meeting;
  - a cross-default clause, which gives bondholders the right to demand early repayment of the bonds if ENAV or its subsidiaries do not comply promptly with the payment obligations of financial payables other than the bond in an amount of more than €15 million;
  - a change of control clause, which gives bondholders the right to demand early repayment of the bonds if a party other than the Italian Republic, its ministries (including the Ministry for the Economy and Finance) or entities or companies directly or indirectly controlled by it or its ministries, obtains control of the issuer.

  The terms and conditions of the bond also require compliance with financial covenants, such as: a) a ratio of net financial debt to EBITDA of no more than 3; b) a ratio of net financial debt to shareholders' equity of no more than 0.7.
- The two loan agreements between the Parent Company and Intesa Sanpaolo and Mediobanca, respectively of €100 million and €50 million, signed in October 2020, with a term of three years, provide for quarterly repayment starting from January 2021 with interest indexed to 3-month Euribor with further provision for price adjustment mechanisms linked to sustainability parameters (Environmental, Social and Governance). These loan agreements do not require compliance with financial covenants, but, in accordance with market practice, include negative pledge, cross-de-

fault and change of control clauses that would be triggered should the Ministry for the Economy and Finance cease to hold control of the Parent Company;
- the three loan agreements between the Parent Company and BNL Bnp Paribas, Mediobanca and Unicredit, of respectively €90 million, €45 million and €45 million, signed in July 2021, with a term of two years, provide for repayment at maturity and quarterly interest indexed to 3-month Euribor. These loan agreements do not require compliance with financial covenants, but adopt market practice in including negative pledge, pari passu, cross-default and change of control clauses.

In previous years, the Parent Company has always complied with the covenants set out in each loan. At 31 December 2021, 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 2021, 58% of gross financial debt was fixed-rate, with the remainder being variable rate. The variable-rate loans, given the current negative interest rate structure, are not expected to generate financial expense. Accordingly, taking account of their short tenor, there is no significant risk that increases in interest rates would have a negative impact on the level of net financial expense reported in the income statement or on the value of future cash flows. In order to limit the potential adverse effects of interest rate fluctuations, the Group implements policies designed to contain the cost of funding over time, limiting the volatility of its results. The Group pursues this goal by systematically negotiating with leading banks in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, maturity and interest rate conditions (variable-rate/fixed-rate). In 2021, the average cost of bank debt was around 1.06% (1.35% in 2020).
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 11.1% (following the entry NATS as a new shareholder) in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, the Group has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.
In particular, in April 2019, 5 forward foreign currency purchase transactions (dollars against euros)

were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon LLC. The total purchase of $4.5 million was made with a total sale of €3.8 million, with forward exchange rates (EUR/USD) negotiated for each expiry until January 2023. Of the 5 forward contracts signed, two remain with a residual overall notional value of $2.8 million. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks.
The fair value of foreign exchange derivatives is measured on the basis standard market algorithms and on market quotes/contributions provided by leading public information providers. Note, however, that the risk resulting from the conversion of the assets and liabilities of ENAV subsidiaries that prepare their financial statements in functional currencies other than the euro is not usually hedged, unless a specific different assessment has been performed.

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 2021.

Civil and administrative litigation

The civil and administrative litigation includes: i) proceedings against suppliers, airport operators and carriers that are insolvent, in bankruptcy or undergoing other insolvency proceedings, initiated in connection with the recovery of receivables that could not be settled out of court, a number of have been written down; ii) litigation involving defence against suits brought by suppliers or contractors 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.

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 issued an immediately provisional executive order for €1 million to be paid to the Parent Company, referring the settlement of the losses incurred by Company to another forum. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor's Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding.

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

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

To the best of our knowledge, proceedings are pending before the Florence Public Prosecutor's Office relating to an alleged violation of environmental regulations concerning to the supply, by a third party, of material used, among other things, for the execution of certain civil works connected with the project for the modernisation of the Pisa airport. As part of this contract, which was awarded by the Italian Air Force to the temporary business grouping of Thales/Techno Sky, the civil works were subcontracted by Techno Sky to another company, which in turn procured the material from another company, the origin of the pending proceeding. At present, to the best of our knowledge, Techno Sky and its personnel are not under investigation and work has been completed to remove the material deemed non-compliant with the sector regulatory requirements used to execute the subcontract and all further precautionary measures are being taken. In this regard, Techno Sky has submitted a formal complaint to the competent judicial authorities to protect its interests, in respect of which the Company has been identified as a person harmed by the offense alleged by the Public Prosecutor's Office.

41. FEES OF THE AUDIT FIRM TO ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS REGULATION

The fees for 2021 paid to the audit firm of the Parent Company and the subsidiaries, EY S.p.A. are summarised in the following table in accordance with the provisions of Article 149-duodecies of the CONSOB Issuers Regulation:

Type of service	Entity providing the service	2021
ENAV		
Audit	EY S.p.A.	380
Certification services	EY S.p.A.	66
Other services	EY S.p.A.	0
ENAV subsidiaries		
Audit	EY S.p.A.	216
	Rete EY S.p.A.	8
Certification services	EY S.p.A.	13
Other services	EY S.p.A.	0
Total		**683**

(thousands of euros)

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

42. EVENTS AFTER THE REPORTING DATE

With regard to the Russia-Ukraine conflict, the Group took immediate action to assess the sanctions imposed by the European Union on natural and legal Russian persons, including restrictions on operating in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, restrictions on the export of goods, services and technologies, in order to determine what impact this will have on our business and to take all actions necessary to ensure full compliance with the sanctions.
The Group's relationships involve:

(i) contracts between the subsidiary IDS AirNav and Azimut Joint Stock Company, a company incorporated under Russian law specialising in Air Traffic Management technologies, with respect to which as at 31 December 2021 there was an exposure of €756 thousand to be collected. The residual activities envisaged under the contracts and commercial relationships relating to Azimut regard: i) maintenance of software already supplied until 20 May 2022; and ii) remote training sessions, which under the terms of the agreements would have been provided until April 2022;

(ii) a memorandum of understanding, finalised in 2017 between ENAV and State ATM Corporation of the Russian Federation, the local air navigation service provider. That memorandum has only involved information exchanges and bilateral meetings, with no financial content.

In view of the nature of the sanction imposed in response to the invasion, on 3 March 2022 we notified Azimut of the immediate suspension of effectiveness of all commercial relationships, with suitable precautions taken to safeguard the position of ENAV Group entities. Similarly, with a message of the same date, equivalent notice was given with regard to memorandum of understanding noted above.
In conclusion, the Business Plan and the related forecast cash flows will be only marginally affected by the suspension of commercial relations with Azimut (the only Russian operator with which commercial transactions have been carried out). Furthermore, the Business Plan does not envisage any transactions to be carried out with operators located in the area affected by the Russia-Ukraine conflict.
For the sake of completeness, it should be noted that ENAV has receivables due from Eurocontrol regarding flight assistance services provided to Russian airlines, with a total value of €686 thousand mainly regarding flights in January and February 2022.
As regards the investment in Aireon LLC, a capital increase of up to $50 million is under way and is likely to be completed by the second quarter of 2022. This capital increase is intended to support new investment and the expansion of air traffic flow management, data analytics, monitoring of fleets and aircraft, search and rescue, collectively called Commercial Data Services (CDS). The prospective effects of this transaction could lead to changes in the current shareholding structure and the estimated value.

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 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999

1. The undersigned Paolo Simioni, as Chief Executive Officer, and Luca Colman as Manager responsible for ENAV SpA's financial reporting, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
    - the adequacy with regard to the nature of the Company and
    - the effective application of the administrative and accounting procedures adopted in preparation of the ENAV Group's consolidated financial statements during the period from 1 January 2021 to 31 December 2021.
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 2021 were drawn up, and their adequacy assessed, on the basis of 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 2021:

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

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

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

3.2 the Directors' 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, 21 April 2022

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

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

Independent Auditor's Report on the consolidated financial statements

EY S.p.A.
Via Lombardia, 31
00187 Roma

Tel: +39 06 324751
Fax: +39 06 324755504
ey.com

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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, 2021, and the income statement, the statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, 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:

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Key Audit Matter	Audit Response
Recognition and measurement of revenues – *Balance*	
Revenues from contracts with customers as at December 31, 2021 amount to Euro 799 million including *Balance* adjustment for an amount of Euro 294 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 year. 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. With reference to the *Balance* measurement, Directors applied the criteria defined by the European Commission, for the period from January 1, 2020 to December 31, 2021, in the decision C(2022) 2294 *final* as at April 13, 2022. 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 standards" and "5. Use of estimates and management judgements, including those connected with the COVID-19 pandemic".	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 understanding and evaluation of the estimation methodologies used by the Directors through the analysis of requirements issued by European Commission and inquiries with the management; • 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.
Valuation of the goodwill Goodwill as at December 31, 2021 amounts to Euro 93,5 million, of which Euro 66,5 million allocated to the Cash Generating Unit ("CGU")	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the impairment process

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“Maintenance Services” and 27 million allocated to the CGU “Soluzioni software AIM”.

The processes and methodologies for assessing and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions sometimes complex, that due to their nature require Directors’ judgement, particularly with reference to the forecasted future cash flows of each CGU derived from respective business plans (respectively, business plan 2022-2024 for the CGU “Maintenance Services” and business plan 2022-2026 for the CGU “Soluzioni software AIM”), 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, including those connected with the COVID-19 pandemic ", while the disclosures related to the methodologies of execution of the impairment tests is included in note "8. Intangible assets”.

of goodwill;

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

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

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

Fair value measurement of Aireon LLC

The Investments in other entities include the 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.

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.

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 investment in Aireon LLC are included in note "5. Use of estimates and management judgements, including those connected with the COVID-19 pandemic", while the disclosures related to the fair value measurement are included in note "9. Investments in other entities".

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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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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 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements 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.

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 Group as at December 31, 2021, 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 the 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, 2021 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, 2021 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 December 30, 2016. We have verified that non-financial information have been approved by Directors.

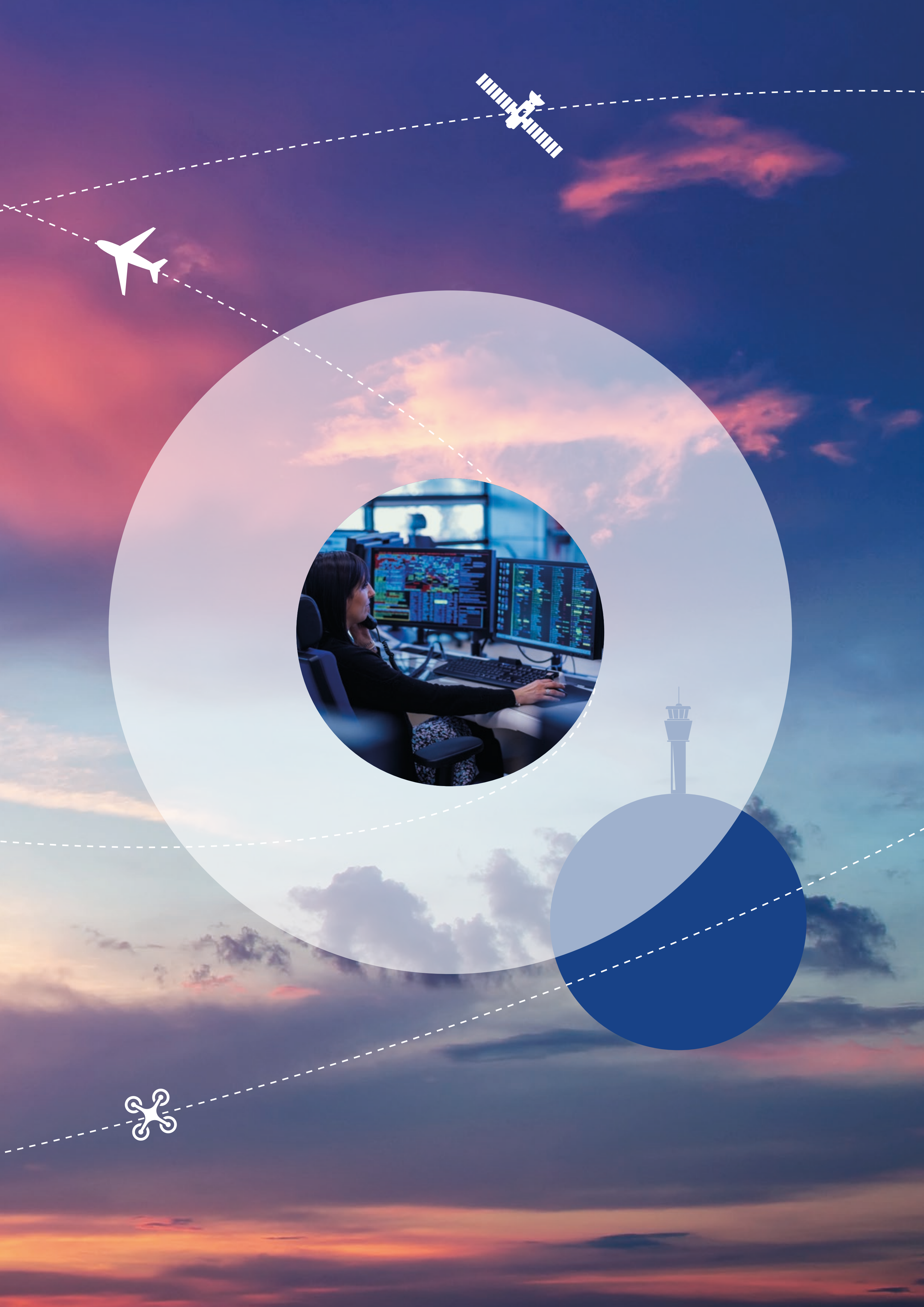
Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated December 30, 2016, such non-financial information are subject to a separate compliance report signed by us.

Rome, April 28, 2022

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 2021



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ENAV S.p.A. financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31.12.2021	of which related parties (Note 30)	31.12.2020	of which related parties (Note 30)
Non-current assets					
Property, plant and equipment	**5**	897,345,041	0	942,960,978	0
Intangible assets	**6**	64,097,750	0	60,748,641	0
Investments	**7**	188,247,822	0	188,247,822	0
Non-current financial assets	**8**	9,930,783	9,848,228	0	0
Deferred tax assets	**9**	17,208,642	0	15,717,632	0
Non-current tax receivables	**10**	74,085	0	23,216,141	0
Non-current trade receivables	**11**	687,253,421	0	385,970,716	0
Other non-current assets	**14**	6,312,216	6,312,216	7,751,760	7,751,760
Total non-current assets		**1,870,469,760**		**1,624,613,690**	
Current assets					
Inventories	**12**	61,509,362	0	61,551,414	0
Current trade receivables	**11**	157,524,627	41,387,439	121,727,853	40,310,928
Receivables from Group companies	**13**	31,503,564	31,503,564	31,236,382	31,236,382
Current financial assets	**8**	1,998,457	1,928,219	11,303,519	11,303,519
Tax receivables	**10**	2,207,449	0	10,740,494	0
Other current assets	**14**	48,755,849	28,341,979	51,169,602	35,239,207
Cash and cash equivalents	**15**	195,088,981	30,874,698	292,870,134	224,570
Total current assets		**498,588,289**		**580,599,398**	
Assets classified as held for sale	**7**	0		728,500	
Total assets		**2,369,058,049**		**2,205,941,588**	

(euros)

STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2021	of which related parties (Note 30)	31.12.2020	of which related parties (Note 30)
Shareholders' equity					
Share capital	**16**	541,744,385	0	541,744,385	0
Reserves	**16**	465,447,406	0	462,544,973	0
Retained earnings/(loss carryforward)	**16**	67,410,148	0	26,276,483	0
Profit (loss) for the year	**16**	61,588,435	0	43,342,290	0
Total shareholders' equity		**1,136,190,374**		**1,073,908,131**	
Non-current liabilities					
Provisions for risks and charges	**17**	3,601,072	0	903,000	0
Severance pay and other employee benefits	**18**	34,744,400	0	35,921,042	0
Deferred tax liabilities	**9**	3,024,551	0	2,846,491	0
Non-current financial liabilities	**19**	412,513,013	327,417	481,310,978	0
Non-current trade payables	**20**	40,989,013	0	8,296,149	0
Other non-current liabilities	**21**	169,118,227	0	171,395,197	0
Total non-current liabilities		**663,990,276**		**700,672,857**	
Current liabilities					
Short-term portion of provisions for risks and charges	**17**	10,313,372	0	2,291,532	0
Current trade payables	**20**	97,522,630	13,023,909	137,025,563	15,584,601
Payables to group companies	**13**	88,829,788	88,829,788	71,895,620	71,895,620
Tax and social security payables	**22**	29,877,717	0	18,481,678	0
Current financial liabilities	**19**	251,069,497	137,213	66,254,489	0
Other current liabilities	**21**	91,264,395	43,558,504	135,411,718	91,866,106
Total current liabilities		**568,877,399**		**431,360,600**	
Total liabilities		**1,232,867,675**		**1,132,033,457**	
Total shareholders' equity and liabilities		**2,369,058,049**		**2,205,941,588**	

(euros)

INCOME STATEMENT

	Notes	2021	of which related parties (Note 30)	2020	of which related parties (Note 30)
Revenues					
Revenues from operations	**23**	477,787,034	11,673,451	329,377,507	10,322,170
Balance	**23**	294,398,448	0	383,378,133	0
Total revenues for contract with customers	**23**	*772,185,482*		*712,755,640*	
Other operating income	**24**	53,539,793	42,868,111	48,918,342	39,508,910
Total revenues		**825,725,275**		**761,673,982**	
Costs					
Costs for raw materials, supplies, consumables and goods	**25**	(3,650,363)	(1,013,253)	(4,121,412)	(408,015)
Costs for services	**25**	(181,251,568)	(79,778,919)	(169,236,087)	(80,252,761)
Personnel costs	**26**	(437,114,014)	0	(401,379,952)	0
Costs for leases and rentals	**25**	(937,330)	(55,110)	(1,056,455)	(23,546)
Other operating expenses	**25**	(2,933,658)	(50,445)	(3,944,697)	0
Capitalisation of costs	**27**	8,854,051	0	9,721,284	0
Total costs		**(617,032,882)**		**(570,017,319)**	
Amortisation and depreciation	**5 and 6**	(126,856,081)	0	(136,568,534)	0
Writedowns/(writebacks) for impairment of receivables	**11**	(3,583,529)	0	(5,621,994)	0
Writedowns/(writebacks) for impairment of property, plant and equipment and intangible assets	**5**	0	0	(4,179,047)	0
Provisions	**17**	407,570	0	(666,131)	0
Operating income		**78,660,353**		**44,620,957**	
Financial income and expense					
Financial income	**28**	11,178,135	208,892	15,028,209	13,397,327
Financial expense	**28**	(6,667,118)	0	(7,146,376)	0
Exchange rate gains (losses)	**28**	332,372	0	(450,444)	0
Total financial income and expense		**4,843,389**		**7,431,389**	
Income before taxes		**83,503,742**		**52,052,346**	
Income taxes	**29**	(21,915,307)	0	(8,710,056)	0
Profit (loss) for the year		**61,588,435**		**43,342,290**	

(euros)

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2021	2020
Profit (loss) for the year	**16**	**61,588,435**	**43,342,290**
Other comprehensive income recyclable to profit or loss:			
- Fair value of derivative financial instruments	**8 and 16**	211,216	(154,172)
- Tax effect of the valuation at fair value of derivative financial instruments	**9 and 16**	(50,692)	37,001
Total other comprehensive income recyclable to profit or loss		*160,524*	*(117,171)*
Other comprehensive income not recyclable to profit or loss:			
- Actuarial gains/(losses) on employee benefits	**16 and 18**	(563,831)	(502,759)
- Tax effect of actuarial gains/(losses) on employee benefits	**9 and 16**	135,319	120,662
Total other comprehensive income not recyclable to profit or loss		*(428,512)*	*(382,097)*
Comprehensive Income		**61,320,447**	**42,843,022**

(euros)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		RESERVES		
	Share capital	Legal reserve	FTA reserve	Sundry reserves
Balance at 1 January 2020	**541,744,385**	**31,809,804**	**(3,044,940)**	**433,732,440**
Allocation of net profit from the previous year	0	5,594,056	0	0
Dividend distribution	0	0	0	0
(Purchase)/award of treasury shares	0	0	0	1,773,331
Long term incentive plan	0	0	0	(813,186)
Comprehensive income, of which:				
- Profit (loss) recognised directly in equity	0	0	0	0
- Profit (loss) for the year	0	0	0	0
Balance at 31 December 2020	**541,744,385**	**37,403,860**	**(3,044,940)**	**434,692,585**
Allocation of net profit from the previous year	0	2,167,114	0	0
Dividend distribution	0	0	0	0
(Purchase)/award of treasury shares	0	0	0	1,049,667
Long term incentive plan	0	0	0	(46,360)
Comprehensive income, of which:				
- Profit (loss) recognised directly in equity	0	0	0	0
- Profit (loss) for the year	0	0	0	0
Balance at 31 December 2021	**541,744,385**	**39,570,974**	**(3,044,940)**	**435,695,892**

Reserve for actuarial gains/ (losses) for employee benefits	Cash flow hedges	Total reserves	Retained earnings/(loss carryforward)	Profit (loss) for the year	Total shareholders' equity
(8,037,206)	**2,029,942**	**456,490,040**	**33,056,815**	**111,881,123**	**1,143,172,363**
0	0	5,594,056	106,287,067	(111,881,123)	0
0	0	0	(113,189,994)	0	(113,189,994)
0	0	1,773,331	0	0	1,773,331
0	0	(813,186)	122,595	0	(690,591)
(382,097)	(117,171)	(499,268)	0	0	(499,268)
0	0	0	0	43,342,290	43,342,290
(8,419,303)	**1,912,771**	**462,544,973**	**26,276,483**	**43,342,290**	**1,073,908,131**
0	0	2,167,114	41,175,176	(43,342,290)	0
0	0	0	0	0	0
0	0	1,049,667	(41,511)	0	1,008,156
0	0	(46,360)	0	0	(46,360)
(428,512)	160,524	(267,988)	0	0	(267,988)
0	0	0	0	61,588,435	61,588,435
(8,847,815)	**2,073,295**	**465,447,406**	**67,410,148**	**61,588,435**	**1,136,190,374**

(euros)

STATEMENT OF CASH FLOWS

	Notes	2021	of which related parties	2020	of which related parties
A - CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**15**	**292,870**		**429,914**	
Net cash flow generated/(absorbed) from operating activities					
Profit (loss) for the year	**16**	61,588	0	43,342	0
Amortisation and depreciation	**5 and 6**	126,856	0	136,568	0
Net change in liabilities for employee benefits	**18**	(1,741)	0	(1,166)	0
Loss on sale of property, plant and equipment and impairment of property, plant and equipment and intangible assets	**5**	44	0	4,260	0
Provisions for risks and charges	**17**	11,054	0	1,544	0
Provision for stock grant plans	**26**	962	0	1,083	0
Net change of deferred tax assets and deferred tax liabilities	**9**	(1,228)	0	(5,969)	0
Decrease/(Increase) in inventories	**12**	630	0	(248)	0
Decrease/(Increase) in current and non-current trade receivables	**11**	(337,829)	(1,077)	(299,161)	1,880
Decrease/(increase) in tax receivables and tax and social security payables	**10 and 22**	43,071	0	(17,763)	0
Change in other current assets and liabilities	**14 and 21**	(41,020)	(40,696)	(5,773)	12,089
Change in receivables and payables to group companies	**13**	16,666	16,667	9,481	9,481
Change in other non-current assets and liabilities	**21**	(836)	1,440	3,437	8,592
Increase/(Decrease) in current and non-current trade payables	**20**	(32,443)	(464)	(47,981)	103
B - TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**(154,226)**		**(178,346)**	
of which taxes paid		(5,269)		(29,759)	
of which Interest paid		(4,093)		(4,378)	

	Notes	2021	of which related parties	2020	of which related parties
Net cash flow generated/(absorbed) from investing activities					
Investments in property, plant and equipment	**5**	(72,942)	0	(75,691)	0
Investments in intangible assets	**6**	(12,279)	0	(12,024)	0
Increase/(decrease) in trade payables for investments	**20**	25,298	(2,097)	14,593	(1,939)
Sale of property, plant and equipment	**5**	0	0	0	0
Decrease/(increase) in trade receivables for investments	**11**	750	0	750	0
Equity investments	**7**	729	0	(24)	0
Increase/(decrease) in trade payables for investments in equity interests	**7**	(714)	(714)	(1,289)	0
Other investing activities	**8**	0	0	24,897	0
C - TOTAL CASH FLOW FROM INVESTING ACTIVITIES		**(59,158)**		**(48,788)**	
Net cash flow generated/(absorbed) from financing activities					
New medium and long term loans	**19**	180,000	0	220,000	0
(Repayments) of medium and long term loans	**19**	(63,665)	0	(13,540)	0
Net change in long-term financial liabilities	**19**	616	327	174	0
Bond issue	**19**	0	0	0	0
Net change in short-term financial liabilities	**19**	(875)	137	(508)	0
(Increase)/Decrease in current and non-current financial assets	**8**	(473)	(473)	(2,846)	0
Change in share capital	**16**	0	0	0	0
Dividend distribution	**16**	0	0	(113,190)	(60,308)
D - TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**115,603**		**90,090**	
F - Total cash flow (B+C+D)		**(97,781)**		**(137,044)**	
G - CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E)	**15**	**195,089**		**292,870**	

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

1. GENERAL INFORMATION

ENAV S.p.A., a joint-stock company listed on the Mercato Telematico Azionario (MTA), was established in 2001 following the transformation with Law 665/1996 of the "Ente Pubblico Economico denominato Ente Nazionale di Assistenza al Volo" (the National Agency for Flight Assistance), a public enterprise, that was formerly known as the "'Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale" (A.A.A.V.T.A.G.) (Autonomous Company providing Flight Assistance for General Traffic).
Since 26 July 2016, ENAV shares have been listed on the Mercato Telematico Azionario (now EXM – Euronext Milan) organised and operated by Borsa Italiana S.p.A. and, at 31 December 2021, 53.28% the Company was owned by the Ministry for the Economy and Finance (MEF) and 46.62% by institutional and individual shareholders, with 0.10% being held by ENAV as treasury shares.
ENAV provides air traffic control and management services and other essential air navigation services in Italian airspace and at the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and upgrading the technology and infrastructure of flight assistance systems. This infrastructure requires constant maintenance and continuous development to ensure safety, punctuality and operational continuity. This is clearly stated in the European Union's Single European Sky regulations, which on the one hand define the structure of the air traffic management system and on the other set the technological, qualitative, financial and environmental targets that all service providers must meet.
The Company's registered office is in Via Salaria 716, Rome and its operating facilities are located throughout the country.
ENAV holds significant controlling investments and, in compliance with IFRS 10, prepares consolidated financial statements, which are published together with these separate financial statements. The financial statements were approved by the Board of Directors of the Company at its meeting of 21 April 2022, 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 2021 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 21 April 2022, the date on which the ENAV S.p.A. Board of Directors approved the financial statements.

The accounting standards described below reflect the full operation of the ENAV Group in the foreseeable future, as it is assumed to continue operating as a going concern, and are in conformity with those applied in the preparation of the financial statements for the previous year.
The financial statements were prepared and presented in euros, which is the functional currency of the 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 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 2021 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 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 Company assesses whether information, individually or in combination with other information, is material in the context of the financial statements considered as a whole.
The financial statements were prepared on a historic cost basis with the exception of financial statement items that must be measured at fair value.
Each item of the financial statements is compared with the corresponding figure for the previous year.

3. ACCOUNTING POLICIES

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

Property, plant and equipment

Property, plant and equipment is recognised at cost, net of depreciation and any impairment losses. The cost includes directly attributable ancillary costs incurred to prepare the asset for the use for which it was acquired. 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. Any changes in the useful life will be made and 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 lives of the main classes of property, plant and equipment are as follows:

Type	Description	useful life (years)
Buildings	Buildings	25
	Extraordinary maintenance of buildings	25
	Light constructions	10
Plant and machinery	Radio systems	10
	Recording systems	7
	Synchronisation systems and control centers	10
	Manual and electromechanical power 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 machines and telephone systems	7
	Furniture and office equipment	10
	Data processing equipment including computers	5
	Cars, motorcycles and similar items	4
	Company aircraft	15
	Aircraft equipment and flight inspection systems	10

The carrying amount of property, plant and equipment is checked to detect any impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If there is such evidence and if the carrying amount exceeds the recoverable value, the assets are written down and recognised at their recoverable value. The recoverable value of property, plant and equipment is represented by the higher of the asset's fair value less costs to sell and its value in use.
For an asset that does not generate largely independent cash flows, the realisable value is calculated in relation to the cash generating unit to which this asset belongs. Impairment losses are recognised in the income statement under the item writedowns and impairment losses. These impairments are reinstated if the reasons that generated them disappear, within the limits of the net carrying amount that the asset in question would have had if the writedown had not been made and if the depreciation had taken place.
At the time of the sale or when the future economic benefits anticipated from the use of an asset do not exist, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the carrying amount) is recognised through profit or loss in the year of the 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 use of the asset.

The right-of-use asset is recognised entered at a value equal to the sum of the present value of the contractual outgoing cash flows, using the rate provided for in the lease or the lessee's incremental borrowing rate as the discount rate factor.
The right-of-use asset is depreciated over the non-cancellable period of the lease, which normally coincides with its term.
For long-term car rentals, the contract is divided into a lease component, i.e. the pure rental payment, and a non-lease component for maintenance services. The lease component is included in the right-of-use asset, while the non-lease component is charged profit or loss.

Intangible assets

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 cost or production cost, including any directly attributable ancillary costs necessary to prepare the assets for use, net of accumulated amortisation (with the exception of intangible assets with an 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 they are recognised through profit or loss at the time of the disposal. Measurement shall take account of the provisions of IFRS 15.
Intangible assets with an indefinite useful life do not undergo systematic amortisation but rather undergo impairment testing at least once a year in order to identify any impairment losses. Any change in the classification of an intangible asset from indefinite useful life to definite useful life is applied prospectively.
The Company does not recognise assets with an indefinite useful life.
Intangible assets include rights to use intellectual property represented by licenses and software and other intangible assets with an estimated useful life of three years.

Inventories

Inventories, represented essentially by spare parts for air traffic control systems and equipment, are recognised at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, which includes related ancillary costs. If 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 restored up to the amount of the impairment loss recognised. Such writebacks are recognised through profit or loss.
Subsidiaries are all companies in which ENAV has the power to directly or indirectly determine their financial and operating policies (relevant activities) in order to obtain the benefits resulting from their activities (variable returns), having the ability to exercise its power over them to affect the amount of the returns.
Investments in other entities are measured at cost adjusted for impairment because the fair value cannot be reliably calculated.

Financial assets

At the time of initial recognition, financial assets are classified using the following measurement methods: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of assets and on the business model that the Company uses for their management. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures financial assets at their fair value plus transaction costs in the case of financial assets not recognised at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the price of the transaction determined in accordance with IFRS 15.
In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). This assessment is referred to as the SPPI test and is performed at the level of the instrument.
The Company's business model for the management of financial assets refers to the way in which financial assets are managed in order to generate cash flows. The business model is determined by whether the cash flows are derived from the collection of contractual cash flows, the sale of financial assets or both.
For the purposes of the subsequent measurement, financial assets can be classified into three categories in accordance with IFRS 9: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value through other comprehensive income with reclassification of accumulated gains and losses (debt instruments); and 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 give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and undergo impairment testing. Gains and losses are recognised through profit or loss when the asset is eliminated, modified or revalued. Within the 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 that mature in accordance with normal business practice are not discounted. Trade receivables and other receivables are carried under current assets unless they will mature at more than twelve months from the reporting date, in which case they are classified under non-current assets.
The carrying amount of financial assets at amortised cost, which are not measured at fair value through profit or loss, is reduced using the new expected loss model introduced with IFRS 9. This model requires an assessment of expected losses based on the estimated probability of default, the loss given default and credit risk. These assessment factors are determined using historical data, forward-looking information and information available from info providers.
For certain categories of financial assets at amortised cost, such as trade receivables and contract assets, the Company adopts the simplified approach to the new impairment model. This simplified approach is based on management of creditor positions by portfolio and on the division of receivables into specific clusters that take account of the specific nature of the business, the client's operating status, past due information and the specific regulatory framework.
If the amount of an expected loss recognised in the past should decrease and the decrease can be linked to an event that occurred after the recognition of the expected loss, it is reversed to profit or loss.
Financial assets are derecognised when the right to receive the cash flows of the instrument has expired or substantially all the risks and rewards of ownership of the instrument have been transferred.

Cash and cash equivalents

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

Derivative financial instruments

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

The derivative financial instruments of ENAV are represented by forward contracts in currencies held to hedge exchange risk. At the inception of the hedge, the Company formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued, in line with IFRS 9.
The documentation prepared in compliance with IFRS 9 includes the identification of the hedging instrument, the hedged item, the nature of the risk and how the Company assesses whether the hedge relationship meets the hedge effectiveness requirements. The hedge relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

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

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

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

The amounts recognised in other comprehensive income are later reclassified to profit or loss when the hedged transaction impacts profit or loss, such as, for example, as a result of a disposal or a writedown. If the hedging instrument is sold, expires, is cancelled or exercised without replacement, or it no longer qualifies as an effective hedge of the risk for which the transaction was initiated, the portion of the cash flow hedge reserve relating to it is maintained until the effects of the underlying contract are manifested.

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

With reference to the calculation of fair value, 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. In particular:

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

Level 3: fair value calculated using valuation techniques employing unobservable inputs for the asset or liability.

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 the actuarial risk.
Since the amount of the benefit in defined-benefit plans to be paid can only be quantified after the termination of the employment relationship, the related financial effects are recognised on the basis of actuarial calculations performed in conformity with IAS 19. Defined-contribution plans are plans whereby the employer pays fixed contributions into a fund. The 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 account of the severance entitlement accrued for service already rendered and is based on actuarial assumptions mainly comprising: demographic factors (such as employee turnover and mortality) and financial factors (such as the inflation rate and the discount rate for maturities consistent with the expected date of termination). The value of the liability recognised in the financial statements is, therefore, in line with that resulting from actuarial measurement, and the actuarial gains and losses determined in 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 severance pay due to employees 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). The cost of such plans is represented by the fair value of those instruments calculated at the grant date, and it is recognised under personnel costs over the period between the grant date and the vesting date, with a matching entry in the stock grant reserve under shareholders' equity. The overall estimated amount is deferred over the vesting period, and personnel costs and the corresponding increase in equity are periodically recognised as a portion of the estimated amount. The estimated cost should be reviewed during the vesting period if subsequent information indicates that the number of instruments that will vest at the end of the vesting period will differ from the original estimates. The change in the estimate will, if necessary, be recognised as an adjustment in the stock grant reserve, with a matching entry in personnel costs.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges that an entity will certainly or probably incur but whose amount and/or timing are uncertain. 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 a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received.
Changes in the estimates for provisions are recognised in profit or loss in the period in which the change takes place and produce an increase in liabilities. Reductions in estimates are recognised in liabilities up to the carrying amount and any excess is recognised through profit or loss under the same item they refer to.
The amounts recognised in the provision for risks and charges are separated into current and non-current amounts based on when the liability is expected to be paid or extinguished.
Risks for which the recognition of a liability is only possible are disclosed 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.
Revenues from contracts with customers are summarised below, broken down by nature:

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

Balance – Revenues from contracts with customers

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* receivable recorded *(under-recovery)*. In compliance with the cost-recovery principle, the balance therefore represented the result of the correction mechanism used to adjust the amount of revenues to the effective billable costs incurred. The effects of this mechanism were reflected for rate purposes starting from the second year after the reference year and taken to profit or loss with the opposite sign of the balance recognised.

From 1 January 2015 this cost-recovery mechanism applied exclusively to terminal Charging Zone 3. With effect from 2012 and following the entry into force of the system for the provision of en-route air navigation services, in accordance with EU regulations on the European Single Sky, a new management system was introduced based on the measurement and optimisation of operating and financial performance, with the consequent abandonment of the cost-recovery system. The instrument for the implementation of the performance scheme is the National Performance Plan, approved for 2015-2019 (the second reference period), in which the actions and targets to be achieved in the reference period are set out. These efficiency targets involve the introduction of risk elements to be borne by providers, and therefore ENAV, with regard to both traffic and costs. 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. Pursuant to the Regulation, the Performance Plan updated on the basis of the latest air traffic forecasts issued by Eurocontrol was presented in November 2021, to be used to determine the balance for the year. The balance in respect of the loss of traffic in the 2020-2021 period shall, on an exceptional basis, be recovered over a period of five years, which can be extended to seven years, starting from 2023. Although the Regulation addresses en-route revenues, ENAV has extended its application to include terminal revenues for Charging Zones 1 and 2, which are subject to the same rate regulations. The adjustment of en-route and terminal revenues will be charged to the item “Balance for the year”.

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

For both terminal services and en-route services, the “Balance for the year” item makes it possible to represent the volume of revenues corresponding to the performance effectively delivered during the reference period, which, as a result of the nature of the specific charging mechanisms, can only

be settled ex post. In other words, the reductions or increases in revenues make it possible to recognise revenues for the reference period at the fair value of the consideration accrued as a result of the performance achieved.
The “Balance for the year” will be reflected in rates as indicated by the European Commission, while in the year ending the receivable/payable balance is recognised in profit or loss through the item “Balance utilisation” and included in the rate for the year.
Bearing in mind that the recovery of asset and liability balances is deferred in time and takes place on the basis of the plans to recovery balances through adjustments to unit rates, in accordance with IFRS 15, ENAV 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, ENAV adjusts the value of the balance receivable/payable in order to reflect the effective and recalculated estimated cash flows. The carrying amount is therefore recalculated by computing the present value of the future cash flows recalculated by applying the original interest rate. The resulting difference, in addition to adjusting the value of the balance receivable/payable, is recognised through profit or loss under financial items. As it involves a revision of the estimates after obtaining new and additional information, the change in balance recovery plans does not involve the restatement of balances for previous financial statements but it does require the prospective application of the changes.
The balance also includes a significant financing component, with a time horizon of more than 12 months. For this reason, ENAV adjusts the transaction price to take account of the time value of money. The receivables and payables for balances, limited to the amounts recognised in the year, represent variable consideration, or contract assets/liabilities, which will be incorporated in unit rates in the future. The receivables and payables for balances included in unit rates for the year represent the draw-down at the time of invoicing of the contract assets/liabilities mentioned above. These contract assets/liabilities are classified under current and non-current trade receivables/payables, and are reported separately in the explanatory notes.

Grants

Operating grants are recognised 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 on an accrual basis 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 recognised when their recovery is likely, or if it is expected that sufficient taxable income will be generated in the future to recover the assets. Deferred tax liabilities are recognised for all future taxable temporary differences unless this liability results from: i) the initial recognition of goodwill; ii) the initial recognition of an asset or a liability in a transaction that does not represent a business combination and which at the time of the transaction does not affect either the accounting profit, income 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.

Related parties

Related parties are identified by ENAV in accordance with IAS 24. Generally speaking, related parties refer to parties that share the same controlling entity with the ENAV, companies that directly or indirectly exercise control, are controlled, or are subject to the joint control of the Company and those in which the latter holds a stake whereby it can exercise considerable influence. The definition of related parties also includes those entities that manage post-pension benefit plans for employees of the Company or related companies, as well as the directors and their immediate family, the standing members of the Board of Auditors and their immediate family, key management personnel and their immediate family, of ENAV and companies controlled directly or indirectly by the latter.
Related parties refer to entities controlled by ENAV. External related parties include the supervising Ministry, namely the Ministry of Sustainable Infrastructure and Mobility (MSIM), and the controlling Ministry, namely the Ministry for the Economy and Finance (MEF), entities under the control, including joint control, of the MEF and associated companies.
For a detailed analysis of related-party transactions, please see to Note 30 of the separate financial statements.

Translation of amounts in foreign currency

Assets and liabilities deriving from transactions in a currency other than the functional currency of ENAV are recognised at the exchange rate prevailing on the transaction date. At the end of the year, those assets and liabilities are adjusted at the exchange rate prevailing at the close of the year and any gains or losses are recognised through profit or loss.

Use of estimates and management judgements, including those connected with the COVID-19 pandemic

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.
In compliance with the recommendations issued by ESMA on 29 October 2021 with regard to the impact of the COVID-19 pandemic, this section also reports the areas most affected by estimates and judgments that may have had greater impact as a result of the health emergency. Particular attention was paid to assessing the recoverability of receivables, the value retention of assets and goodwill and determining the balance for the year. Furthermore, in the preparation of the financial statements, the conditions for operating as a going concern were assessed and it can be reasonably affirmed that ENAV will continue to operate in the foreseeable future with a long-term perspective. In the case of future changes in estimation processes, disclosures will be provided about the methodological

changes with effect from the year in which that change could have an impact in the presence of certain additional elements and/or factors. Such changes in the conditions underlying the assumptions and judgements could have a significant impact on the financial statements.

Measurement of revenues for the balance

As described in the Accounting Policies section, in the wake of the COVID-19 pandemic and the significant impact it has had on the air transport sector, the European Commission adopted 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, with Decision 2021/981 (the "Decision"), the European Commission revised the performance targets for the third reference period, 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. For 2020-2021, this indicator shall not exceed 120.1% of the DUC baseline value in 2019. Outperforming the European target, the DUC planned by ENAV in the updated Performance Plan was set at just +94.3% of the DUC baseline value for 2019 for the 2020-2021 combined period.
Note that the Decision has substantially changed only the methods for measuring the amount due to the Group for services provided, without modifying the original right to such payment. The 2021 balance revenues were determined using the measurement criteria in line with the principles contained in Implementing Regulation (EU) 2020/1627 in conformity with the performance targets set out in the Decision and in accordance with the Performance Plan presented in the November 2021, which incorporates the new traffic forecasts issued by Eurocontrol. The en-route and terminal balances were also determined in accordance with the rate reporting tables provided for in EU regulations, which are used by all the member states and their air navigation service providers to monitor performance and report balances. The reporting tables will be sent to Eurocontrol and the European Commission by June 2022 in order to audit the values. The balance so calculated shall be recovered on an exceptional basis over a period of five years, which can be extended to seven years, starting from 2023.
Note 25 *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 require the evaluation of a series of internal and external inputs such as, for example: the examination of the annual budget, the examination of the long-term financial plan and the analysis of the main market indicators.
The evaluation of the present value of cash flows requires management to make extensive use of significant estimates and assumptions. It is believed that the estimates of this value are recoverable and reasonable. However, possible changes in the estimation factors on which the calculation of the present value is based could produce different measurements.
With reference to the evaluation of objective evidence of impairment losses with regard to the investment in Techno Sky and IDS AirNav, the test is carried out by calculating the value in use of the

investments based on the discounted cash flow method.
The recoverable value was estimated on the basis of cash flows for a time horizon of 3 years (2022 - 2024) and are taken from the business plan approved by their respective boards of directors and by ENAV, also taking into account the budget approved for 2022. For the explicit forecast period, these flows are formulated on the basis of hypothetical assumptions and associated with the expectations for the development of the business, while the years following the explicit period use assumptions about long-term sustainable profitability to enable operational continuity (growth rates and other factors linked to macroeconomic dynamics).
The assumptions adopted by management for the estimation of "normalised" net operating cash flow are the following:
• definition of NOPAT (Net Operating Profit After Taxes) on the basis of the average for the three-year explicit forecast period (2022-2024) for Techno Sky and the average for the last two years of the plan (2025-2026) for IDS AirNav;
• depreciation is aligned with investments to maintain fixed capital;
• working capital with balance of zero;
• the growth rate of operating cash flows after the explicit period in perpetuity, used to determine the residual value (g rate), has been estimated at 1.4% 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.
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 LLC. Accordingly, the recoverability of the carrying amount of the investment in ENAV North Atlantic LLC is connected to the recoverability of the values for the investment in the latter. Since the investment in Aireon LLC 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, including those connected with the COVID-19 pandemic" in the consolidated financial statements.
Section 7 *Investments* provides information relating to the results of the valuations performed by the Company.

Determining useful life

The depreciation and amortisation of property, plant and equipment and intangible assets is recognised on a straight-line basis over the estimated useful life of each asset. The useful life is calculated at the time the assets are acquired and is based on historical experience with similar investments, market conditions and forecasts involving future events that could have an impact on the useful life. Actual economic life may therefore differ from the estimated useful life. The Company evaluates technological changes annually in order to update the residual useful life. This updating could involve a change in the depreciation/amortisation period and therefore also the depreciation/amortisation charge for the year and future years.

Risk provisions

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

Provision for doubtful accounts and provision for inventory losses

The provisions for doubtful accounts for inventory losses respectively reflect the estimates of losses on Company receivables in accordance with the expected credit loss (ECL) model introduced with IFRS 9 and the estimate for spare parts that have become obsolete and can no longer be used.
In order to take account of the effects of COVID-19 on the impairment of trade receivables, the model adopted by the Company was compared with that used in 2020, taking account of the deterioration of the creditworthiness of a basket of companies representing the air transport sector.
Although the provisions are considered appropriate, the use of different assumptions or changes in economic conditions could be reflected in changes and, therefore, have an impact on profits.

4. 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 separate financial statements

The following is a list of the new accounting standards, amendments and interpretations applicable to the Company as from 1 January 2021 or subsequently during the year with no impact on the Company's consolidated financial statements at 31 December 2021.

- *Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*, issued on 27 August 2020 and endorsed on 13 January 2021. The amendments for phase 2 address issues that could affect financial reporting when changing the interest rate, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative rate (replacement issues).
  The amendments took effect for reporting periods that begin on or after 1 January 2021.
- *Amendment to IFRS 16 – Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*- issued on 31 March 2021 and endorsed on 30 August 2021, taking effect as from 1 April 2021. With this amendment, the IASB further amended IFRS 16 to extend the time limit of one of the criteria with which a lessor must comply in order to apply the practical expedient to the concessions received (exemption for lessees from the obligation to determine whether a lease concession represents a modification of the lease), or that any reduction in lease payments could only affect the payments originally due by 30 June 2021. The original amendment was to have effect until 30 June 2021, but in view of the continuing economic impact of the COVID-19 pandemic, application of the practical expedient was extended until 30 June 2022.

The Company did not receive rent concessions as a consequence of the pandemic but will apply the practical expedient if this should occur during the period in which the amendment is in effect.

New accounting standards, interpretations and amendments taking effect for periods after 31 December 2021 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 2021. The Company will assess the expected impact of their first-time adoption:

- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use* – issued on 14 May 2020 and endorsed on 28 June 2021. These amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise the proceeds from the sale of these items, and the costs to produce them, in profit or loss.
  The amendments will take effect for annual periods beginning on or after 1 January 2022. Entities are required to apply the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendments. The amendments are not expected to have a material impact for the Company.
- *Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts *– Costs of fulfilling a contract* – issued on 14 May 2020 and endorsed on 28 June 2021. The amendments clarify which costs must be considered by an entity in assessing whether a contract is onerous, i.e. loss-making. The amendment provides for the application of a "directly related costs approach". Costs that relate directly to a contract for the supply of goods or services consist of both incremental costs and other costs that relate directly to fulfilling contracts. General and administrative costs are not directly related to a contract and are excluded unless they are explicitly charged to the counterparty under the terms of the contract. The amendments will take effect for annual periods beginning on or after 1 January 2022.
- *Annual Improvements 2018-2020* – issued on 14 May 2020 and endorsed on 28 June 2021. As part of the cycle of improvements of accounting standards, the IASB published an amendment of IFRS 1 First Time Adoption, which permits a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 to measure the cumulative translation differences at the amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to the IFRSs. The amendment also applies to associates and joint ventures. The IASB also amended IFRS 9, clarifying that the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In particular, these include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity shall apply the amendment to financial liabilities that are modified or traded subsequent to the date of the first reporting period in which the entity applies the amendment for the first time. The amendments will take effect for annual periods beginning on or after 1 January 2022. Early adoption is permitted.
  Amendments to IAS 12 Income Taxes: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – issued on 7 May 2021, endorsement pending. IAS 12 requires the recognition of deferred taxes or assets for all temporary differences, i.e. taxes due or recoverable in the future. In particular, it was established that companies, in specific circumstances, can be exempted from

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

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* – issued on 12 February 2021 and endorsed on 2 March 2022. The amendments introduce a definition of accounting estimates to replace the concept of changes in accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop an accounting estimate if an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. Furthermore, the Board clarifies that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period error. An effect of a change in an accounting estimate is recognised in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both. The amendments will take effect for annual periods beginning on or after 1 January 2023.
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2*: *Disclosure of Accounting Policies* – issued on 12 February 2021 and endorsed on 2 March 2022. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. More specifically, an n entity is now required to disclose its material accounting policy information instead of its significant accounting policies and several paragraphs are added to explain how an entity can identify material accounting policy information, which may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments will take effect for annual periods beginning on or after 1 January 2023.
- *Amendment to IAS 1: Classification of Liabilities as Current or Non-current* – issued on 23 January 2020, with deferral of initial application issued on 15 July 2020. The IASB modified paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by the right to defer settlement, that this right must exist at the end of the financial year and that classification is unaffected by the likelihood that an entity will exercise its deferral right. Finally, the amendment also clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments will take effect for annual reporting periods beginning on or after 1 January 2023. The Company is monitoring discussions within the IFRS Interpretations Committee and the IASB.

Notes to the statement of financial position

5. PROPERTY, PLANT AND EQUIPMENT

The table below shows changes in property, plant and equipment at 31 December 2021 compared with the previous year.

	Land and Buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Cost	547,314	2,013,116	275,388	321,168	209,190	3,366,176
Accumulated depreciation	(257,694)	(1,638,625)	(231,426)	(295,470)	0	(2,423,215)
Balance at 31.12.2020	**289,620**	**374,491**	**43,962**	**25,698**	**209,190**	**942,961**
Increases	7,336	16,115	4,213	12,763	72,942	113,369
Disposals - cost	(449)	(7,665)	(1,376)	(1,696)	0	(11,186)
Disposals - accumulated depreciation	419	7,663	1,376	1,684	0	11,142
Reclassification	(15)	(8)	(160)	0	(40,583)	(40,766)
Depreciation	(20,285)	(79,949)	(8,460)	(9,481)	0	(118,175)
Total changes	**(12,994)**	**(63,844)**	**(4,407)**	**3,270**	**32,359**	**(45,616)**
Cost	554,184	2,021,256	278,065	332,235	241,549	3,427,289
Accumulated depreciation	(277,558)	(1,710,609)	(238,510)	(303,267)	0	(2,529,944)
Balance at 31.12.2021	**276,626**	**310,647**	**39,555**	**28,968**	**241,549**	**897,345**

(thousands of euros)

Property, plant and equipment in 2021 decreased by a net €45,616 thousand, reflecting:

- depreciation for the period of €118,175 thousand (€126,556 thousand in 2020);
- an increase in property, plant and equipment of €113,369 thousand, of which €40,427 thousand relating to investments that entered service during the period. These included: i) programme for the transfer of approach radar control positions from the existing dedicated rooms at the airports of Lamezia Terme, Bari Palese, Ronchi dei Legionari and Verona to their respective Area Control Centres; ii) the program dedicated to the new Technical Operations Centre (TOC) model for managing the maintenance of air traffic control plant and systems, established in a special room of the Rome Area Control Centre (ACC), which will act as a national centre from which it will be possible to access all the main remote control systems necessary for the management and maintenance of ATM/CNS systems; iii) the upgrade of the weather forecasting offices at the Rome ACC, with the creation of the new Italy MFU (Meteorological Forecast Unit) to provide all airports handled by ENAV with centralised weather forecasting and advisory services, as well as the implementation of a new technology platform to manage messaging to and from the Italy MFU in a uniform and integrated manner; iv) the supply and installation of fibre optic devices and cabling at the Milan Malpensa airport; v) the activation of two new frequencies at a number of remote sites of the Milan ACC and a number of airports; vi) supply and installation services connected with the replacement of two SMR (Surface Movement Radar) sensors of the A-SMGCS airport surveillance system at Milan Linate airport; vii) the implementation of new features in the EAWOS airport weather system in compliance with the Regulation (EU) 2017/373 at various airport sites; and viii) evolutionary maintenance for a various systems.
  Increases of €72,942 thousand refer to progress on assets under construction as part of investment projects, including: i) the 4-Flight programme, whose objective is to develop the entire Air Traffic Management (ATM) technology platform of the ACCs based on SESAR operational concepts and taking the Coflight system as a basic component. The new generation Coflight Flight Data Processing system, which supports air traffic controllers in calculating expected flight trajectories, was developed in collaboration with the French provider DSNA; ii) the program for transferring approach radar control stations from the current dedicated rooms at major airports to the higher-level Area Control Centres; iii) the construction of the first Italian remote tower, enabling airport control using cameras from a Control Room with a 360° view, in place of a room located on a physical control tower; iv) modernisation and upgrading of airport voice recording systems; v) the new tower and technical area of the Treviso airport; vii) the construction of the new ENET-2 communication network, which will replace the existing ENET network connecting all national operational sites, transmitting operational voice communications, radar data, flight plans, weather information, AIS and plant control information;
- the decrease due to reclassifications totalling €40,766 thousand mainly regards investment projects that were completed and entered service during the year, with classification to a specific account in the amount of €40,427 thousand, as well as €588 thousand for the reclassification of certain components of operating systems in inventories for replacement parts and the remainder regarding amounts classified to this item from intangible assets.

Note that part of the investments, with a historical cost of €289.7 million, are financed by capital grants disbursed under the National Operational Programme (NOP) for Transport for the years 2000-2006 and 2007-2013 for initiatives at southern airports, grants from the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Law 102/09 and projects financed at the European level. The capital grants for these investments are accounted for as other liabilities and reversed to profit or loss in line with the depreciation of the investments to which they refer.

The amount attributable to the period came to €4,481 thousand. With regard to property, plant and equipment, no internal or external evidence of impairment losses was found that would call for an assessment of the recoverability of the assets 30 June 2021.

6. INTANGIBLE ASSETS

The following table reports changes in intangible assets at 31 December 2021 compared with the previous year:

	Industrial patent and intellectual property rights	Other intangible assets	Asset under development	Total
Cost	162,150	2,085	46,488	210,723
Accumulated amortisation	(147,889)	(2,085)	0	(149,974)
Balance at 31.12.2020	**14,261**	**0**	**46,488**	**60,749**
Increases	1,604	0	12,279	13,883
Disposals	0	0	0	0
Reclassification	0	0	(1,853)	(1,853)
Amortisation	(8,681)	0	0	(8,681)
Total changes	**(7,077)**	**0**	**10,426**	**3,349**
Cost	163,754	2,085	56,914	222,753
Accumulated amortisation	(156,570)	(2,085)	0	(158,655)
Balance at 31.12.2021	**7,184**	**0**	**56,914**	**64,098**

(thousands of euros)

Intangible assets totalled €64,098 thousand, a net increase of €3,349 thousand, reflecting the following changes:

- amortisation for the year of €8,681 thousand (€10,012 thousand in 2020);
- increases in intangible assets totalling €13,883 thousand, including €1,604 thousand in respect of investment projects completed and entering service during the year, including software and licenses for management and operational systems implemented to support flexible working arrangements, as well as systems supporting SESAR operational activities. The increase also included €12,279 thousand from investment projects under development, including progress on the activities relating to the ERP Oracle management system with a view to implementing the system among the companies of the ENAV Group. The Company verified that that item had not incurred any impairment loss as at the reporting date;
- decreases in intangible assets of €1,853, which regarded investment projects completed and entering service that were classified to a specific account and the reclassification of certain amounts under property, plant and equipment.

7. INVESTMENTS

Investments amounted to €188,248 thousand and did not change compared with the previous year. They include the following:

- 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 2021, in order to assess the recoverability of the carrying amount. The recoverable value was estimated on the basis of the cash flows drawn from the 2022-2024 business plan approved by the Techno Sky Board of Directors on 14 April 2022, also taking account of the budget for 2022 approved on 20 December 2021. Those cash flows for the explicit forecast period are formulated on the basis of assumptions and expected developments in the business, while those for the years subsequent to the explicit period have been developed on the basis of assumptions about sustainable long-term profitability enabling the company to continue as a going concern. The recoverable value was calculated by discounting the operating cash flows using the discounted cash flow (DCF) method. The discount rate used was the WACC, equal to 6.24%, with a nominal growth rate for operating cash flows post explicit period forecast of 1.4%, 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 of the investment, which exceeds the corresponding share of equity, underwent impairment testing at 31 December 2021 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 11.49% with a growth rate of operating cash flows in nominal terms, after the forecast for the explicit period, equal to 1.4%, consistent with the revised growth forecasts for Italy. Management decided that the estimation of recoverable value would use the value in use estimated on the basis of the cash flows drawn from the 2022-2026 business plan prepared by the subsidiary, taking account of the budget for 2022 approved by IDS AirNav's management on 13 April 2022. The plan shows revenue on the non-regulated market essentially unchanged over the explicit period compared with previous estimates but with a slower growth rate than previously. The CAGR is unchanged through 2026. The assumptions on which the company based the preparation of the financial plan are founded on an understanding of the reference market, the information received from the Strategic Marketing unit of ENAV. The test found that the recoverable value is greater than the carrying amount of the investment and, consequently, no impairment was recognised.
- The 100% interest in *ENAV North Atlantic*, a company incorporated under American law in the legal form of a limited liability company, assumed the obligations deriving from the Subscription Agreement signed in December 2013 for the purchase of 12.5% of the shares of Aireon, a US company in the Iridium Group, whose corporate purpose is the supply of instrumental services to air navigation surveillance activities through a special payload device installed on board the 66 operational Iridium satellites, creating the first global air traffic surveillance system with coverage of areas not currently covered by radar. Payment for the acquisition was structured in four instalments, the last of which was settled in 2017, for a total investment of $61.2 million and a stake at 31 December 2021 of 9.14%, which, under a redemption clause envisaged among the obligations deriving from the Subscription Agreement, is expected to rise to 11.1%. The stake allocated to ENAV post-redemption is smaller than that provided for in the agreements signed in 2013 due to the dilutive effects connected with the entry of the British service provider NATS among the shareholders of Aireon LLC in 2018.

- At 31 December 2021, the value of the investment in ENAV North Atlantic amounted to €47,553 thousand. The carrying amount of the investment in ENAV North Atlantic reflects the recoverability assumptions underlying the determination of the fair value of the investment in Aireon LLC, reported in the Note 9 Investments in other entities to the consolidated financial statements.
- 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 2021, dividends received from the company amounted to €796 thousand.
For comments on the performance of subsidiaries in 2021, please see to the appropriate section of the Report on Operations.
A breakdown of investments held at 31 December 2021, with an indication of the interest held and the related carrying amount, is shown below:

	Headquarters	Balance sheet date	Share capital	Profit (loss) for the year	Equity at 31.12.2021	% share	Shareholders' equity pertaining to ENAV	Book value at 31.12.2021
Subsidiaries								
Techno Sky S.r.l.	Rome	31.12.2021	1,600	13,778	51,956	100%	51,956	99,224
D-Flight S.p.A.	Rome	31.12.2021	50	(853)	4,516	60%	2,710	50
IDS AirNav S.r.l.	Rome	31.12.2021	500	2,442	9,501	100%	9,501	41,127
ENAV Asia Pacific	Kuala Lumpur	31.12.2021	127	131	4,925	100%	4,925	127
ENAV North Atlantic	Miami	31.12.2021	44,974	2,504	61,638	100%	61,638	47,553

The assets held for sale connected with the investment in the Sicta Consortium in liquidation and in ENAV España Control Aereo were derecognised following the definitive closure of both companies.

8. CURRENT AND NON-CURRENT FINANCIAL ASSETS

Current and non-current financial assets totalled €11,929 thousand, an increase of €625 thousand as detailed in the following table:

	31.12.2021			31.12.2020			CHANGE		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Financial assets at amortised cost	1,928	9,848	11,776	11,304	0	11,304	(9,376)	9,848	472
Derivative financial instruments	70	83	153	0	0	0	70	83	153
Total	**1,998**	**9,931**	**11,929**	**11,304**	**0**	**11,304**	**(9,306)**	**9,931**	**625**

(thousands of euros)

Financial assets include: i) the intercompany loan to the subsidiary IDS AirNav totalling €8 million, initially maturing on 30 June 2021 but whose term and repayment schedule were amended in December 2021. The modification provides for the repayment of principal in constant instalments at 31 December each year from 2022 to 2026, together with financial expense accrued in previous years. The instalment falling due in 2022 is classified under current financial assets; ii) the intracompany loan, including accrued interest, granted in 2017 to the subsidiary ENAV North Atlantic, bearing an annual interest rate of 2.5% with what was initially to have been a bullet repayment at 31 December 2021, which was amended in June 2021, providing for bullet repayment by 31 December 2024.
At 31 December 2021, financial instruments had a positive fair value of €153 thousand, compared with a negative fair value the previous year, which had been recognised under financial liabilities. The financial instrument establishes a perfectly effective hedging relationship, accounted for using the cash flow hedge method. Please see Note 34 for all the information required by IFRS 7.

9. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	31.12.2020		INCR./DECR. THROUGH PROFIT OR LOSS		INCR./DECR. THROUGH OCI		31.12.2021	
	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	31,170	7,480	1,260	302	0	0	32,430	7,782
Writedown of inventories	9,081	2,179	176	42	0	0	9,257	2,221
Discounting of receivables	20,847	5,004	4,575	1,098	0	0	25,422	6,102
Discounting employee severance pay	3,570	858	0	0	564	135	4,134	993
Non-deductible portion of severance pay	186	45	0	0	0	0	186	45
Fair value of derivatives	62	15	0	0	(58)	(14)	4	1
Other	572	137	(305)	(73)	0	0	267	64
Total	**65,488**	**15,718**	**5,706**	**1,369**	**506**	**121**	**71,700**	**17,208**
Deferred tax liabilities								
Other	6,607	1,586	534	128	0	0	7,141	1,714
Discounting of debt	123	30	329	79	0	0	452	109
Tax effect of IFRS conversion	2,048	611	(236)	(66)	0	0	1,812	545
Fair value of derivatives	2,580	619	0	0	153	37	2,733	656
Total	**11,358**	**2,846**	**627**	**141**	**153**	**37**	**12,138**	**3,024**

(thousands of euros)

The change in the year in deferred tax assets and deferred tax liabilities, which have a balance at the end of 2021 of €17,208 thousand and €3,024 thousand, respectively, is attributable to the following factors:

- the utilisation and recognition of new taxable risk provisions and the provision for doubtful accounts as a result of the circumstances discussed in Notes 11 and 17;
- the recognition of the deferred tax associated with the discounting of balance receivables and payables recognised in 2021, 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 measurement at fair value of derivative financial instruments, recognised in other comprehensive income.

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

10. CURRENT AND NON-CURRENT TAX RECEIVABLES

Non-current tax receivables amounted to €74 thousand, a decrease of €23,164 thousand associated with the partial collection and subsequent assignment without recourse of the receivable for the excess IRES paid in 2007-2011 as a result of the non-deduction of IRAP relating to personnel and similar costs, as indicated in the application for reimbursement submitted on 6 March 2013, which led to the collection of €27.2 million including accrued interest.

Current tax receivables amounted to €2,208 thousand, a decrease of €8,533 thousand on 31 December 2020, mainly due to the elimination of the IRES and IRAP receivables.

	31.12.2021	31.12.2020	Change
Receivables from tax authorities for VAT	1,990	3,347	(1,357)
IRAP receivable	0	378	(378)
IRES receivable	0	6,867	(6,867)
Other current tax receivables	218	149	69
Total	**2,208**	**10,741**	**(8,533)**

(thousands of euros)

Receivables from tax authorities for VAT decreased by €1,357 thousand, mainly reflecting the use at the time of payment of the second payment on account of €1.5 million, in conformity with the provisions of the second Support Decree (Decree Law 73/2021).

The *IRES* and *IRAP receivables* were eliminated as after payments on account, a tax liability remained for 2021.

11. CURRENT AND NON-CURRENT TRADE RECEIVABLES

Current trade receivables amounted to €157,525 thousand and non-current trade receivables amounted to €687,253 thousand, mainly in respect of receivables for balances, as detailed in the following table:

	31.12.2021	31.12.2020	Change
Current trade receivables			
Receivables from Eurocontrol	134,557	94,708	39,849
Receivables from the Ministry for the Economy and Finance	10,993	10,243	750
Receivables from the Ministry of Sustainable Infrastructure and Mobility	30,000	30,000	0
Receivables from others	17,024	15,977	1,047
Balance receivables	0	2,559	(2,559)
	192,574	**153,487**	**39,087**
Provision for doubtful accounts	(35,049)	(31,759)	(3,290)
Total	**157,525**	**121,728**	**35,797**
Non-current trade receivables			
Receivables from customers	0	741	(741)
Balance receivables	687,253	385,230	302,023
Total	**687,253**	**385,971**	**301,282**

(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 2021, most of which had not yet fallen due, amounting to €87,461 thousand (€65,748 thousand at 31 December 2020) and €47,096 thousand (€28,960 thousand at 31 December 2020), respectively, gross of the provision for doubtful accounts. The overall increase of €39,849 thousand mainly reflected an increase of €57.1 million in turnover in November and December 2021 compared with the same months of the previous year, thanks to the recovery in air traffic volumes, and the receipt of payment of receivables for flights from March to May 2020, which had been deferred as a result of the payment deferral granted by the member states of Eurocontrol to airlines, which would be settled as from February 2021. The receivable from Eurocontrol, net of the provision for doubtful accounts, amounted to €109,304 thousand (€73,117 thousand at 31 December 2020).

Receivables from the Ministry for the Economy and Finance (MEF) of €10,993 thousand are entirely accounted for by the en-route and terminal exemptions recognised in 2021, a slight increase compared with the previous year, reflecting a rise in en-route service units generated in the year. The receivable in 2020 of €10,243 thousand was offset, after approval of the 2020 financial statements, with the payable to the Italian Air Force for collections in respect of en-route charges of €26,465 thousand, which left a payable of €16,222 thousand due to the MEF, which was recognised under other liabilities.

Receivables from the Ministry of Sustainable Infrastructure and Mobility 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 248/05. In December, €30 million recognised in 2020 were collected.

Receivables from others amounted to €17,024 thousand and regarded receivables generated from activities on the non-regulated market. This also included the last instalment of the receivable of €741

thousand for the sale of the Academy building complex in 2018, for which the price was deferred over four annual instalments of €750 thousand, the last of which fell due on 28 June.
The *provision for doubtful accounts* amounted to €35,049 thousand, with changes in 2021 breaking down as follows:

			DECREASES		
	31.12.2020	**Increases**	**Utilisation**	**Cancellations**	**31.12.2021**
Provision for doubt accounts	31,759	5,796	(2,147)	(359)	35,049

(thousands of euros)

The increase in the year in the provision for doubtful accounts reflected both positions written off following the bankruptcy of a number of air carriers and the valuation used to assess the recoverability of receivables based on the increased risk of the air transport sector as a result of the pandemic, which has a direct impact on the expected collection of the receivable due from Eurocontrol.
The decrease in the provision for doubtful accounts includes €2,147 thousand in respect of receivables prudentially written down in previous years and collected during 2021, while €359 thousand regards the writeoff of receivables in respect of Eurocontrol, which does not affect the right to recover the receivable.
The uses are recognised through profit or loss under the item "writedowns and impairment (reversals of impairment)".
Balance receivables amounted to €687,253 thousand net of discounting effects (totalling €387,789 thousand at 31 December 2020), all recognised under non-current receivables. The change represents a net increase of €299,464 thousand. The rise mainly reflects the balance recognised in 2021 in conformity with Regulation (EU) 2020/1627 issued in response to the global COVID-19 emergency, which has had a significant impact on the air transport sector, introducing rules that partially derogate from Regulation (EU) 2019/317 concerning the performance and charging scheme and adopting specific provisions in relation to 2020 and 2021, which are considered as a single period. Under the provisions of the Regulation, balance revenues shall be measured on the basis of the actual determined costs presented in November 2021 in the 2020-2024 Performance Plan, which compared with actual service units generated in 2021 found a loss of revenue in 2020-2021 net of the amount already recognised in 2020. On the basis of this criterion, a balance of €243.4 million emerges for en-route charges. This criterion was also extended to the overall determination of terminal balances for Charging Zones 1 and 2, which were equally affected by the health crisis. This resulted in an overall balance of €45 million. The balance for Charging Zone 3, determined on a cost recovery basis, amounted to €19.3 million. Considering the fact that recovery of these balances pursuant to the EU Regulation will have to be spread over a period of five years, which can be extended to seven years, starting from 2023, they were discounted over that period, producing an overall negative value of €9.5 million.

12. INVENTORIES

Inventories, which are represented by spare parts, amounted to €61,509 thousand net of provisions for doubtful accounts, a net decrease of €42 thousand on the previous year. Changes during the year break down as follows:

	31.12.2020	Increases	Decreases	31.12.2021
Bonded inventory	65,208	2,626	(2,406)	65,428
Direct inventory	5,425	575	(661)	5,339
	70,633	**3,201**	**(3,067)**	**70,767**
Allowance for inventory losses	(9,082)	(176)	0	(9,258)
Total	**61,551**	**3,025**	**(3,067)**	**61,509**

(thousands of euros)

The increase of €3,025 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 €588 thousand, was attributable to parts of systems classified to inventories from property, plant and equipment. The decrease of €3,067 thousand, gross of the inventory loss provision, reflected the use of spare parts in operating systems.
The provision for inventory losses increased by €176 thousand for replacement parts that became obsolete as they were designed for plant no longer in use.
The spare parts in the bonded inventory are deposited with the subsidiary Techno Sky, which manages them on behalf of ENAV.

13. INTERCOMPANY RECEIVABLES AND PAYABLES

Receivables and payables with Group companies amounted to €31,504 thousand (€31,236 thousand at 31 December 2020) and €88,830 thousand (€71,896 thousand at 31 December 2020) respectively. The following table provides a breakdown of *intercompany receivables*:

	31.12.2021	31.12.2020	Change
Due from Group Companies			
Techno Sky	27,914	29,148	(1,234)
ENAV Asia Pacific	51	78	(27)
D-Flight	1,143	570	573
IDS AirNav	2,396	1,440	956
Total	**31,504**	**31,236**	**268**

(thousands of euros)

The item showed a net increase of €268 thousand compared with 31 December 2020, mainly reflecting a decrease in the receivable due from Techno Sky associated with the correspondent current account, as payments exceeded disbursements, and an increase in the receivables from IDS AirNav and D-Flight regarding intercompany service contracts for services provided centrally by ENAV.

The following table provides a breakdown of *intercompany payables*:

	31.12.2021	31.12.2020	Change
Due to Group Companies			
Techno Sky	85,967	70,341	15,626
IDS AirNav	2,763	1,555	1,208
D-Flight	100	0	100
Total	**88,830**	**71,896**	**16,934**

(thousands of euros)

The increase of €16,934 thousand mainly regards transactions with the subsidiary Techno Sky, the provision for invoices to be received for the last two months of the maintenance fee for both operational and non-operational systems, maintenance of illuminated visual aids and activities related to investment projects.

14. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets amounted to €48,756 thousand and other non-current assets totalled €6,312 thousand. The item breaks down as follows:

	31.12.2021	31.12.2020	Change
Other current receivables			
Receivables from government entities for capital grants	28,342	35,239	(6,897)
Receivables from personnel	3,380	3,248	132
Receivables from various entities for projects funded	17,081	12,139	4,942
Prepaid expenses	1,165	944	221
Other receivables	1,422	2,300	(878)
	51,390	**53,870**	**(2,480)**
Provision for doubtful accounts	(2,634)	(2,700)	66
Total	**48,756**	**51,170**	**(2,414)**
Other non-current receivables			
Receivables from government entities for capital grants	6,312	7,752	(1,440)
Total	**6,312**	**7,752**	**(1,440)**

(thousands of euros)

Receivables from government entities for capital grants decreased by €8,337 thousand compared with 31 December 2020, due both to the collection of grants under a number of funded projects, including the deconflicting tool at the Brindisi Area Control Centre, the 4-Flight project at the Brindisi Area Control Centre and the ACDM airport operator interoperability project at the Naples airport, as well as the cancellation of part of certain investment projects that were defunded. The part recognised under non-current assets regards investment projects that will be undertaken in subsequent years.

Receivables from personnel refer to the advances paid to employees for travel expenses and not yet completed at the end of the year, of which the largest portion (€2,634 thousand) regards expense advances paid to former employees of ENAV, already investigated by judicial authorities and prudently written down in previous years. Following rulings nos. 745/2011 and 966/2012 of the Court of Auditors, which ordered the defendants to repay the amounts, a number of repayment plans to recover the receivables were established. In 2020, €66 thousand were collected, reducing the provision. In order to secure the receivable, one fifth of pension payments and severance benefits were placed under sequestration, while current accounts and, in a number of cases, real estate were also seized.

Receivables from sundry entities for projects funded, totalling €17,081 thousand, show an increase of €4,942 thousand on 31 December 2020 due to the recognition of receivables on projects financed under the Connecting Europe Facility (CEF) calls for 2014, 2016 and 2017 in the amount of €12.3 million following the reporting of the accounts in 2021 and the recognition of the share co-financed as part of the activities performed under the SESAR 2020 Wave 2 and Wave 3 projects. The increase was partially offset by amounts collected for the SESAR 2020 project and projects financed under the CEF for which the accounts were reported in 2020.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €195,089 thousand, a net decrease of €97,781 thousand on the previous year. The decline mainly reflected developments in receipts and payments connected with ordinary operations, which produced a negative cash flow owing to the reduction in receipts from core business operations as a result of the effects of the COVID-19 pandemic, which produced a sharp contraction in air traffic, which although improving as from the 2021 summer season has not yet returned to its pre-COVID 2019 levels. Other factors included: i) the payment of the liability to the Ministry for the Economy and Finance for 2019 in the amount of €65.4 million; ii) the repayment of loans in the amount of €63.7 million; iii) payment to the Italian Air Force of its share of terminal receipts and to ENAC in the total amount of €14.8 million. These developments were partly offset by liquidity from new borrowings in the total amount of €180 million, the collection of a tax receivable in the amount of €27.2 million and from projects funded at the European level and under the NOP.

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

16. SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2021 amounted to €1,136,190 thousand and breaks down as follows.

	31.12.2021	31.12.2020	Change
Share capital	541,744	541,744	0
Legal reserve	39,571	37,404	2,167
Other reserves	437,846	437,892	(46)
IAS FTA reserve	(3,045)	(3,045)	0
Reserve for actuarial gains/(losses) for employee benefits	(8,848)	(8,419)	(429)
Cash flow hedge reserve	2,073	1,913	160
Reserve for treasury shares	(2,150)	(3,200)	1,050
Retained earnings/(loss carryforward)	67,411	26,277	41,134
Profit (loss) for the year	61,588	43,342	18,246
Total shareholders' equity	**1,136,190**	**1,073,908**	**62,282**

(thousands of euros)

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, 46.62% by institutional and individual shareholders and 0.10% by ENAV in the form of treasury shares. At 31 December 2021, 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 2021, in accordance with the resolution of the Shareholders' Meeting of 28 May 2021, at the time of approval of the 2020 financial statements, 5% of ENAV S.p.A.'s profit for the year was allocated to the legal reserve in an amount equal to €2,167 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, €1.5 million for the reserve for the long-term incentive plan for the Company's management.

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

The *reserve for actuarial gains/(losses)* for employee benefits includes the effects of the actuarial changes in employee severance benefits, net of the tax effect, which at 31 December 2021 registered an actuarial loss of €429 thousand million.

The *cash flow hedge reserve* includes the impact of the measurement at fair value of hedging derivatives, which shows a net increase of €160 thousand for the year.
The *treasury share reserve* reports the value of 518,823 treasury shares at an average price of €4.14 per share, the remainder of the 772,103 treasury shares registered at 31 December 2020 following the award of 253,280 shares to the beneficiaries of the second vesting period (2018-2020) of the 2017-2019 Performance Plan.
Retained earnings/(loss carryforward) reflects results for previous years. The increase of €41,134 thousand mainly reflects the allocation of profit for 2020 to this item by the Shareholders' Meeting. Profit for the year €61,588 thousand.
The following table gives a breakdown of equity reserves with an indication of their availability for use, in compliance with the provisions of Article 2427 of the Civil Code and IAS 1.

	Amount	Possible uses
Capital reserves		
Other reserves	434,209	A, B, C
Earnings reserves		
Legal reserve	39,571	unavailable
IAS FTA reserve	(3,045)	unavailable
Reserve for actuarial gains/(losses) for employee benefits	(8,848)	unavailable
Cash flow hedge reserve	2,073	unavailable
Stock grant reserve	1,487	unavailable
Retained earnings	67,411	A, B, C
Total reserves	**532,858**	

(thousands of euros)

A: capital increase; B: coverage of losses; C: distribution to shareholders.

Capital management

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

17. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €13,914 thousand, of which the portion classified in current liabilities totalled €10,313 thousand, and changed as follows during the year:

	31.12.2020	Increases	To profit or loss	Decreases	31.12.2021
Provisions for disputes with personnel	1,383	0	(408)	(334)	641
Provisions for other pending litigation	50	0	0	0	50
Other risk provisions	883	0	0	0	883
Provisions for other charges	878	11,462	0	0	12,340
Total provisions for risks and charges	**3,194**	**11,462**	**(408)**	**(334)**	**13,914**

(thousands of euros)

Provisions for disputes with personnel, of which the portion classified under current liabilities stood at €415 thousand, decreased by €615 thousand during the year as a result of the favourable settlement of a number of disputes and the updating of provisions as a result of a decrease in the liabilities that could emerge from labour disputes of various types. At 31 December 2021 the total value of legal claims relating to outstanding disputes for which Company legal counsel have deemed the risk of a loss to be possible is €1 million.

Provisions for other pending litigation, of which the portion classified under current liabilities amounted to €30 thousand, did not change on the previous year. At 31 December 2021, the estimated charges related to outstanding disputes for which Company legal counsel have deemed the risk of a loss to be possible is €0.3 million.

Provisions for other charges, of which the portion classified under current liabilities amounted to €9,868 thousand, increased as a result of the recognition of charges connected with the *Isopensione* early retirement scheme governed by Article 4, paragraphs 1-7 ter of Law 92/2012, which was implemented following an agreement signed with the union representing executives on 7 December 2021. The early retirement programme will terminate on 30 November 2023

18. SEVERANCE PAY AND OTHER EMPLOYEE BENEFITS

The provision for severance pay and other employee benefits amounted to €34,744 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.

	31.12.2021	31.12.2020
Liabilities for employee benefits at the beginning of the year	**35,921**	**36,584**
Interest cost	232	312
Actuarial (gains)/losses on defined benefits	564	503
Advances, benefit payments and other variations	(1,973)	(1,478)
Liabilities for employee benefits at the end of the year	**34,744**	**35,921**

(thousands of euros)

Developments in the liability for severance pay and other employee benefits during the year break down as follows:
The interest cost component of the provision, equal to €232 thousand, was recognised under financial expense. The utilisation of €1,973 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 2021 this calculation generated an actuarial loss of €564 thousand.

	31.12.2021	31.12.2020
Discount rate	0.98%	0.34%
Inflation rate	1.75%	0.80%
Rate of annual increase in severance pay	2.813%	2.100%
Expected turnover rate	4.00%	4.00%
Expected rate of advances	2.50%	2.50%

The main actuarial assumptions applied in the actuarial calculation of the severance pay provision are summarised below:
The discount rate used to calculate the present value of the obligation was determined, consistent with paragraph 83 of IAS 19, using the IBoxx Corporate AA Index with the 10+ duration observed at the measurement date and commensurate with the average length of future service of the personnel involved. The inflation rate was determined by analysing the Update to the Economic and Financial Document for the short term and using the assumptions for economic and financial developments identified within the interministerial Services Conference for the long term. On the basis of this documentation, an inflation rate of 1.75% was obtained as the geometric mean over a medium/long-term time horizon. The annual rate of increase in severance pay is equal to 75% of inflation plus 1.5 percentage points, in compliance with Article 2120 of the Italian Civil Code.
The following provides a sensitivity analysis of the severance pay liability in alternative scenarios for the actuarial assumptions.

LIABILITIES FOR DEFINED BENEFIT FOR EMPLOYEES	31.12.2021	31.12.2020
Turnover rate + 1%	34,920	35,893
Turnover rate - 1%	35,488	36,541
Inflation rate + 0.25%	35,698	36,740
Inflation rate - 0.25%	34,691	35,671
Discount rate + 0.25%	34,387	35,348
Discount rate - 0.25%	36,021	37,084

(thousands of euros)

The average duration of the liability for defined benefit plans is 10 years.

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include: i) payables to credit institutions for medium/long-term loans with the short-term portion reported under current financial liabilities inclusive of interest expense recognised on an accrual basis; ii) the bond issued on 4 August 2015, with interest expense accrued at 31 December 20201 included under current liabilities; and iii) lease liabilities emerging from the application of the new IFRS 16. The fair value of the derivative was positive at 31 December 2021 and was recognised under financial assets, with the concomitant derecognition of the negative fair value posted at 31 December 2020.
The values at 31 December 2021 compared with those for the previous year and the associated changes are shown below:

	31.12.2021			31.12.2020			CHANGE		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Bank loans	68,907	411,428	480,335	63,938	300,048	363,986	4,969	111,380	116,349
Bond	181,418	0	181,418	1,418	180,000	181,418	180,000	(180,000)	0
Financial derivatives	0	0	0	25	33	58	(25)	(33)	(58)
Lease liabilities ex IFRS 16	744	1,085	1,829	873	1,230	2,103	(129)	(145)	(274)
Total	**251,069**	**412,513**	**663,582**	**66,254**	**481,311**	**547,565**	**184,815**	**(68,798)**	**116,017**

(thousands of euros)

Bank loans at 31 December 2020 registered a net increase of €116,349 thousand as a result of new borrowing and the repayment of instalments on outstanding loans, reflecting the effects of amortised cost measurement. More specifically, this included i) three new term loans totalling €180 million obtained in July 2021 with a term of 24 months and repayment at expiry; ii) the repayment of two half-year instalments of the loan from the EIB (with an initial value of €80 million) in the total amount of €5,333 thousand, with the final payment falling due on 12 December 2032 and the repayment of two half-year instalments of another loan from the EIB (with an initial value of €100 million) in the total amount of €8,332 thousand, with the final payment falling due on 19 December 2029; iii) the repayment of two half-year instalments in the amount of €33,333 thousand on a loan from Intesa San Paolo with an initial value of €100 million, with the final payment falling due on 30 October 2023; and iv) the repayment of two half-year instalments in the amount of €16,667 thousand on a loan from Mediobanca with an initial value of €50 million, with the final payment falling due on 28 October 2023. The instalments of the above loans falling due in 2022 in line with the repayment plans are recognised under current liabilities in the total amount of €68,907 thousand, which includes the effect of amortised cost measurement.

At 31 December 2021, ENAV had unused committed and uncommitted short-term credit lines totalling €285 million.

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

Lender	**Type**	**Amount granted**	**Amount used (nominal value)**	**Amount available**	**Carrying amount**	**Rate**
BNL-Bnp Paribas	RCF	60,000	0	60,000	0	Euribor + spread
Unicredit	Export advances	15,000	0	15,000	0	Euribor + spread
Intesa San Paolo	Financial advances	50,000	0	50,000	0	Euribor + spread
Mediobanca	RCF	15,000	0	15,000	0	Euribor + spread
Unicredit	RCF	145,000	0	145,000	0	Euribor + spread
Total		**285,000**	**0**	**285,000**	**0**	

(thousands of euros)

The average interest rate on bank loans in the reference period was 1.06%, slightly lower than the rate for the previous year (1.35%).

Lease liabilities under IFRS 16 include a total of €1,829 thousand in financial liabilities in respect of rights of use, broken down into long- and short-term in accordance with contractual due dates. During 2021, that liability decreased as a consequence of payments made.

On 4 August 2015, ENAV issued a bond with a nominal value of €180 million, which is listed on the Luxembourg Stock Exchange's regulated market and has a maturity of seven years, with full repayment at maturity (4 August 2022). The bond issue provides for the payment in arrears of an annual fixed-rate coupon of 1.93% of the nominal value. Interest accrued for the year amounted to €1,418 thousand.

In relation to the disclosure required under IFRS 7, the fair value of the bond, understood as the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, was estimated at €184.1 million.

ENAV estimated the fair value of the bond on the basis of market data from a leading information provider, applying an additional spread for the ENAV counterparty to the zero curve.

With regard to other financing transactions, note that the fair value of bank loans at 31 December

2021 was estimated at €474.8 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 2021 and 31 December 2020 determined in accordance with the guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities & Markets Authority (ESMA) on 4 March 2021, which took effect on 5 May 2021, and were incorporated in CONSOB warning notice no. 5/21 of 29 April 2021.

	31.12.2021	of which related parties	31.12.2020	of which related parties
(A) Cash	195,089	30,875	292,870	225
(B) Other cash equivalents	0	0	0	0
(C) Trading securities	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**195,089**	**30,875**	**292,870**	**225**
(E) Current financial receivables	**1,928**	**0**	**11,304**	**0**
(F) Current financial debt	(181,418)	0	0	0
(G) Current portion of non-current debt	(68,907)	0	(65,356)	0
(H) Other current financial debt	(744)	0	(873)	0
(I) Current financial debt (F)+(G)+(H)	**(251,069)**	**0**	**(66,229)**	**0**
(J) Net current financial debt/liquidity (D)+(E)+(I)	**(54,052)**	**30,875**	**237,945**	**225**
(K) Non-current bank loans	(411,428)	0	(300,048)	0
(L) Bonds issued	0	0	(180,000)	0
(M) Other non-current debt	(1,085)	0	(1,230)	0
(N) Non-current trade payables	(40,989)	0	(8,296)	0
(O) Non-current financial debt (K)+(L)+(M)+(N)	**(453,502)**	**0**	**(489,574)**	**0**
(P) Total net financial debt as per ESMA guidelines (J)+(O)	**(507,554)**	**30,875**	**(251,629)**	**225**
(Q) Current and non-current derivative instruments	153	0	(58)	0
(R) Non-current financial receivables	9,848	0	0	0
(S) Total ENAV net financial debt (P)+(Q)+('R)	**(497,553)**	**30,875**	**(251,687)**	**225**

(thousands of euros)

20. CURRENT AND NON-CURRENT TRADE PAYABLES

Current trade payables amounted to €97,523 thousand, a net decrease of €39,503 thousand on the previous year as a result of the changes in the items reported in the following table:

	31.12.2021	31.12.2020	Change
Current trade payables			
Payables to suppliers	81,786	88,925	(7,139)
Payables for advances received for projects with EU financing	3,050	2,788	262
Balance payables	12,687	45,313	(32,626)
Total	**97,523**	**137,026**	**(39,503)**
Non-current trade payables			
Balance payables	40,989	8,296	32,693
Total	**40,989**	**8,296**	**32,693**

(thousands of euros)

Payables to suppliers of goods and services necessary for ENAV's operations show a net decrease of €7.1 million, mainly reflecting a decrease in invoices received from suppliers.

Payables for advances received for projects with EU financing amounted to €3,050 thousand, broadly in line with the figure at 31 December 2020. They mainly regard prefinancing received under a number of projects receiving European funding.

Eurocontrol balance payables amounted to €53,676 thousand, of which the part classified under current payables came to €12,687 thousand and corresponds to the amount that will be reversed through profit or loss in 2022 in line with determination of unit rates. The overall amounts are broadly in line in the two financial years and show an increase in the non-current balance liability reflecting the recognition of payables in 2021, concerning in particular the balance for traffic risk (both en-route and the first two terminal charging zones), for a total of €10.6 million, as the actual volume of service units recognised was greater than the forecasts in the Performance Plan. A balance to be paid to carriers was also recognised for the portion of the balance incorporated 2021 unit rates but not fully reimbursed as traffic was lower than the figure envisaged in determining unit rates, for a total of €17 million comprising en-route rates and the terminal rates for the first and second charging zones. Eurocontrol's cost balance amounted to €6.3 million and includes both the 2020 cost adjustment and the change with respect to costs included in unit rates for 2021. The current portion of the balance declined as a result of the reversal to profit or loss of the 2021 share in line with determination of unit rates.

21. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities showed an overall decrease of €46,425 thousand compared with the previous year, as a result of the changes in the items reported in the following table:

	31.12.2021			31.12.2020			CHANGE		
	current	non-current	Total	current	non-current	Total	current	non-current	Total
Payments on account	38,271	0	38,271	38,414	0	38,414	(143)	0	(143)
Other payables	44,819	0	44,819	88,650	0	88,650	(43,831)	0	(43,831)
Deferred income	8,174	169,118	177,292	8,348	171,395	179,743	(174)	(2,277)	(2,451)
Total	**91,264**	**169,118**	**260,382**	**135,412**	**171,395**	**306,807**	**(44,148)**	**(2,277)**	**(46,425)**

(thousands of euros)

Payments on account amounted to €38,271 thousand and include €35,862 thousand in respect of the debt to the Italian Air Force (IAF) for the portion of accrued revenues received in 2021 for en-route and terminal services and €2,409 thousand in respect of the debt to Italian Civil Aviation Authority (ENAC) for accrued revenues concerning the same services. During the year, the IAF was paid its accrued share for terminal services in the total amount of €7.5 million and IAF payments on account for en-route services registered at 31 December 2020 were offset against the receivable due from the Ministry for the Economy and Finance (MEF), which produced a payable of €16.2 million, which was recognised under other payables. The amount pertaining to ENAC was paid in the amount of €7.2 million.

Other payables amounted to €44,819 thousand, a net decrease of €43,831 thousand compared with the previous year, mainly attributable to the settlement of payables to the MEF connected with IAF payments on account for en-route services and the receivable for exempt flights accrued in 2019 in the amount of €65.4 million and an increase in payables to personnel due to a decrease in provisions accrued for the year.

Deferred income mainly refers to deferred income relating to investment projects that had received grant support, of which the current portion represents the amount that will be reversed to profit or loss in the next 12 months. In particular, the item includes: i) Infrastructure and Networks NOP grants for the period 2000-2006, 2007-2013 and 2014-2020 concerning specific investments made in southern airports in the amount, net of amounts taken to profit of loss, of €71,907 thousand (€79,194 thousand at 31 December 2020); ii) capital grants for investments at military airports, in accordance with the provisions of Law 102/09, amounting to €55,387 thousand (€57,286 thousand at 31 December 2020); and iii) grants linked to the investment projects funded under the CEF programme in the amount of €45,645 thousand (€38,778 thousand at 31 December 2020), which increased as a result of the submission of final accounts for investment projects receiving funding under the 2014, 2016 and 2017 calls of the CEF programme.

22. TAX AND SOCIAL SECURITY PAYABLES

Tax and social security payables amounted to €29,878 thousand and break down as shown in the following table:

	31.12.2021	31.12.2020	Change
Tax payables	17,309	6,711	10,598
Social security payables	12,569	11,771	798
Total	**29,878**	**18,482**	**11,396**

(thousands of euros)

Tax payables showed an increase of €10,598 thousand, mainly attributable to IRES and IRAP liabilities totalling €10,425 thousand, compared with a creditor position the previous year.
Social security payables increased by €798 thousand, mainly due to an increase in provisioned personnel costs and contributions for holiday entitlement accrued but not used.

Notes to the income statement

23. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers, represented by revenues from operating activities and the balance adjustment component, totalled €772,185 thousand, up €59,430 thousand compared with the previous year thanks to the impact of vaccination domestically and abroad, which has facilitated the movement of travellers and, accordingly, produced an increase in air travel. These figures were still below their 2019 level, a year unaffected by the effects of the COVID-19 pandemic. Revenues were also positively affected by the increase of 57% in revenues from the non-regulated market compared with 2020.
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.

	2021	2020	Change	%
En-route revenues	324,025	233,136	90,889	39.0%
Terminal revenues	136,329	81,899	54,430	66.5%
En-route and terminal exemptions	10,990	10,239	751	7.3%
Revenues from non-regulated market	6,443	4,103	2,340	57.0%
Total revenues from operations	**477,787**	**329,377**	**148,410**	**45.1%**
Balance	294,398	383,378	(88,980)	-23%
Total revenues from contract with customers	**772,185**	**712,755**	**59,430**	**8.3%**

(thousands of euros)

En-route revenues

En-route revenues amounted to €324,025 thousand, an increase of 39% on 2020, reflecting the increase of 46.2% in service units generated during the year (-61.0% in 2020 on 2019). The increase is due essentially to gains in the volume of air traffic handled starting from April and traffic peaks in the summer. Although these values are recovering, they are still lower than in 2019 (-43% in 2021 on 2019). The unit rate applied in 2021 decreased by 5.06% (€62.68 in 2021 compared with €66.02 in 2020), while the reduction amounted to 0.89% considering charges net of the balance.

Considering en-route revenues including the exempt flights component, which posted an increase of 1.5% as a result of the rise of 6.4% in service units during the year (-5.7% in 2020 on 2019), and the adjustment component for balances, en-route revenues totalled €560,907 thousand, an increase of €43,888 thousand, as shown below:

	2021	2020	Change	%
En-route revenues	324,025	233,136	90,889	39.0%
En-route exemptions	8,007	7,890	117	1.5%
Subtotal en-route revenues	*332,032*	*241,026*	*91,006*	*37.8%*
En-route balance for the year	213,413	295,025	(81,612)	-27.7%
Discounting of balance for the year	(7,169)	(15,299)	8,130	-53.1%
Change in balance	(4,570)	(4,361)	(209)	4.8%
Use of en-route balance n-2	27,201	628	26,573	n.a.
Subtotal balance	*228,875*	*275,993*	*(47,118)*	*-17.1%*
Total en-route revenues with balance	**560,907**	**517,019**	**43,888**	**8.5%**

(thousands of euros)

The en-route balance amounted to €213,413 thousand, a decrease of €81,612 thousand compared with 2020. The balance was determined in accordance with the provisions of Regulation (EU) 2020/1627, which applied exceptional measures for the third reference period (2020-2024) of the performance and charging scheme system in order to take account of the effects of the COVID-19 pandemic on the air transport sector. This Regulation partially derogated from the provisions of Regulation (EU) 2019/317 concerning the cost efficiency targets in order to take account of the significant decrease in air traffic due to the contraction in demand and the measures imposed by the member states to contain the pandemic. This led to the issue of Regulation (EU) Decision 2021/891, which revised the performance targets for the third reference period and identified the Determined Unit Cost (DUC) performance indicator as the reference performance indicator, equal to the ratio between determined costs and traffic expressed in service units. For 2020-2021 considered as a single period, this indicator shall not exceed 120.1% of the DUC baseline value in 2019. Under the provisions of the Regulation, the Performance Plan drafted on the basis of the new air traffic forecasts for 2022-2024 and final determined unit costs for 2020, forecasts for 2021 and projections for the following years was presented in November 2021. The plan was the reference for determining the balance for the year, which produced: i) a loss of revenues for the two-year period, which net of the amount already recognised in 2020 amounted to €242.5 million for ENAV and Eurocontrol; ii) recognition of a balance for traffic risk of €8 million to reimburse, as actual service units were 2.8% greater than the service units projected in the Performance Plan; iii) recognition of a negative balance of €12.4 million for the balance to reimburse to carriers incorporated in 2021 unit rates but only partially reimbursed due to the fact that actual traffic was lower than that projected in determining unit rates for the same year; iv) other balances in reimbursement totalling €7 million, which were recognised on the basis of the provisions of Regulation 2019/317, whose application was not suspended by subsequent Regulations. The balances recorded in the year have been discounted over a period consistent with the EU Regulations, of which the part associated with the revenue loss will be recovered over a period of five years starting from 2023.
The change in the balance concerns the adjustment of Eurocontrol costs for 2020, which amounted to a negative €4.6 million, while the use of the n-2 en-route balance concerns balances recorded in previous years and reimbursed to carriers in 2021 unit rates.

Terminal revenues

Terminal revenues amounted to €136,329 thousand, an increase of 66.5% on the previous year, due to the increase of 37.2% in service units posted by the individual airports in the different charging zones (-60.8% in 2020 on 2019), a partial recovery compared with 2020 but still below the level registered in 2019 (-45.8%). This factor was partially offset by the reduction in unit rates applied in the first two charging zones.
In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 8.1% compared with 2020 (-68.7% in 2020 on 2019), with international air traffic performing well. The unit rate applied in 2021 was €164.55, a reduction of 1.66% compared with the 2020 rate of €167.33.
Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio registered an increase in assisted air traffic, expressed in service units, of 33.7% on 2020 (-58.7% in 2020 on 2019), with a particularly strong performance being registered by domestic air traffic, although traffic volumes were still below 2019 (-44.4%). The rate applied in 2021 was €160.86, a reduction of 4% compared with the 2020 rate of €167.56.

Charging Zone 3, which comprises 40 medium- and low-traffic airports, posted an increase in assisted air traffic, expressed in service units, of 49% compared with 2020 (-58.2% in 2020 on 2019), with domestic air traffic a posting gain of 52.5% and partially recouping the loss with respect to 2019 (-36.2%). The rate applied in 2021 was €395.35, an increase of 32.26% compared with 2020 (€298.93).

Considering terminal revenues together with revenues for exempt flights, which increased by €634 thousand, and the adjustment component for balances, terminal revenues totalled €204,835 thousand, up €13,202 thousand on 2020, as shown below:

	2021	2020	Change	%
Terminal revenues	136,329	81,899	54,430	66.5%
Terminal exemptions	2,983	2,349	634	27.0%
Subtotal	*139,312*	*84,248*	*55,064*	*65.4%*
Terminal balance for the year	57,497	105,480	(47,983)	-45.5%
Discounting of balance for the year	(2,077)	(5,491)	3,414	-62.2%
Change in balance	(448)	0	(448)	n.a.
Use of terminal balance n-2	10,551	7,396	3,155	42.7%
Subtotal	*65,523*	*107,385*	*(41,862)*	*-39.0%*
Total terminal revenues with balance	**204,835**	**191,633**	**13,202**	**6.9%**

(thousands of euros)

The terminal balance amounted to €57,497 thousand, a decrease of €47,983 thousand on 2020. The determination of the terminal balance for the first and second charging zones followed the same rules as those used for the en-route balance, while a cost recovery mechanism was adopted for the third charging zone. More specifically, Charging Zones 1 and 2 generated an overall balance of €38.2 million, down €3.1 million on the previous year, essentially reflecting the recognition of a negative balance for traffic risk in Charging Zone 2. Charging Zone 3 recorded a balance of €19.3 million, a reduction of €44.9 million compared with 2020 as actual costs exceeded the figure used in determining rates. These balances were discounted on the basis of their recovery times, with part to be recovered over five years starting from 2023, producing a negative €2,077 thousand. Use of the terminal balance registered in previous years and included in the 2021 unit rate amounted to €10,551 thousand.

Revenues from the non-regulated market amounted to €6,443 thousand, an increase of 57% compared to the previous year, mainly due to an increase in aeronautical consulting and operational training activities performed during the year. Major projects included support for the new surveillance tool to be implemented at Doha's Hamad international airport for the service provider Qatar Civil Aviation Authority in collaboration with Leonardo S.p.A., operational training for the personnel of the Aviation and Air Assault Division who serve as air traffic controllers at the various airports operated by the Colombian national army, radio aid activities in Croatia and Romania and aeronautical consulting for the supply together with the French service provider (DSNA) of the Technical Integration Service of the Coflight Cloud Services program to Skyguide, the Swiss service provider.

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

	2021	2020	Change	%
Revenues from non-regulated market				
Flight inspection	1,278	1,218	60	4.9%
Aeronautical consulting	1,795	475	1,320	n.a.
Technical and engineering services	1,323	896	427	47.7%
Training	142	2	140	n.a.
Other revenues	1,905	1,512	393	26.0%
Total revenues from non-regulated market	**6,443**	**4,103**	**2,340**	**57.0%**

(thousands of euros)

24. OTHER OPERATING INCOME

Other operating income amounted to €53,540 thousand, an increase of 9.4% on the previous year. It breaks down as follows:

	2021	2020	Change	%
Capital grants	8,526	9,569	(1,043)	-10.9%
Operating grants	30,997	30,721	276	0.9%
European funding	4,476	2,969	1,507	50.8%
Other revenues and income	9,541	5,659	3,882	68.6%
Total	**53,540**	**48,918**	**4,622**	**9.4%**

(thousands of euros)

Other operating income includes the portion of capital grants recognised in profit or loss commensurate with the depreciation rates on the assets to which the grants refer, posting a decrease as a result of a decline in the entry of assets into service in 2021.
Operating grants totalling €30,997 thousand and include €30 million in respect of the amount paid to the Parent Company under Article 11-septies of Law 248/05 to offset the costs incurred to guarantee the safety of its plant and operational safety and €997 thousand in respect of other grants, most of which is connected with courses for operating personnel for which external funding was received.
European funding increased by €1,507 thousand following the submission of final accounts for projects funded under the Connecting Europe Facility (CEF) and SESAR Wave 2 and 3.
Other revenues amounted to €9,541 thousand, an increase of €3,882 thousand compared with 2020, mainly reflecting intercompany service contracts with a number of Group companies, some of which took effect in the last quarter of 2020.

The following table provides a breakdown of revenues for 2021 and 2020 by geographical area:

Revenues	2021	% of revenues	2020	% of revenues
Italy	822,618	99.6%	759,549	99.7%
EU	2,008	0.3%	1,743	0.3%
Non-EU	1,099	0.1%	381	0.1%
Total revenues	**825,725**		**761,673**	

(thousands of euros)

25. COSTS FOR GOODS, SERVICES, LEASES AND RENTALS AND OTHER OPERATING EXPENSES

Costs for goods, services, leases and rentals and other operating expenses totalled €188,773 thousand, a net increase of €10,415 thousand on the previous year, reflecting an increase in the various cost categories, as indicated below.

	2021	2020	Change	%
Costs for the purchase of goods	3,650	4,121	(471)	-11.4%
Costs for services:				
Maintenance costs	88,159	87,294	865	1.0%
Costs for Eurocontrol contributions	36,593	33,043	3,550	10.7%
Costs for utilities and telecommunications	27,378	24,750	2,628	10.6%
Costs for insurance	2,784	2,776	8	0.3%
Cleaning and security	4,586	4,844	(258)	-5.3%
Other personnel-related costs	6,444	4,741	1,703	35.9%
Professional services	4,976	5,681	(705)	-12.4%
Other costs for services	10,332	6,107	4,225	69.2%
Total costs for services	**181,252**	**169,236**	**12,016**	**7.1%**
Costs for leases and rentals	937	1,056	(119)	-11.3%
Other operating expenses	2,934	3,945	(1,011)	-25.6%
Total costs for services	**188,773**	**178,358**	**10,415**	**5.8%**

(thousands of euros)

Costs for the purchase of goods include costs incurred to purchase spare parts for plant and equipment used for air traffic control and the associated change in inventories, which decreased in 2021 as a result of a decline in purchases of equipment and uses of spare parts, while consumables declined as a consequence of the reduction in purchases of personal protective equipment for COVID-19 purposes compared with the previous year.

Costs for services registered an overall net increase of €12,016 thousand compared with the previous year, reflecting in particular the following developments: i) an increase in costs for Eurocontrol contributions, which in 2020 had benefitted from cost containment measures adopted by the agency that were not implemented in 2021; ii) an increase in costs for utilities around the country, reflecting both an increase in energy costs and the fact that all airports were operational during the year after some had closed for a number of months in 2020; iii) an increase in costs for employee travel, which had been suspended in 2020 as a result of restrictions on movement imposed in response to the health emergency, and an increase in the costs of meal vouchers; and iv) an increase in costs for other services as a result of the rise in the coordination fee charged on projects financed through the Connecting Europe Facility.
Other operating expenses amounted to €2,934 thousand, a decrease of €1,011 thousand on the previous year, when €878 thousand were used to support the fight against COVID-19.

26. PERSONNEL COSTS

Personnel costs totalled €437,114 thousand, an increase of 8.9% on the previous year, reflecting both the recovery of activity in the air transport sector, which directly impacts the variable portion of remuneration, and the implementation of the *Isopensione* early retirement scheme pursuant to Article 4 of Law 92/2021 for ENAV executives.

	2021	2020	Change	%
Wages and salaries, of which:				
Fixed remuneration	247,174	246,771	403	0.2%
Variable remuneration	53,087	35,591	17,496	49.2%
Total wages and salaries	**300,261**	**282,362**	**17,899**	**6.3%**
Social security contributions	98,433	91,862	6,571	7.2%
Employee severance pay	19,838	19,852	(14)	-0.1%
Other costs	18,582	7,304	11,278	154.4%
Total personnel costs	**437,114**	**401,380**	**35,734**	**8.9%**

(thousands of euros)

Fixed remuneration amounted to €247,174 thousand, broadly in line with 2020, reflecting the change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries, while the effective workforce at the end of 2021 numbered 3,295, down 35 compared with 2020. The average workforce numbered 3,375, a reduction of 8.
Variable remuneration increased by 49.2%, mainly attributable to the reduction in the impact of holiday entitlement accrued and not taken, which amounted to €1.4 million, whereas in 2020 it had a positive impact of €8.7 million as a result of the use of holiday entitlement accruing during the year and the near elimination of the backlog of unused holiday time from previous years. Other items contributing to the increase in variable remuneration regard operating personnel (air traffic controllers), who, with the increase in air traffic handled in 2021, also returned to normal levels from their reduced level in 2020. This generated an increase in remuneration for overtime, holiday work and on-call

availability, in addition to an increase in performance bonuses determined on the basis of the service units handled.

Other personnel costs increased by €11,278 thousand compared with 2020, mainly due to the implementation of the *Isopensione* early retirement scheme pursuant to Law 92/2012, which was activated following an agreement signed with management's union on 7 December 2021. Among other issues, the agreement established the maximum number of executives involved who meet pension eligibility requirements in the 7 years following the termination of their employment relationship. The scheme will terminate by 30 November 2023.

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

	2021	2020	Change
Executives	45	47	(2)
Middle managers	351	353	(2)
Office staff	2,899	2,930	(31)
Workforce at period end	**3,295**	**3,330**	**(35)**
Average workforce	**3,375**	**3,383**	**(8)**

	2021	2020	Change
Management and coordination	396	400	(4)
Air traffic controllers	1,693	1,680	13
Flight assistance experts	387	426	(39)
Meteorological services	27	29	(2)
Flight inspection	20	22	(2)
Administration	476	481	(5)
Technical	209	207	2
IT	87	85	2
Workforce at period end	**3,295**	**3,330**	**(35)**

27. CAPITALISED COSTS

Capitalised costs amounted to €8,854 thousand (€9,721 thousand in 2020) and are entirely accounted for by the capitalisation of the cost of employees working on investment projects. The decrease for the year is associated with a decrease in hours devoted to investment projects.

28. FINANCIAL INCOME AND EXPENSE

Financial income and expense show net income of €4,843 thousand (net income of €7,431 thousand in 2020), reflecting financial income of €11,178 thousand, financial expense of €6,667 thousand and foreign exchange gains of €332 thousand.
The following table provides a breakdown of financial income:

	2021	2020	Change	%
Income from investments in other entities	796	13,610	(12,814)	-94.2%
Financial income from discounting of balance and receivables	5,010	73	4,937	n.a.
Interest income on financial receivables from subsidiaries	208	204	4	2.0%
Other interest income	5,164	1,141	4,023	n.a.
Total financial income	**11,178**	**15,028**	**(3,850)**	**-25.6%**

(thousands of euros)

Financial income shows a net decrease of €3,850 thousand, mainly attributable to income from investments in other entities, which in 2020 included the dividend approved by the shareholders' meeting called to approve the 2019 financial statements of the subsidiary Techno Sky. By contrast, the other items increased, with greater financial income from discounting of balances and an increase of €4 million in interest income on the tax receivable assigned without recourse in 2021.
Financial expense amounted to €6,667 thousand, a decrease of €479 thousand on the previous year, reflecting the elimination of the financial expense on discounting, partly offsetting the increase in interest expense on borrowings.
The following table provides a breakdown of financial expense:

	2021	2020	Change	%
Interest expense on bank loans	2,825	2,477	348	14.0%
Interest expense on bonds	3,474	3,474	0	0.0%
Interest expense on employee benefits	232	312	(80)	-25.6%
Interest expense on lease liabilities	30	38	(8)	-21.1%
Financial expense on discounting	0	684	(684)	-100.0%
Other interest expense	106	161	(55)	-34.2%
Total financial expense	**6,667**	**7,146**	**(479)**	**-6.7%**

(thousands of euros)

29. INCOME TAXES

Income taxes totalled €21,914 thousand, an increase of €13,205 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:

	2021	2020	Change	%
IRES (corporate income tax)	20,201	10,998	9,203	83.7%
IRAP (regional business tax)	2,943	3,680	(737)	-20.0%
Total current taxes	**23,144**	**14,678**	**8,466**	**57.7%**
Deferred tax assets	(1,370)	(5,916)	4,546	-76.8%
Deferred tax liabilities	141	(52)	193	n.a.
Total current tax and deferred tax assets and liabilities	**21,915**	**8,710**	**13,205**	**n.a.**

(thousands of euros)

For more details on the recognition of deferred tax assets and liabilities, please see note 8.
The IRES tax rate for 2021 was equal to 24.2%, virtually in line with the theoretical rate of 24%.

	2021		2020	
	IRES	%	IRES	%
Income before taxes	83,504		52,052	
Theoretical tax	**20,041**	**24.0%**	**12,492**	**24.0%**
Effect of increases/(decreases) compared with ordinary taxation				
Non-deductible prior-year costs	31	0.0%	52	0.1%
IRES deduction of IRAP paid on personnel costs	0	0.0%	(97)	-0.2%
Other	(117)	-0.1%	(2,129)	-4.1%
Temporary differences for taxed provisions	246	0.3%	680	1.3%
Actual IRES	**20,201**	**24.2%**	**10,998**	**21.1%**

(thousands of euros)

The IRAP tax rate for 2021 was 3.5%, a decrease on the theoretical rate of 4.78

	2021		2020	
	IRAP	**%**	**IRAP**	**%**
Income before taxes	83,504		52,052	
Theoretical tax	**3,991**	**4.78%**	**2,488**	**4.78%**
Effect of increases/(decreases) compared with ordinary taxation				
Other	(817)	-1.0%	1,547	2.97%
Temporary differences for taxed provisions	0	0.0%	0	0.0%
Financial income and expense	(231)	-0.3%	(355)	-0.68%
Actual IRAP	**2,943**	**3.5%**	**3,680**	**7.07%**

(thousands of euros)

Other information

30. RELATED PARTIES

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

BALANCE AT 31.12.2021

Name	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Financial debt	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals	Financial income
Direct subsidiaries									
Techno Sky S.r.l	27,914	0	0	465	85,967	5,444	72,484	32	0
IDS AirNav S.r.l.	2,396	8,322	0	0	2,763	2,295	1,791	0	155
ENAV Asia Pacific Sdn Bhd	51	0	0	0	0	306	0	0	0
ENAV North Atlantic LLC	0	3,454	0	0	0	0	0	0	54
D-Flight S.p.A.	1,143	0	0	0	100	674	100	0	0
External related parties									
Ministry for the Economy and Finance	10,993	0	30,875	0	42,518	10,991	0	0	0
Ministry of Sustainable Infrastructure and Mobility	64,654	0	0	0	0	34,308	0	0	0
Enel Group	0	0	0	0	57	0	5,205	0	0
Leonardo Group	339	0	0	0	12,737	411	505	0	0
CDP Group	56	0	0	0	1,245	11	624	0	0
Other external related parties	0	0	0	0	25	101	132	23	0
Balance in financial statements	**244,096**	**11,929**	**195,089**	**663,583**	**277,617**	**825,725**	**184,902**	**937**	**11,178**
as % of balance in financial statements	**44.1%**	**98.7%**	**15.8%**	**0.1%**	**52.4%**	**6.6%**	**43.7%**	**5.9%**	**1.9%**

(thousands of euros)

BALANCE AT 31.12.2020

Name	Trade receivables and other current and non-current assets	Current and non-current financial assets	Cash and cash equivalents	Financial debt	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other operating costs	Costs for leases and rentals	Financial income
Direct subsidiaries									
Techno Sky S.r.l	29,148	0	0	70,341	2,242	72,213	0	13,194	0
IDS AirNav S.r.l.	1,440	8,168	0	1,555	1,343	1,615	0	126	155
ENAV Asia Pacific Sdn Bhd	78	0	0	0	430	0	0	0	0
ENAV North Atlantic LLC	0	3,136	0	0	0	0	0	78	54
D-Flight S.p.A.	570	0	0	0	704	0	0	0	0
Sicta Consortium in liquidation	0	0	0	0	0	0	0	0	
External related parties									
Ministry for the Economy and Finance	10,243	0	225	91,866	10,239	0	0	0	0
Ministry of Sustainable Infrastructure and Mobility	72,991	0	0	0	34,776	0	0	0	0
Enel Group	0	0	0	698	0	5,987	0	0	0
Leonardo Group	69	0	0	14,834	3	683	0	0	0
CDP Group	0	0	0	53	94	162	24	0	0
Other external related parties	211,886	11,304	292,870	272,437	761,674	173,357	1,056	15,028	0
Balance in financial statements	**54.1%**	**100.0%**	**0.1%**	**65.8%**	**6.5%**	**46.5%**	**2.3%**	**89.2%**	**11,178**
as % of balance in financial statements	**44.1%**	**98.7%**	**15.8%**	**0.1%**	**52.4%**	**6.6%**	**43.7%**	**5.9%**	**1.9%**

(thousands of euros)

The nature of the main transactions with internal related entities, namely the subsidiaries of ENAV, and external related entities, namely the Ministry for the Economy and Finance (MEF) and the Ministry of Sustainable Infrastructure and Mobility (MSIM) 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 LLC. 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 boards of director, 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. Cash and cash equivalents regard a bank account opened by the Company with the Bank of Italy;
- transactions with the Ministry of Sustainable Infrastructure and Mobility regard receivable and revenue relationships associated with both an operating grant intended to cover the costs incurred by the Company to ensure the safety of systems and operations pursuant to Article 11-septies of Law 248/05, and capital grants as part of the Networks and Mobility NOP on the basis of agreements between the parties registered with the Court of Auditors. Those grants are charged to profit or loss in an amount commensurate with the amortisation of the investments to which they refer;
- transactions with the Leonardo Group mainly regard activities connected with ENAV investments, maintenance and the acquisition of spare parts for systems and equipment for air traffic control;
- transactions with the Enel Group regard agreements for the supply of electricity for a number of sites;
- transactions with the Cassa Depositi e Prestiti Group regard activities connected with the Fincantieri Group, which in 2021 acquired IDS Ingegneria dei Sistemi S.p.A., with which ENAV has business relationships;
- transactions with other related parties contain residual positions.

Key management personnel comprise the ENAV CEO and four executives holding senior positions in the Company, appointed by the Board of Directors acting on a recommendation of the CEO, namely the Chief Financial Officer, the Chief Human Resources and Corporate Services Officer, the Chief Operating Officer and the Chief Technology Officer.
The remuneration of ENAV's key management personnel, gross of pension and social security costs and contributions, is reported in the following table

	2021	**2020**
Short/medium-term remuneration	2,175	1,862
Other long-term benefits	0	0
Share-based payments	962	1,083
Total	**3,137**	**2,945**

(thousands of euros)

The remuneration of the ENAV's Board of Auditors for 2021 amounted to €95 thousand (€97 thousand in 2020), in compliance with the resolution of the Shareholders' Meeting of 26 April 2019 appointing the members of the Board of Auditors for 2019-2021.
For more details, please see the Remuneration Report prepared pursuant to Article 123 ter of the Consolidate Law.
In application of the national collective bargaining agreement, ENAV participates in the Prevaer Fund, which is the national supplementary pension fund for non-executive personnel working in the air transport and similar sectors. As provided for in Article 14 of the articles of association of the Prevaer Fund, the corporate bodies of the fund are the delegated shareholders' meeting, the board of directors, the chairman and the vice chairman and the board of auditors. Shareholder representation is based on the equal participation of workers' representatives and representatives of the participating businesses. The Fund's board of directors resolves, among other things, on the general criteria for risk sharing in investments as well as on investment policies, the selection of asset managers and the designation of the custodian bank.

31. LONG-TERM SHARE-BASED INCENTIVE PLAN

On 21 May 2020, ENAV's Shareholders' Meeting approved the Long-term share-based incentive plan for the management of ENAV and its subsidiaries for 2020-2022 and on 22 December 2020 the Board of Directors approved the Plan Rules, which were subsequently amended on 18 February 2021, marking the start of the first vesting cycle for 2020-2022. The Board of Directors approved the start of the second vesting cycle for 2021-2023 on 11 November 2021.
Of the previous cycle, which was approved by ENAV's Shareholders' Meeting on 28 April 2017 for the years 2017-2019, the second vesting cycle referring to 2018-2020 was awarded to the Plan beneficiaries in June 2021, while final determination of the performance achieved for the third vesting cycle referring to 2019-2021 will performed and the incentive awarded in 2022.
The Plan is structured into three cycles, each lasting three years, and provides for the free grant to the beneficiaries of rights to receive a variable number of ENAV S.p.A. ordinary shares subject to achieving specific performance targets for each cycle. The target aggregates are cumulative EBIT, total shareholder return (TSR) and cumulative free cash flow, and, for the second long-term stock incentive plan, a corrective factor based on sustainability indicators having a maximum impact on the stock incentive of +/-10%, identified with a resolution of the Board of Directors on the start date of each vesting period. For the first vesting cycle for 2020-2022, the sustainability indicator is represented by obtaining certification of ENAV as carbon neutral by 31 December 2022. For the second vesting cycle for 2021-2023, the sustainability target will be obtaining a solicited ESG rating by 31 December 2023. The corrective factor for that indicator, which will have an impact on the stock incentive of +/-10%, will be applied as at the date of final determination of the performance achieved.
The Plan envisages a three-year vesting period for all beneficiaries between the time of the grant and the vesting of the entitlement of the beneficiaries to receive the shares. The incentive plan also includes a lock-up period of two years for 30% of shares awarded to the beneficiaries, i.e. the Chief Executive Officer, key management personnel and any other specified managers.
The performance targets are composed of the following indicators:

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

With regard to the measurement of the long-term share-based incentive plan pursuant to the provisions of IFRS 2, the calculation method used for the market-based component is the Monte Carlo method, which, on the basis of appropriate assumptions, made it possible to define a large number of alternative scenarios over the time horizon considered. By contrast, the non-market-based component is not significant for the purpose of estimating the fair value at the time of the grant, but it is updated at every reporting date to take account of the expectations for the number of rights that may vest based on the performance of EBIT and free cash flow compared with the Plan targets.
At 31 December 2021, the overall fair value of the first and second vesting cycles was equal to €2.5 million and takes account of the adjustment for the second vesting cycle (2018-2020), which underwent final determination of the performance achieved and award of the incentive in the first half of 2021. The details for each vesting cycle are provided below.
Second vesting cycle 2018-2020
The second cycle was completed with the approval of the financial statements for 2020. In accordance with the Rules, 253,280 shares were awarded to the Plan beneficiaries in accordance with the determination of the performance achieved in the amount of €1 million.
Third vesting cycle 2019-2021
The third cycle envisaged 8 beneficiaries and the cost recognised for 2021 was equal to €0.2 million, while the equity reserve amounted to €0.6 million.
First vesting cycle 2020–2022
The first vesting cycle for 2000-2022 envisaged 9 beneficiaries and assumed achievement of the target with 300,403 shares and a fair value of €0.8 million. The cost recognised for 2021 was equal to €0.3 million, while the equity reserve amounted to €0.6 million.
Second vesting cycle 2021–2023
The second vesting cycle for 2021-2023 envisaged 11 beneficiaries and assumed achievement of the target with 373,397 shares and a fair value of €1 million. The cost recognised for 2021 was equal to €0.3 million, while the equity reserve amounted to €0.3 million.

32. DERIVATIVES

During April 2019, ENAV entered into five derivative contracts, two of which already exercised, with the aim of hedging exposure to unfavourable developments in the euro/dollar exchange rate deriving from the Data Services Agreement signed with Aireon LLC for the acquisition of satellite surveillance data. This contract provides for the payment in dollars of service fees on an annual basis until 2023. The exchange risk was managed through forward currency purchases whose residual notional value at the reporting date was $2.8 million.
The fair value of derivatives was a positive €153 thousand at 31 December 2021. In accordance with IFRS 13, the mark-to-market value was adjusted to also take account of the effect of non–performance risk (CVA), i.e. the risk that one of the parties will not meet its contractual commitments as the result of a possible default. From an accounting perspective, the positive or negative fair value was recognised in current/non-current financial assets/liabilities based on the contractual maturity, with a matching entry in an equity reserve.
Indeed, pursuant to IFRS 13, the fair value of a derivative must incorporate the risk that one or both counterparties may not meet their obligations (credit risk adjustment). More specifically, from the financial perspective, the Credit Valuation Adjustment (CVA) is the expected value of the loss deriving

from the default of the counterparty, if the derivative has a positive fair value. Conversely, a Debit Valuation Adjustment (DVA) represents the value of the expected loss on the default of the Company if the fair value is negative.
The contractual characteristics and the relative fair value at 31 December 2021, as indicated in bank communications, are listed below:

Counterparty	Transaction type	Inception date	Expiration date	Notional (thousands of USD)	Forward exchange rate	Forward value (thousands of euros)	MtM Bank (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	02/04/19	14/01/22	1,392	1.2063	1,154	68.6
BNL - BNP Paribas	Buy USD (Fwd)	02/04/19	13/01/23	1,392	1.2340	1,128	81.4
Total				**2,784**		**2,282**	**150.0**

The fair value at the end of 2021 is reported in the following table, adjusted to take account of the Credit Valuation Adjustment:

Counterparty	Transaction type	Notional (thousands of USD)	Forward value (thousands of euros)	MtM	Credit Valuation Adjustment (CVA)	MtM CVA (thousands of euros)
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,154	70.3	(0.1)	70.2
BNL - BNP Paribas	Buy USD (Fwd)	1,392	1,128	82.6	(0.1)	82.5
Total		**2,784**	**2,282**	**152.9**	**(0.2)**	**152.7**

It was not possible to identify an active market for these instruments. The fair value was therefore calculated using a method consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. Although quotes on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market on which the measurements could be based.
Due to the substantive features of the derivatives, they are classified as hedging instruments. The information required under the IFRS on the instruments is given below:

Maturity Analysis

Expiry	BNL exchange rate derivative (euros/000)
Up to 1 month	70.2
Between 1 and 3 months	0.0
Between 3 and 6 months	0.0
Between 6 and 12 months	0.0
Between 1 and 2 years	82.5
Between 2 and 3 years	0.0
Between 3 and 5 years	0.0
Between 5 and 10 years	0.0
More than 10 years	0.0
Total	**152.7**

Sensitivity Analysis

Transaction type	Fair value (euros/000)	Delta equity Eur/FX +5% (euros/000)	Delta equity Eur/FX -5% (euros/000)
Forward purchase (BNL)	153	282	40

33. ASSETS AND LIABILITIES BY MATURITY

	Within following year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	9,931	0	9,931
Deferred tax assets	0	17,209	0	17,209
Non-current tax receivables	0	74	0	74
Non-current trade receivables	0	599,700	87,553	687,253
Other non-current receivables	0	6,312	0	6,312
Total	**0**	**633,226**	**87,553**	**720,779**
Financial liabilities	251,069	306,851	105,662	663,582
Deferred tax liabilities	0	3,024	0	3,024
Other non-current liabilities	0	35,763	133,355	169,118
Non-current trade payables	0	40,989	0	40,989
Total	**251,069**	**345,627**	**239,017**	**835,713**

(thousands of euros)

Non-current trade receivables falling due after the 5th year refer to the portion of balances will be recovered through adjustments to unit rates as from 2026.
Financial liabilities falling due after the 5th year refer to the bank loans commented on in detail in Note 36.
Other non-current liabilities maturing in more than 5 years refer to the share of capital grants recognised in line with the depreciation of the investment projects to which they refer.

34. GUARANTEES AND COMMITMENTS

Guarantees regard sureties granted to third parties in the amount of €2,343 thousand (€3,609 thousand at 31 December 2020), a decrease of €1,266 thousand attributable mainly to the release of sureties issued in previous years for participation in international tenders, such as those issued to Ndola New Airports Zambia (€550 thousand) and the General Authority of Civil Aviation of Saudi Arabia (€516 thousand). The decrease was partly offset by the surety granted in favour of the Libyan Civil Aviation Authority (€703 thousand) in the interest of the subsidiary Techno Sky for the contract to supply and install ATM equipment for the Area Control Centre and control tower of Tripoli.

35. TRANSPARENCY IN THE SYSTEM OF GOVERNMENT GRANTS

Article 1, paragraphs 125 to 129, of Law 124/2017, the Annual Market and Competition Act, introduced a number of measures to ensure transparency in the system of government grants. These provisions were subsequently supplemented by Decree Law 113/2018 (the "Security Decree") and the Decree Law 135/2018 (the "Simplification Act"). Among the parties required to comply with these publicity and transparency obligations are companies that maintain economic relationships with government entities even if they are listed on regulated markets. In order to settle certain interpretation issues, also following the issue of a circular of the Ministry of Labour and Social Policies, on 22 February 2019 Assonime issued circular no. 5 "Transparency in the system of government grants: analysis of the regulations and interpretative guidelines".
The following table provides information on the government grants received in 2021 by ENAV:

Grantor	Date of receipt	Amount	Description
Ministry of Sustainable Infrastructure and Mobility	20/12/21	30,000	Operating grant to offset costs incurred by Parent Company to ensure safety of its plant and operating safety pursuant to Article 11-septies of Law 248/05
Ministry of Sustainable Infrastructure and Mobility	9/04/2021 - 04/08/2021	4,783	Infrastructure and Networks NOP 2014-2020
Ministry of Sustainable Infrastructure and Mobility	17/12/21	574	Infrastructure and Networks NOP 2014-2020
Total Ministry of Sustainable Infrastructure and Mobility		**35,357**	
Total		**35,357**	

(thousands of euros)

36. 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 to take account of the health emergency, 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 and the bond issue.
At 31 December 2021, ENAV had €195.1 million in available cash and €285 million in unused short-term lines of credit. These include: i) €65 million in uncommitted lines of credit subject to revocation, which do not require compliance with either covenants or other contractual commitments. Of that total, €50 million are held the form of financial advances which can be drawn on without any constraints regarding their use and €15 million in export financing; and ii) committed lines of credit, of which two obtained in May 2020 in the total amount of €150 million, falling due in May 2022, and three obtained in July 2021 in the total amount of €70 million, falling due in July 2023. The committed lines of credit obtained in July 2021 form part of funding initiatives to manage liquidity risk, in concomitance with the receipt of three term loans totalling €180 million, which have a term of two years with repayment in full at maturity. These loans bear a floating rate indexed to 3-month Euribor.
In the longer term, liquidity risk is mitigated by a debt management strategy that diversifies the sources of financing in terms of both types of credit facilities and counterparties, with a view to meeting the Group's financial requirements and establishing a balanced debt maturity profile.
In compliance with the general guidelines established by top management and the policy approved by the Board of Directors, the Finance and Procurement unit defines the short- and medium/long-term financial structure and the management of the cash flows. The decisions were mainly aimed at: i) guaranteeing that adequate financial resources were available for planned short-term operating commitments, systematically monitored through cash planning activities; ii) maintaining a sufficient prudential liquidity buffer to deal with any unexpected commitments; iii) guaranteeing a minimum liquidity reserve level to ensure the coverage in full of short-term debt and the coverage of medium-/long-term debt falling due over a time horizon of 24 months, even in the event of restrictions on access to credit; iv) ensuring an adequate level of flexibility for the Company's medium/long-term development projects, relating to investment contracts for the technology and infrastructure modernisation of flight assistance systems.
ENAV's gross financial exposure at 31 December 2021 stood at €660 million and is represented by bank debt for medium/long-terms loans of €480 million and the exposure to holders of the bond issued on 4 August 2015 maturing on 4 August 2022, with a principal amount of €180 million.
The Parent Company is currently analysing various alternatives in order to initiate specific financial transactions aimed at guaranteeing the repayment of its short-term liabilities.
The following table reports the due dates of the medium/long-term bank loans and the bond stated at the nominal value, excluding the effect of amortised cost measurement.

Lender	Type	Outstanding debt at 31.12.2021	<1 year	from 1 to 2 years	from 3 to 5 years	> 5 years
EIB - European Investment Bank	15-year loan	71,381	8,458	8,587	26,553	27,783
EIB - European Investment Bank	15-year loan	58,667	5,333	5,333	16,000	32,000
EIB - European Investment Bank	16-year loan	70,000	4,828	4,828	14,483	45,862
Intesa Sanpaolo	3-year loan	66,667	33,333	33,333	0	0
Mediobanca	3-year loan	33,333	16,666	16,667	0	0
BNL BNP Paribas	2-year loan	90,000	0	90,000	0	0
Unicredit	2-year loan	45,000	0	45,000	0	0
Mediobanca	2-year loan	45,000	0	45,000	0	0
Bond		180,000	180,000	0	0	0
Total		**660,048**	**248,618**	**248,748**	**57,036**	**105,645**

(thousands of euros)

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

Specifically, note the following:

- the loan agreements between the ENAV and the European Investment Bank (EIB) for €180 million in 2014 and €70 million in 2016, which were entered into in order to fund investment projects associated with 4-Flight and other projects and had been entirely used at 31 December 2021, have the following repayment plan: i) semi-annual instalments in arrears from December 2018 until December 2029, with a fixed interest rate of 1.515%, for the tranche of €100 million; (ii) semi-annual instalments in arrears from June 2018 to December 2032 with a fixed interest rate of 1.01% for the tranche of €80 million; and iii) semi-annual instalments in arrears from August 2022 to August 2036 with a fixed interest rate of 0.638% for the tranche of €70 million.

  These agreements include:
  - a negative pledge clause, i.e. a commitment by the Company not to establish or allow the establishment of encumbrances on any of its assets, where encumbrances refer to any agreement or transaction relating to goods, receivables or cash used as an instrument to obtain credit or fund the acquisition of an asset;
  - a cross-default clause, which gives the EIB the right to demand early repayment of the loan if the Company or any other Group company does not comply with the obligations under any loan or other financial transaction other than this loan agreement;

- a change of control clause, which gives the EIB the right to demand early repayment of the loan if any party or group of parties acting in concert obtains control or ENAV, or if the Italian Republic no longer retains control of the issuer.

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

- the terms and conditions of the bond issued by ENAV in August 2015 in the amount of €180 million, paying interest at an annual gross fixed rate of 1.93% with bullet repayment of principal on 4 August 2022, include:
  - a negative pledge clause, namely a commitment by the Company not to establish or provide guarantees or privileges on the debt to third-parties additional to those securing the bonds issued unless authorised by the bondholders' meeting;
  - a cross-default clause, which gives bondholders the right to demand early repayment of the bonds if ENAV or its subsidiaries do not comply promptly with the payment obligations of financial payables other than the bond in an amount of more than €15 million;
  - a change of control clause, which gives bondholders the right to demand early repayment of the bonds if a party other than the Italian Republic, its ministries (including the Ministry for the Economy and Finance) or entities or companies directly or indirectly controlled by it or its ministries, obtains control of the issuer.

  The terms and conditions of the bond also require compliance with financial covenants, such as: a) a ratio of net financial debt to EBITDA of no more than 3; b) a ratio of net financial debt to shareholders' equity of no more than 0.7.

- The two loan agreements between ENAV and Intesa Sanpaolo and Mediobanca, respectively of €100 million and €50 million, signed in October 2020, with a term of three years, provide for quarterly repayment starting from January 2021 with interest indexed to 3-month Euribor with further provision for price adjustment mechanisms linked to sustainability parameters (Environmental, Social and Governance). These loan agreements do not require compliance with financial covenants, but, in accordance with market practice, include negative pledge, cross-default and change of control clauses that would be triggered should the Ministry for the Economy and Finance cease to hold control of the Parent Company;
- the three loan agreements between ENAV and BNL Bnp Paribas, Mediobanca and Unicredit, of respectively €90 million, €45 million and €45 million, signed in July 2021, with a term of two years, provide for repayment at maturity and quarterly interest indexed to 3-month Euribor. These loan agreements do not require compliance with financial covenants, but adopt market practice in including negative pledge, pari passu, cross-default and change of control clauses.

In previous years, ENAV has always complied with the covenants set out in each loan. At 31 December 2021, 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 2021, 58% of gross financial debt was fixed-rate, with the remainder being variable rate. The variable-rate loans, given the current negative interest rate structure, are not expected to generate financial expense. Accordingly, taking account of their short tenor, there is no significant risk that increases in interest rates would have a negative impact on the level of net financial expense reported in the income statement or on the value of future cash flows. In order to limit the potential adverse effects of interest rate fluctuations, ENAV implements policies designed to contain the cost of funding over time, limiting the volatility of its results. 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). In 2021, the average cost of bank debt was around 1.06% (1.35% in 2020).
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 11.1% (following the entry NATS as a new shareholder) in the share capital of US company Aireon and from contracts to provide services on the non-regulated market denominated in foreign currency. In order to manage the exposure to foreign exchange risk, ENAV has developed a policy whose guidelines provide for the use of different types of instruments, specifically swaps and forwards, as well as currency options. Speculative transactions are not permitted by this policy.
In particular, in April 2019, 5 forward foreign currency purchase transactions (dollars against euros) were completed to hedge the exchange risk of the Data Services Agreement signed with Aireon LLC. The total purchase of $4.5 million was made with a total sale of €3.8 million, with forward exchange rates (EUR/USD) negotiated for each expiry until January 2023. Of the 5 forward contracts signed, two remain with a residual overall notional value of $2.8 million. As regards contracts on the non-regulated market, the exposure in foreign currency is currently fragmented and does not expose ENAV to significant exchange risks.
The fair value of foreign exchange derivatives is measured on the basis standard market algorithms and on market quotes/contributions provided by leading public information providers. Note, however, that the risk resulting from the conversion of the assets and liabilities of ENAV subsidiaries that prepare their financial statements in functional currencies other than the euro is not usually hedged, unless a specific different assessment has been performed.

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 2021.

Civil and administrative litigation

The civil and administrative litigation includes: i) proceedings against suppliers, airport operators and carriers that are insolvent, in bankruptcy or undergoing other insolvency proceedings, initiated in connection with the recovery of receivables that could not be settled out of court, a number of have been written down; ii) litigation involving defence against suits brought by suppliers or contractors 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.

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 issued an immediately provisional executive order for €1 million to be paid to the Company, referring the settlement of the losses incurred by Company to another forum. A ruling of nonsuit was handed down for only one of the charges, due to remission and acceptance thereof. Finally, with regard to the remaining charges, the defendant was acquitted as it was adjudged there was no case to answer. The subsequent appeal was ruled with the defendant being found guilty and the ruling in trial court in favour of the civil parties was upheld. The defendants were also found guilty in a proceeding, in continuation of the investigations initiated by the Rome Public Prosecutor's Office aimed at ascertaining the individuals who were the final recipients of the merchandise stored in the aforementioned third-party warehouse in regard to the removal of which, as noted above, ENAV had initiated the claim. In these proceedings for multiple property offences and criminal association against the various defendants, including the director of the warehousing company, the Company was a civil plaintiff

at the preliminary hearing and, upon conclusion, all the defendants were committed to stand trial. The court issued a ruling ordering the defendants to pay damages to the Company, to be settled in a separate proceeding.
Following a court order of discovery notified on 24 November 2016, the Company produced documentation concerning certain contracts involving the subsidiary ENAV North Atlantic. On the basis of available information, the investigation is pending before the Rome Public Prosecutor's Office, and the Company is not aware of any person under investigation or any official charge having been filed.
In response to an order of discovery, on 13 June 2018 ENAV produced documentation relating to the selection of a person related to the former Sole Director of the Company for the position of air traffic controller. On the basis of available information, the matter is being investigated by Public Prosecutor's Office of Rome.

37. EVENTS AFTER THE REPORTING DATE

With regard to the Russia-Ukraine conflict, ENAV took immediate action to assess the sanctions imposed by the European Union on natural and legal Russian persons, including restrictions on operating in the financial and capital markets of the European Union, the closure of airspace to carriers of the Russian Federation, restrictions on the export of goods, services and technologies, in order to determine what impact this will have on our business and to take all actions necessary to ensure full compliance with the sanctions.
The Company's relationships involve:
(i) a memorandum of understanding, finalised in 2017 between ENAV and State ATM Corporation of the Russian Federation, the local air navigation service provider. That memorandum has only involved information exchanges and bilateral meetings, with no financial content.
In view of the nature of the sanction imposed in response to the invasion, on 3 March 2022 we notified Azimut of the immediate suspension of effectiveness of that memorandum.
Finally, it should be noted that ENAV has receivables due from Eurocontrol regarding flight assistance services provided to Russian airlines, with a total value of €686 thousand mainly regarding flights in January and February 2022.

38. PROPOSAL TO THE ENAV S.P.A. SHAREHOLDERS' MEETING

Dear Shareholders,
The Board of Directors invites you to:
- approve the financial statements of ENAV S.p.A. at 31 December 2021 showing a profit for the year of €61,588,435;
- allocate 5% of the profit for the year, equal to €3,079,421.75, to the legal reserve as provided for pursuant to Article 2430, paragraph 1 of the Italian Civil Code, and in the amount of €58,506,483.25 to dividends to be distributed to the Shareholders, corresponding to a dividend of €0.1081 per share issued as at the ex-dividend date, excluding the treasury shares held as at that date, and €2,530.00 to the unrestricted reserve denominated "retained earnings";
- to pay that dividend of €0.1081 per share on 26 October 2022, with the ex-dividend date set for 24 October 2022 and record date set for 25 October 2022.

Roma, 21 aprile 2022

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 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999

1. The undersigned Paolo Simioni, as Chief Executive Officer, and Luca Colman as Manager responsible for ENAV SpA's financial reporting, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
    - the adequacy with regard to the nature of the Company and
    - the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during the period from 1 January 2021 to 31 December 2021.
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 2021 were drawn up, and their adequacy assessed, on the basis of 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 2021:

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

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

c) give a true and fair view of the financial position and results of operations of the issuer.

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, 21 April 2022

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

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

Board of Auditors' Report

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS' MEETING

(pursuant to Article 2429(2) of the Italian Civil Code and Article 153 of the Consolidated Law on Finance)

Shareholders,

In the year ended 31 December 2021 ("FY 2021"), the Board of Statutory Auditors performed its institutional duties in compliance with the Italian Civil Code, Legislative Decree 39 of 27 January 2010, and Legislative Decree 58/1998 ("Consolidated Law on Finance" or "Consolidated Law").

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 ("CNDCEC"). In reference to the provisions pursuant to Legislative Decree 39/2010, and Article 19 in particular, the Board of Statutory Auditors also performed the function of Internal Control and Audit Committee.

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 26 April 2019 and will remain in office until the Shareholders' Meeting called to approve the Financial Statements at 31 December 2021. During the meeting held on 15 March 2022, the Board of Statutory Auditors carried out its annual self-assessment process and verified, with a positive outcome, that all members fulfilled the independence requirements set out in Article 148(3) of the Consolidated Law on Finance and in the Code. The Board of Statutory Auditors then ascertained that its members were not ineligible or disqualified pursuant to Article 2399 of the Italian Civil Code and Article 148(3) of the Consolidated Law on Finance and the provisions of the Code, and verified that they complied with the limitation on the number of positions they may hold pursuant to Article 144-*terdecies* of the Issuers Regulation in accordance with the provisions of the Articles of Association and the internal rules of the Board of Statutory Auditors. During the self-assessment, conducted with the support of an independent consultant, the Board of Statutory Auditors also checked the adequacy of its composition. The results of this self-assessment process were reported to the Board of Directors which, at the meeting of 24 March 2022, took note of the assessment of the oversight body. This process is referenced in the Report on Corporate Governance and the Ownership Structure for FY 2021.

The Board of Statutory Auditors carried out its activities in FY 2021 through 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 Article 12 of Law 259 of 21 March 1958.

The Board of Statutory Auditors took an active part in all the meetings organised by the Company as part of its induction programme for member 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 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, the Internal Audit Officer, the Chief Financial Officer, the Financial Reporting Officer, the Audit Firm EY S.p.A. ("EY"), the heads of the various corporate departments, and the oversight bodies of the Italian subsidiaries.

Specifically, during the year, the Board of Statutory Auditors met 13 times and attended 13 meetings of the Board of Directors. In addition, almost always as a group, or at least in the person of its Chairperson and/or other Board members, the Board participated in 11 meetings of the Remuneration and Appointments Committee, 16 meetings of the Control, Risks and Related Parties Committee and 13 meetings of the Sustainability Committee.

With regard to the supervision of the Company's administrative liability pursuant to Legislative Decree 231/01, the Supervisory Body has constantly provided the Board of Statutory Auditors with information on the issues for which it is responsible, both through the participation of the head of the Internal Audit department in the meetings of the Board of Statutory Auditors, and through periodic meetings with the Supervisory Body, during which the Board of Statutory Auditors examined, inter alia, the Plan of Activities for 2022 and Report on the activities carried out for 2021 (submitted also 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 internal control and risk management system.

Based on the supervisory activity performed by the Board of Statutory Auditors, it can be asserted that the Company has complied with the requirements on regulated information, including those governing inside information.

Overall, the internal and external information flows described and those resulting from the continuous exchange of information and documentation, as also indicated in the minutes of the meetings of the Board of Statutory Auditors, appear to demonstrate that the organisational structure, internal procedures, company records and resolutions of the corporate bodies comply with the provisions of law, the Articles of Association and applicable regulations, as well as with the Code. Accordingly, we report no breach of law, the Articles of Association and regulations, or any comments worthy of note in this area.

None of the members of the Board of Statutory Auditors had any interest, whether on their own behalf or that of third parties, in any given transactions during the year or in the related conduct resulting therefrom.

Compliance with the principles of sound administration

The Board of Statutory Auditors acquired all the information required to perform its control and supervision duties by: i) attending the meetings of the Board of Directors, the Control, Risks and Related Parties Committee, the Remuneration and Appointments Committee and the Sustainability Committee; ii) meeting with the top management of the Company and with the heads of the Company departments; iii) meeting with the Audit Firm and with the Supervisory Body pursuant to Legislative Decree 231/2001; iv) meeting and exchanging information with the control and governing bodies of the subsidiaries; v) analysing information provided by corporate units.

On the basis of the information acquired, management decisions appear to have been inspired by the principle of correct information and reasonableness and the directors acted with an understanding of the risks and effects of the transactions conducted.

During the year, the Board of Statutory Auditors received information from the Chief Executive Officer 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 FY 2021 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 with related parties or parties in conditions of conflict of interest.

Governance and adequacy of the organisational structure and the internal control system

The Company's *governance* is structured and in line with the Code and best market practices, also taking into account the entry into force of the regulatory amendments adopted by Consob in implementation of the primary legislation transposing Shareholders' Directive II, as well as the Code. The Board of Directors – appointed by the Shareholders' Meeting held on 21 May 2020, which will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022 – is currently made up of nine directors: Francesca Isgrò, as Chair, Paolo Simioni, Angela Stefania Bergantino, Laura Cavallo, Fabiola Mascardi, Giuseppe Lorubio, Fabio Pammolli, Carlo Paris and Antonio Santi.

The Board of Directors has delegated powers to Mr Paolo Simioni, also appointing him director in charge of the internal control and risk management system. The Board – reserving to itself, among other things, responsibility for setting corporate policy and strategies, approving the organisational macro-structure of the Company, the budget and the Company's strategic and multi-year industrial plans (where applicable also with reference to the Group), as well as other extraordinary corporate transactions, and for carrying out transactions of particular economic and financial significance – conferred powers to CEO Paolo Simioni for the ordinary and extraordinary management of the Company, including the power of legal representation, within the limits provided for in the award decision, except only for those reserved to the Board of Directors or to the Chair by law, by the Articles of Association or by said Board resolution.

The Chair, who is responsible for overseeing corporate governance and coordinating the Secretary of the Board of Directors and, on its behalf, the activities of the committees, is granted the powers to coordinate internal auditing activities and handle national and international institutional relations and the Company's communication and its relations with the media (both domestic and foreign) together with the CEO.

The powers delegated appear to have been effectively exercised and the decision-making structure formally adopted by the Company corresponds to the structure that exists in practice, also with regard to the hierarchical reporting structure, the corporate decision-making and implementation process, the financial reporting process and the definition and the practical workings of the various levels of control.

Within the scope of the Board of Statutory Auditors’ supervisory activities, no problems emerged with regard to the composition, size and operation of the Board of Directors and the Board Committees, with particular reference to the requirements for independent directors, the determination of remuneration or the comprehensiveness, expertise and responsibilities associated with each corporate unit.

Within the scope of its duties, the Board of Statutory Auditors acquired information and monitored the adequacy of the Company's organisational structure, compliance with the principles of sound administration and the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114(2) of the Consolidated Law, also by means of: i) direct acquisition of information from the heads of the competent corporate units; ii) meetings and discussions with the administrative bodies of the Group's main subsidiaries; iii) meetings with the Audit Firm and the results of specific verification activities, also in relation to Italian and foreign subsidiaries.

The Board of Statutory Auditors also supervised the adequacy of the internal control and risk management system (ICRMS): i) by examining the assessment of the Board of Directors, which expressed a positive opinion on the adequacy and effective operation of the ICRMS; ii) by examining the Report of the Financial Reporting Officer with regard to the administrative and accounting arrangements and to the internal control system for financial reporting, iii) by examining the reports and periodic information supplied by the Internal Audit function supporting the evaluation of the adequacy of the ICRMS according to the contents of Article 6 of the Code and the related Recommendations, in accordance with the company's strategies, and its effectiveness; iv) by examining the Half-Year and Annual Financial Reports, the Risk Appetite Statement of the Board of Directors, the risk policies adopted by the Board, as well as the Reports drawn up within the scope of Risk Management activities, which are aimed at representing the main risks of the Group and related plans for managing such risks; v) through the reporting provided for by internal procedures with regard to the notification of proceedings initiated by Italian government bodies/authorities; vi) by obtaining information from the heads of the corporate units; vii) by examining company documentation; viii) by liaising with the oversight bodies of the main subsidiaries pursuant to Article 151(1) and (2) of the Consolidated Law; ix) by attending the proceedings of the Control, Risks and Related Parties Committee and, where necessary, the joint discussion of certain specific issues; and x) by implementing specific supervisory initiatives, including within meetings of the Board and through periodic requests for updates from the corporate units responsible for issues relevant to our supervisory activities.

The Internal Audit department assisted the activities of the Board of Statutory Auditors throughout 2021. The Internal Audit Officer is invited to the meetings of the Board of Statutory Auditors and attends regularly and has guaranteed the exchange of information and alignment of our respective supervisory and audit activities, also in conjunction with the Control, Risks and Related Parties Committee.

In view of EU Regulation 2016/679 (“GDPR” - General Data Protection Regulation), the Internal Audit department includes the Group's Data Protection Officer, who operates autonomously and independently using economic resources assigned by virtue of an independent annual budget and reporting directly to the Chief Executive Officer.

The Internal Audit department received several reports through the Company's whistleblowing channels in 2021. All reports were addressed and managed in compliance with the Whistleblowing Regulation and the internal Guidelines for management of whistleblowing reports.

The Board of Statutory Auditors therefore believes that the internal control and risk management system 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.

The adequacy of the administrative and accounting system and statutory auditing of the accounts.

The Board of Statutory Auditors monitored the Company's administrative and accounting system and its reliability in correctly representing operational developments by using the information provided by the Chief Executive Officer, by the Chief Financial Officer also in the role of Financial Reporting Officer, and by the other heads of the competent departments, by reviewing the documentation drawn up by the Company, and by analysing the activities conducted by the Audit Firm.

Specifically, the Board of Auditors noted that in 2021 the Financial Reporting Officer confirmed the evaluation of the adequacy and effective implementation of the administrative and accounting procedures pursuant to Article 154-*bis* of the Consolidated Law. This confirmation allowed the Financial Reporting Officer to certify that the financial statements complied with the applicable international accounting standards and were capable of providing a true and fair representation of the performance and financial position of the Company and that of the companies included in the scope of consolidation.

As far as the activity conducted is concerned, based on the information acquired, the statements, procedures and certifications implemented or issued by the Financial Reporting Officer appear to be complete. The administrative and accounting procedures for the preparation of the Company's financial statements are deemed adequate. This assessment is also supported by the results of independent testing activities performed by a qualified consulting company, as well as by the audits performed by Internal Audit. Partly on the basis of this activity, which found no significant issues to report, the Board of Statutory Auditors also considered 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 Article 150(3) of the Consolidated Law and Article 19(1) of Legislative Decree 39/2010, receiving updates on the audit activity and on the results of the checks carried out. During the meetings and exchanges of information with the officers of the Independent audit firm no facts or situations emerged calling for special attention.

On these occasions, information was acquired also regarding the assessments made of the implications of the crisis triggered by the Covid-19 pandemic and the macroeconomic trends relating to the repercussions on ENAV. The impact of remote working, partially adopted by the Audit Company supported by the corporate units in the context of the health emergency, was also monitored, without revealing any particular related criticalities. In these meetings the Audit Firm did not communicate any significant fact or irregularity that would need to be reported here.

Within the scope of its duties the Board of Statutory Auditors evaluated and supervised the financial reporting process as well as the effectiveness of the administrative and accounting control systems and the reliability of the latter in providing an accurate representation of operational developments through: i) the regular exchange of information with the CEO and the Financial Reporting Officer in compliance with the provisions of Article 154-*bis* of the Consolidated Law; ii) the examination of the reports drawn up by the Internal Audit department and the outcomes of any corrective actions undertaken following the audits; iii) the acquisition of information by the heads of corporate units; iv) liaison with the control and administrative bodies of subsidiaries pursuant to Article 151(1) and (2), of the Consolidated Law; v) participation in the work of the Control, Risks and Related Parties Committee, often in joint sessions to maximise interactions for the sake of each other's supervisory functions; vi) close examination of key audit matters and other issues that emerged during the exchange of information with the Audit Firm, which also illustrated its strategy, areas of focus, checks performed and the related findings without identifying significant shortcomings concerning internal control over the financial reporting process, also in light of Consob emphasis of matters of 7 and 18 March 2022 concerning the impact of the war in Ukraine. The Board of Statutory Auditors also verified the formal and substantive evaluation process of ENAV's equity investments in Techno Sky, IDS AirNav and Aireon LLC through its subsidiary ENAV North Atlantic, by analysing the method applied and the respective results. In this regard, 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 fair value measurement of the investment in Aireon LLC were consistent and appropriate, as presented in the Financial Report, also in light of with similar assessments performed by the Board of Directors, supported by the Control, Risks and Related Parties Committee and taking account of the dialogue with the Audit Firm.

In light of its supervisory activity and also taking account of the Board of Directors' finding on 21 April 2022 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 Article 14 of Legislative Decree 39/2010 and Article 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 2021, 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 2021, 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 Article 9 of Legislative Decree 38 of 28 February 2005;
- issued a consistency opinion concluding that the Report on Operations which accompanies the financial statements and consolidated financial statements at 31 December 2021 and some specific information in the Report on Corporate Governance and the Ownership Structure indicated in Article 123-*bis*(4) of the Consolidated Law, 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 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation, and that the Consolidated Financial Statements have been prepared in XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the aforementioned Regulation;
- confirmed that the opinion on the separate financial statements and the consolidated financial statements expressed in the above-mentioned reports is consistent with the additional Report to the Board of Statutory Auditors in its capacity as Internal Control and Audit Committee, drawn up pursuant to Article 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 Article 14(2)(e) of Legislative Decree 39/2010, that no material errors were found in the contents of the Report on Operations.

Moreover, also on this day, the Audit Firm EY submitted to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, the "additional report" required under Article 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 2021, the declaration of independence, as required under the provisions of Legislative Decree 39/2010 and of said Regulation, which contains no evidence of situations potentially compromising the required independence. The Audit Firm also published on its website the 2021 Transparency Report.

With further regard to the Audit Firm's independence assessment, the Board of Statutory Auditors, in its capacity as the Audit Committee pursuant to Article 19 of Legislative Decree 39/2010, verified that the total fees in 2021 for audit related services paid to the Audit Firm EY and entities within its network by the Company and its subsidiaries complied with the limits pursuant to Article 4(2) of Regulation (EU) 537/2014. For this purpose, the nature of these engagements was evaluated in the light of the provisions concerning prohibited services pursuant to Article 5 of this Regulation, finding that the Audit Firm did not perform prohibited non-audit services.

Below we include a summary table of the fees pertaining to 2021 for audit services and for non-audit services supplied by Audit Firm EY S.p.A. and by entities included within its network:

Type of service	Entity providing the service	2021
ENAV		
Audit	EY S.p.A.	380
Certification services	EY S.p.A.	66
Other services	EY S.p.A.	0
ENAV subsidiaries		
Audit	EY S.p.A.	216
	Rete EY S.p.A.	8
Certification services	EY S.p.A.	13
Other services	EY S.p.A.	0
Total		**683**

(thousands of euros)

With regard to non-audit assignments and the related fee, 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.

The separate and consolidated financial statements

The Board examined the draft financial statements for the year ended 31 December 2021, which reported a profit for the year of euro 61,588,435 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 Notes, to which we invite you to refer, while gradually rising compared to 2020 the air traffic handled was still negatively affected by the Covid-19 pandemic and therefore 2019 traffic levels were not recovered in the financial year in question. This is reflected in the 2021 economic/financial data, evident also in the lower net profit than in 2019, the rise in net financial indebtedness due mainly to the trend of operating revenues and partially offset by the increase in the "balance" caption, which the directors determine based on the tariff rules set down by the EU regulations, as more fully described in the Notes to the Financial Statements.

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. The directors discussed in the Annual Report 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 2021 were drawn up in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), endorsed by the European Union with Regulation (EC) No. 1606/2002, and pursuant to Legislative Decree 38 of 28 February 2005 governing the application of the IFRS within the scope of Italian law. The accounting policies adopted reflect ENAV's ongoing operations in the foreseeable future, having adopted the assumption that the Company is a going concern, and comply with those applied in the preparation of the financial statements for 2020, except for the latest adopted principles referred to in paragraph 4 of the Notes to the financial statements.

The Board of Statutory Auditors checked that the Directors had specified information concerning the conflict in Ukraine, in accordance also with the matters indicated by Consob with the mentioned Emphasis of matter dated 18 March 2022.

As noted previously, ENAV's 2021 financial statements were audited by the Audit Firm, which, pursuant to the Legislative Decree 39/2010, issued an opinion without findings or qualifications.

The Audit Firm also issued their report on audit of the 2021 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 2021, 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 2021, in April 2022 the Board of Directors of the Company, following appropriate checks conducted by the Control, Risks and Related Parties Committee and having consulted the Board of Statutory Auditors, also confirmed compliance with the regulatory framework referred to above.

Without prejudice to the fact that the Board of Statutory Auditors has no obligation to report or express formal opinions on the consolidated financial statements, which is the responsibility of the Audit Firm, it was acknowledged that the year ended with a consolidated profit of euro 78,030,375 and how the specific EY report, drawn up pursuant to Article 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 2021 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.

The consolidated financial statements were drawn up in compliance with the contents of European Commission Delegated Regulation 2019/815 of 17 December 2018 ("ESEF Regulation") which imposed the obligation starting from 2021 in compliance with the provisions of Legislative Decree. 183 of 31 December 2020 converted bylaw No. 213 of 26 February 2021, to draw up annual financial reports in XHTML format, tagging several items of information from the consolidated financial statements with XBRL Inline specifications. For this purpose, among other solutions the Company adopted an internal procedure to guarantee adequate mapping of the risks and controls connected to this new process. This procedure was examined by the Board of Statutory Auditors together with the Control and Risks Committee and also by the Audit Firm.

Covid-19 health emergency

Starting from the end of March 2020 the Company has carried out every conceivable action to cope with the health emergency. In particular, the HSE department was involved in order to assess and monitor the impact of national and local Covid-19 regulations (and their developments over time) on the Company's activities, with a view to guaranteeing the health and safety of staff on one hand, and the continuity of service on the other. In relation to details of the initiatives undertaken in relation to pandemic-related risk management, we invite you to refer to the description provided by the directors in their report.

The Board of Statutory Auditors supervised the steps taken by the Company also with a view to the future, and their proper representation in both financial and non-financial reporting, while monitoring regulatory developments together with the relevant departments. In accordance with the recommendation in Consob Emphasis of Matter No. 1/21, the Board of Statutory Auditors continued with its in-depth analyses on the impact of the pandemic on the business, holding periodic meetings with the Board of Directors and the board committees, the Audit Firm and the Supervisory Body. As part of the activities specifically aimed at overseeing the impacts of Covid-19, the Board also verified the adequacy of the organisational, administrative and accounting structure in promptly detecting any critical issues with potential impacts on business continuity, as part of the Enterprise Risk Management's integrated risk monitoring system.

The consolidated non-financial statement (NFS)

The Company, which already complies with Legislative Decree 254/2016 on non-financial reporting, produces a Sustainability Report that includes the Non-Financial Consolidated Statement pursuant to Legislative Decree 254/2016, 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) 2020/852 of 18 June 2020 (the 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.

Pursuant to Article 3(10) of Legislative Decree 254/2016, the Sustainability Report was subject to a "limited assurance" by EY – the entity engaged to perform the statutory audit.

The Board of Statutory Auditors, pursuant to Article 3(7) of Legislative Decree 254/2016, monitored compliance with the provisions contained in said decree on the consolidated non-financial statement ("NFS") and, in this regard, found that the Company fulfilled the obligations required by law for the drafting of said statement as contained within the Sustainability Report, in compliance with Articles 3 and 4 of the above-mentioned Decree, as well as Article 5 of the Consob Regulation adopted with Resolution 20267 of 18 January 2018, and drafted it in compliance with the principles and methods set out in the GRI core standards selected by the Company.

The Sustainability Report and consolidated non-financial statement for 2021, approved by the Board of Directors on 21 April 2022, is accompanied by the limited audit report issued by EY today.

The corporate governance rules

The Company has adopted the 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 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 FY 2021 – drawn in accordance with the instructions in the Rules for the markets organised and operated by Borsa Italiana S.p.A. and pursuant to Article 123-*bis* of the Consolidated Law, as approved by the directors on 21 April 2022 – provides a description of the corporate governance system.

The Board of Statutory Auditors considers 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, said provisions were applied effectively and correctly, as also confirmed within the Report itself, which takes account of the latest format made available by Borsa Italiana, providing precise references to the principles and recommendations of the Code that have a bearing on the governance practices described.

The Board of Statutory Auditors also checked the correct application of the assessment criteria and procedures used by the Board of Directors to assess the independence of directors, based on an *ad hoc* policy adopted by the Board on 18 February 2021 and applied in the last audit carried out by the administrative body on 24 March 2022.

The Board of Statutory Auditors verified that the Report on the Remuneration Policy and Remuneration Paid, drawn up pursuant to Article 123-*ter* of the Consolidated Law on Finance and Article 84-*ter* of the Issuers Regulation, has been approved by the Board of Directors after obtaining the opinion of the Remuneration and Appointments Committee; said Report will be submitted to the Shareholders at their Meeting called for 3 June 2022 to decide on: (i) the first section on remuneration policy with a binding vote; and (ii) the second section on remuneration paid during 2021 with a non-binding vote.

Relationships with the Parent Company and with the subsidiaries

At 31 December 2021, the Italian Ministry for the Economy and Finance ("MEF") owned 53.28% of ENAV, 46.72 % was owned by institutional and individual shareholders, including the portion of treasury shares owned by the Company amounting to 0.1% of its capital.

As far as relations with the MEF are concerned, the Company is subject to the golden power rules pursuant to Legislative Decree 21 of 15 March 2012, converted by Law 56 of 11 May 2012, with amendments.

The Board of Statutory Auditors met with the oversight 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. Third level 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 intercompany agreement.

Related-party transactions

The Company has adopted rules that ensure the transparency and the substantive and procedural fairness of related-party transactions, in accordance with the general principles indicated by Consob, as described in the Report on Operations accompanying the 2021 Financial Statements. Specifically, on 21 June 2016 and with effect from the listing date, the ENAV Board of Directors approved the "Procedure for related-party transactions", pursuant to Article 2391-*bis* of the Civil Code and the Regulation adopted by Consob with Resolution 17221/2010 ("TRP Regulation") as amended. This procedure, having obtained the favourable opinion of the Control, Risks and Related Parties Committee and 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 normative 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 intercompany and related-party transactions was appropriate.

The 2021 Financial Statements provide information on related-party transactions in accordance with the provisions of IAS 24. The extent of relations of a commercial and other nature and those of a financial nature with related parties is adequately reported in the notes to the Financial Statements, which we invite the reader to consult for information on the type of such transactions and the related financial effects. These transactions, identified by IAS 24, mainly regard the exchange of goods, the provisions of services and the supply and use of financial resources. The notes to the Financial Statements also discuss the procedures adopted to ensure that related-party transactions are conducted in compliance with the criteria of transparency and procedural and substantive fairness. Note that the transactions indicated were implemented in compliance with the approval and execution methods set out in the above procedure and described in the Report on Corporate Governance and Ownership Structure for 2021.

Omissions and censurable actions. Complaints filed and opinions provided.

In the course of performing its supervisory activity, the Board of Statutory Auditors found no omissions by the directors or censurable actions, meaning that there are no irregularities that would require reporting to Consob pursuant to Article 149(3) of the Consolidated Law.

During the year and to date, the Board of Statutory Auditors received no complaints pursuant to Article 2408 of the Civil Code or any reports.

In 2021, the Board of Statutory Auditors was called upon to express the following opinions, all of which were favourable, with regard to:

i) the approval of the Internal Audit Activity Plan for 2022, with the related budget;

ii) the adequacy assessment of: (i) the organisational, administrative and accounting arrangements of the Company pursuant to Article 2381(3) of the Civil Code; (ii) powers and resources at the disposal of the Financial Reporting Officer for the performance of the duties assigned to him by law, pursuant to Article 154-*bis*(4) of Legislative Decree 58/98; (iii) ENAV's internal control and risk management system with respect to the characteristics of the company and the risk profile it has assumed, as well as its effectiveness pursuant to and for the purposes of the recommendations of the Code;

iii) approval of the remuneration pursuant to Article 2389(3) of the Italian Civil Code paid to directors holding special offices and, specifically, to the Chief Executive Officer on account of the powers conferred thereto, for the fixed component and short- and long-term variable component; to the Chair of the Board of Directors on account of the powers conferred thereto; and lastly, to the Directors who are members of the board committees;

iv) update of the Internal Control and Risk Management System guidelines;

v) additional services and integration of the fees of the Audit Firm for 2021.

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 2021 nor the proposals of the Board of Directors.

28 April 2022

Dario Righetti Chairman

Franca Brusco Standing Auditor

Pierumberto Spanò Standing Auditor

Independent Auditor's Report on the separate financial statements

EY S.p.A.
Via Lombardia, 31
00187 Roma

Tel: +39 06 324751
Fax: +39 06 324755504
ey.com

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, 2021, and the income statement, the statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, 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
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Key Audit Matter	Audit Response
Recognition and measurement of revenues – *Balance*	
Revenues from contracts with customers as at December 31, 2021 amount to Euro 772 million including *Balance* adjustment for an amount of Euro 294 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 year. 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. With reference to the *Balance* measurement, Directors applied the criteria defined by the European Commission, for the period from January 1, 2020 to December 31, 2021, in the decision C(2022) 2294 *final* as at April 13, 2022. 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 standards" and "Use of estimates and management judgements, including those connected with the COVID-19 pandemic".	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 understanding and evaluation of the estimation methodologies used by the Directors through the analysis of requirements issued by European Commission and inquiries with the management; • 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.

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Recoverability of the investments	Our audit procedures in response to the key audit matter concerned, among others:
The Investments in subsidiaries as at December 31, 2021 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 (business plan 2022-2024 for Techno Sky S.r.l. and business plan 2022-2026 for IDS AirNav S.r.l.), the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows. Because of the judgement required and the complexity of the assumptions used to estimate the recoverable amount of the investments, we identified this area as a key audit matter. The disclosures related to the assumptions and estimates used by the management are included in the note "Use of estimates and management judgements, including those connected with the COVID-19 pandemic", while the disclosures related to the process for determining the recoverable value of the investments are included in note "7. Investments".	• 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 held Aireon LLC, is accounted, as at December 31, 2021, for an amount of Euro 48 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 LLC, performed in the consolidated financial statements. Because of the judgment required to the Directors and the complexity of the assumptions applied for the estimate of the recoverable amount of the investment, we identified this area as a key audit matter. The disclosures related to the valuation of the investment in Enav North Atlantic LLC are included in the note "Use of estimates and management judgements, including those connected with the COVID-19 pandemic" while the disclosures related to the criteria of execution of the impairment test are included in the note "7. Investments".	Our audit procedures in response to the key audit matter concerned, among others, the analysis of the future cash flows, the assessment of the long-term growth rate and discount rate. In performing our procedures, we leveraged the assistance of our experts in valuation techniques, in order to verify the methodology used in the process, the mathematical accuracy of the model and the reasonableness of the assumption used by the management for the fair value measurement of the investment in Aireon LLC. 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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 with the provisions of the Delegated Regulation.

In our opinion, the financial statements 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, 2021, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under the 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 24 February 1998, with the financial statements of Enav S.p.A. as at December 31, 2021 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, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 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 28, 2022

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

ENAV SpA
Via Salaria n. 716 – 00138 Rome
Tel. +39 06 81661
www.enav.it

Legal information

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Investor Relations

e-mail: ir@enav.it

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