Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

Consolidated Condensed Interim Financial Statements

FNM Group

as at 30 June 2020

CORPORATE BODIES

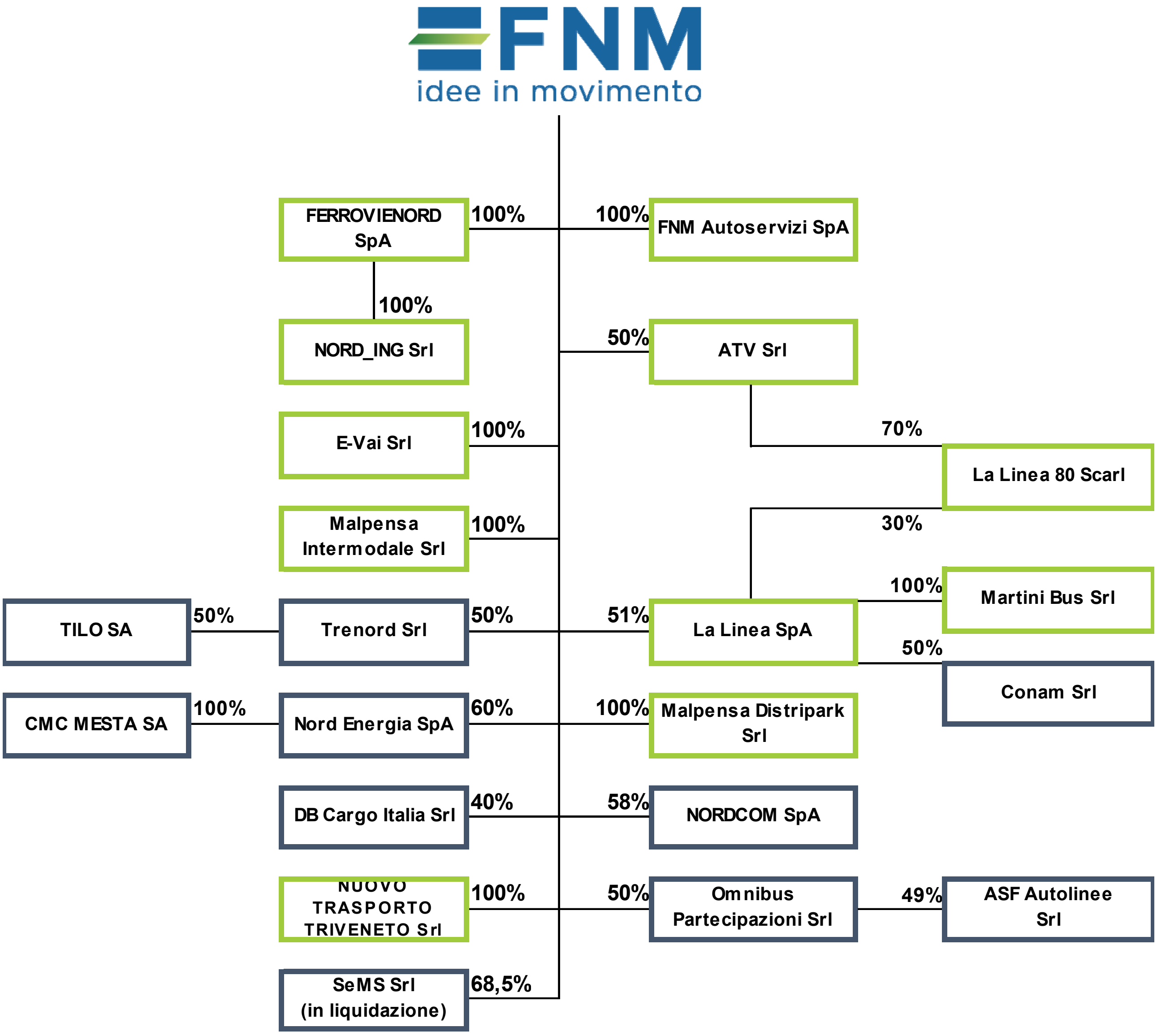
Board of Directors	
Chairman	Andrea Gibelli
Deputy Chairman	Gianantonio Battista Arnoldi
Directors	Giuseppe Bonomi
	Tiziana Bortot
	Mirja Cartia D'Asero

Board of Statutory Auditors	
Chairman	Paolo Prandi
Regular Auditors	Massimo Codari
	Giussi Mainetti

General Manager	Marco Giovanni Piuri
Executive in charge of financial reporting	Valentina Montanari

Independent Auditor	PricewaterhouseCoopers SpA

GROUP MAP



Legenda:
Società consolidate integralmente
Società valutate con il metodo del Patrimonio Netto

SUMMARY INDICATORS OF RESULT

FNM GROUP CONSOLIDATED DATA

Amounts in millions of euros	**1ST HALF 2020**	**1ST HALF 2019**	***Change***	***Change %***
Revenues	137,8	148,2	*(10,4)*	*-7,0%*
Adjusted EBITDA	36,4	36,7	*(0,3)*	*-0,8%*
EBITDA	36,1	36,7	*(0,6)*	*-1,6%*
Operating income	15,9	16,3	*(0,4)*	*-2,5%*
Earnings Before Tax	2,1	18,7	*(16,6)*	*-88,8%*
Adjusted Net Profit	13,4	11,0	*2,4*	*21,8%*
Net profit for the period	(0,7)	14,6	*(15,3)*	*N/A*
Shareholders' equity (A)*	452,1	454,3	*(2,2)*	*-0,5%*
Net Financial Position (Cash) (B)*	(88,1)	(107,4)	*19,3*	*-18,0%*
Adjusted Net Financial Position (Cash) (B)*	(30,3)	(39,9)	*9,6*	*-24,1%*
Net Invested Capital (A+B)*	364,0	346,9	*17,1*	*4,9%*
Market capitalisation at 30.06*	194,0	303,1	*(109,1)*	*-36,0%*
Investments	34,5	52,0	*(17,5)*	*-33,7%*

** Comparison values relate to 31.12.2019*

INFORMATION FOR INVESTORS

Ordinary shares of FNM S.p.A. have been listed on the Italian Stock Exchange since 1926.

The FNM stock is present in the indexes:

- generic Italian Stock Exchange indexes: FTSE Italia All Share and FTSE Italia Small Cap;
- sector indexes: FTSE Italia Servizi al Consumo (Consumer Services) and FTSE Italia Viaggi e Tempo Libero (Travel and Leisure).

Market on which the shares are listed	MTA
ISIN Code	IT0000060886

The financial markets in the first half of 2020

In the first months of 2020, the effects of the COVID-19 pandemic were reflected not only on global production activities, but also on the deterioration of the growth outlook, which translated into a sharp drop of stock market indexes, rising volatility and a deterioration of liquidity conditions worldwide[1]. The Governing Council of the ECB adopted a broad package of measures to sustain business liquidity and a new securities acquisition programme directed at contrasting the rise in yield spreads.

In our Country, the epidemic and the measures adopted to contrast it had significant repercussions on economic activity in the first quarter. All current Italian GDP performance scenarios include a severely negative evolution in the first part of the year, followed by a gradual recovery in the second half of 2020.

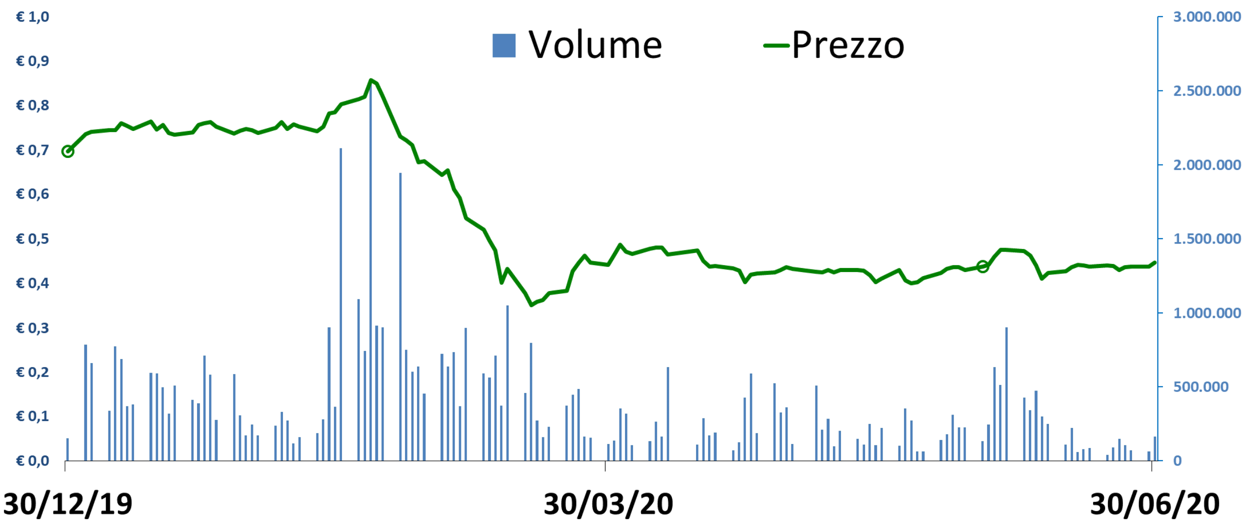
In Italy, stock prices dropped sharply and the spread between Italian and German Government bonds broadened markedly, in a situation of great increase in risk aversion: between the last ten days in February and 18 March, the general Stock Market index lost approximately 40% of its value. The implied volatility of Stock Market indexes exceeded the highest values reached during the financial crisis of 2008-2009. Starting from the end of March, stock prices partially recovered and volatility is decreasing.

Overall, the **Italian financial market** declined by **16.2%** in the first half of 2020 compared to the end of 2019 (FTSE Italia *All Share*).

In the same period, **the FNM stock** underperformed compared to the FTSE Italia Small Cap benchmark (17.2% drop), related to small-capitalisation Italian stocks, but substantially aligned to the trend of the Italian sector index (FTSE Italia Servizi al Consumo -34.3%).

FNM stock performance in the first half of 2020

1 Economic Bulletin 2 / 2020, Bank of Italy



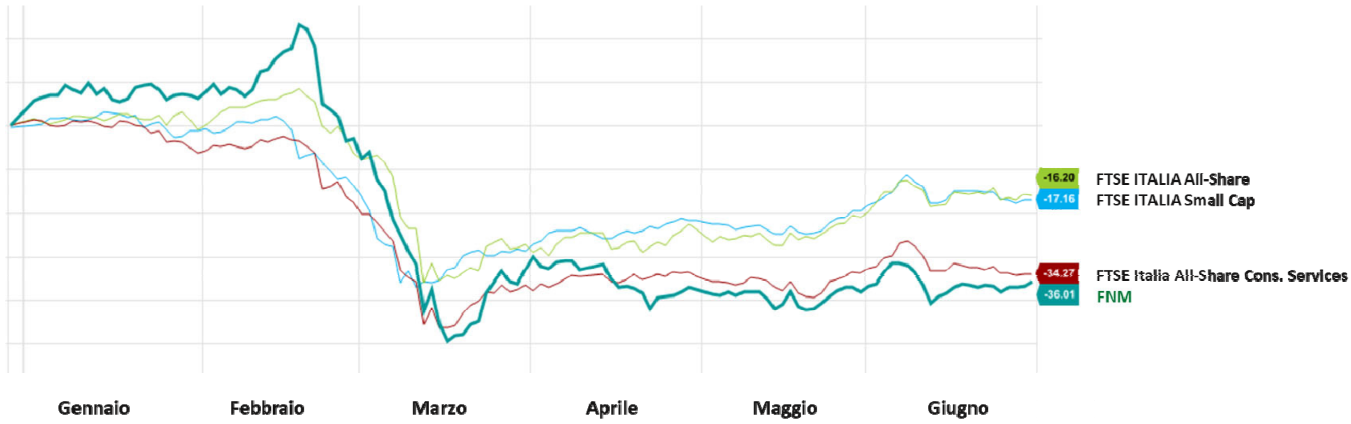
Source: FactSet

In the first half of the current year, **the FNM title** declined by approximately **36%** compared to the end of 2019, with an average price of **EUR 0.55** (average stock market capitalisation of EUR **238.7 million**).

In the period in question, trading of FNM shares on the market managed by Borsa Italiana S.p.A. reached an average daily value of **EUR 251 thousand** (maximum value recorded on 19 February 2020 of over EUR 2.2 million). Average daily trading of the shares amounted to approximately 408 thousand shares traded daily.

In the analysed period, a total of 51.4 million shares were traded, i.e. approximately 11.8% of the share capital, a much higher value than in the comparable half of the previous year (20.4 million shares, 4.7% of share capital) in spite of the performance and volatility recorded by the financial market.

FNM stock performance compared to the main reference indexes in the first half of 2020



(Price=100 as at 30 December 2019) *Source: FactSet*

Shareholding structure

At 30 June 2020 the share capital amounted to EUR 230,000,000.00, corresponding to 434,902,568 ordinary shares with no par value.

Shareholder composition

At the same date, to the best of the Company's knowledge based on the communications received in accordance with Article 120 of the Consolidated Law on Finance (TUF) and other available information, the shareholder structure of the Company shows the following material shareholdings.

Shareholders	Shareholding at 31/12/2019
LOMBARDY REGION	57.6%
FERROVIE DELLO STATO	14.7%

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MANAGEMENT REPORT
TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
as at 30 June 2020

INTRODUCTION

With reference to the six-month period ended 30 June 2020 (hereinafter the "First Half of 2020" or "period"), the quantitative data contained in this Report and the comments therein are intended to provide an overview of the Group's economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period. The half-year was impacted by the negative effects caused by the global pandemic of COVID-19, which had economic repercussions on the national and regional production system, in particular on mobility and specifically on local public transport, also as a result of the law provisions and of the measures adopted by the competent authorities to contain the spreading of the contagion.

With the launch of "Phase 2" and at the time of preparation of the present interim report, the number of positive patients is declining sharply.

1 GROUP PROFILE AT 30 JUNE 2020

FNM is the leading integrated transport and mobility group in Lombardy and Northern Italy with companies active in five regions. It is the most important non-governmental Italian investor in the sector. The FNM Group is present, through subsidiaries and/or joint ventures or associates in public rail transport with FERROVIENORD, NORD_ING and Trenord, in road transport with FNM Autoservizi, Omnibus Partecipazioni, ATV and La Linea and E-Vai with car sharing, in rail freight transport with DB Cargo Italia, Malpensa Intermodale and Malpensa Distripark, in ICT with NordCom, in the energy sector with NORD ENERGIA.

In addition to acting as the Group's holding company, providing corporate services to its subsidiaries, FNM carries out operating activities, through the leasing of assets used by subsidiaries operating in the local public transport and freight transport sectors and the management of their real estate assets.

Lastly, on 10 March 2020, FNM S.p.A. executed the agreements for the sale of the equity investments held in Locoitalia S.r.l. (51%) - a company consolidated line by line, active in the lease of rolling stock for cargo transport - and in Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), a company consolidated with the equity method, active in the railway freight rolling stock and concession-holder for railway operations within the Genoa harbour.

Since 10 June 2020, as a result of the sale of shares from FNM S.p.A. to FERROVIENORD S.p.A., 100% of the company NORD_ING S.r.l. is directly owned by FERROVIENORD S.p.A.

1.1 LOCAL PUBLIC TRANSPORT

The Group’s core business is **Collective Transport**.

As regards the business segments in which the Group operates through subsidiaries and companies subject to joint control, there are three sectors:

1. **Railway infrastructure management**, the companies operating in this business segment are:
   - FERROVIENORD S.p.A. – which is responsible for managing the railway infrastructure on the basis of a concession which expires on 31 October 2060;
   - NORD_ING S.r.l. – which is entrusted with planning activity, as well as technical and administrative support for investments in the railway network;
2. **Passenger road transport**, the companies operating in this business segment are:
   - Ferrovie Nord Milano Autoservizi S.p.A. – concessionaire of parts of public road transport services in the Provinces of Varese and Brescia, holder of the service contract for those in the Province of Como in a Temporary Consortium of Companies with ASF Autolinee S.r.l., and support operator to Trenord for “train replacement” activity;
   - Azienda Trasporti Verona S.r.l. – a company that provides urban public road transport services in the municipalities of Verona and Legnago and extra-urban services throughout the province of Verona;
   - La Linea S.p.A. – a company that operates in the Veneto Region in the local public road transport sector and also hires out buses with driver, also through subsidiaries/investees (including MartiniBus);
   - Omnibus Partecipazioni S.r.l. – a company that holds 49% of the shares in ASF Autolinee S.r.l. and is jointly owned by the company Arriva Italia S.r.l.;
   - E-Vai S.r.l. – a car sharing company operating in Lombardy with electric and bimodal vehicles.

3. **Railway transport**, the companies operating in this business segment are the Parent Company FNM for the lease of rolling stock and Trenord (50% owned by Trenitalia S.p.A.) – manager of rail transport services in the Lombardy Region, as well as manager of "Brenner" railway services in collaboration with Deutsche Bahn and Österreische Bundes Bahn.

It should be noted that the contribution of Trenord S.r.l. (and the associate TILO S.A., 50% owned by Trenord) and Omnibus Partecipazioni S.r.l. to the consolidated financial statements as at 30 June 2020 is based on the valuation of the aforementioned equity investments with the "equity method", with no impact on individual items of the consolidated balance sheet and financial statement and the consolidated income statement with the exception of the "Equity investment "and "Net profit of companies valued with the equity method" items.

1.2 OTHER BUSINESS SEGMENTS

Among the other activities of the FNM Group outside from the Collective Transport service include those of Malpensa Intermodale - which manages the Sacconago terminal in Busto Arsizio (VA) and Malpensa Distripark - which has been tasked with the property development of terminal areas (in Segment Reporting terms, these activities are included in the area of railway infrastructure management).

FNM, parent company, also serves as the provider of administrative services to its subsidiaries and as the manager of its own property portfolio.

Furthermore, the FNM Group operational divisions extend to segments other than those mentioned. It has a presence in the *Information & Communication Technology* segment with the joint venture NordCom S.p.A., which operates both for the benefit of the FNM Group and for third parties; it also has a presence in the specialist electricity transport segment through the Mendrisio-Cagno power line (through the jointly controlled company NORD ENERGIA S.p.A. and the subsidiary CMC MeSta S.A.) and in the rail freight transport sector (through the subsidiary DB Cargo Italia S.r.l.).

As a result of the valuation with the equity method of the jointly controlled companies NORD ENERGIA S.p.A., NordCom S.p.A. and the associate DB Cargo Italia S.r.l., "Other business segments" are included in the net profit/(loss) for the period under "Net profit/(loss) of companies valued using the equity method."

2 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

2.1 ECONOMIC DATA SUMMARY

The condensed income statement for the period is shown below, compared with that of the corresponding period of 2019. For completeness of disclosure, in the following reclassified income statement the items "grants for funded investments" and "costs for funded investments", in which, in application of IFRIC 12, the amounts of the financed investments made during the period and the corresponding contributions are recognised, are stated net in "Other income and revenue."

Amounts in millions of euros	**1st Half** 2020	**1st Half** 2019	**Change**	**Change %**
Revenues from sales and services	126,5	139,3	(12,8)	*-9%*
Other revenues and income	11,3	8,9	2,4	*27%*
TOTAL REVENUES AND OTHER INCOME	***137,8***	***148,2***	***(10,4)***	***-7%***
Operating costs	(43,9)	(49,2)	5,3	*-10,8%*
Personnel costs	(57,5)	(62,3)	4,8	*-7,7%*
Adjusted EBITDA	***36,4***	***36,7***	***(0,3)***	***-0,8%***
Non-ordinary Income and Expenses	(0,3)	-	(0,3)	*N/A*
EBITDA	*36,1*	*36,7*	*(0,6)*	*-2%*
Depreciation, amortisation and provisions	(20,2)	(20,4)	0,2	*-1%*
EBIT	***15,9***	***16,3***	***(0,4)***	***-2,5%***
Net financial income	0,3	(1,2)	1,5	*N/A*
of which gains on divestments	*1,0*	-	*1,0*	*N/A*
EARNINGS BEFORE TAX	*16,2*	*15,1*	*1,1*	*7%*
Income tax	(2,8)	(4,1)	1,3	*-32%*
ADJUSTED COMPREHENSIVE INCOME	**13,4**	**11,0**	**2,4**	***21,8%***
Profit of companies measured with the Equity method	(14,1)	3,6	(17,7)	*N/A*
COMPREHENSIVE INCOME	**(0,7)**	**14,6**	**(15,3)**	***N/A***
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**0,0**	**(0,2)**	**0,2**	***N/A***
COMPREHENSIVE GROUP INCOME	**(0,7)**	**14,8**	**(15,5)**	***N/A***

The **revenues from sales and services** recorded a net increase of EUR 12.8 million compared to the first half of 2019 (-9%), for the following reasons:

- revenues from transport services decreased by EUR 13.8 million compared to EUR 23.3 million of the comparative period because of the lower sales in relation to the measures ordered from 24 February onwards for the COVID-19 emergency;
- revenues from contracts and public contributions exhibited slight growth, of EUR 0.5 million, compared to the previous year mainly as a result of the Law of 24 April 2020, no. 27 (art. 92 paragraph 4-*bis*)[2] that provided for the recognition of the fees of the road transport segment on

2 "In order to contain the negative effects of the epidemiological emergency from COVID-19 and the measures to contrast the spread of the virus on operators of local and regional public transport services and school transport, reductions of fees, sanctions or penalties

the basis of contractual programming, despite the remodulation of the offer implemented following the epidemiological emergency and the economic effect of the offsetting measures introduced by the Law of 17 July 2020, no. 77 (art. 200, paragraph 1, so-called “Relaunch Decree”)[3], amounting to approximately EUR 2.5 million, to offset the aforementioned missed ticketing revenues;

- revenues from the rental of rolling stock increased by EUR 0.6 million, mainly in relation to the operating lease of DE 520 locomotives to Trenord.

Other revenues and income rose by EUR 2.4 million from the comparative half of 2019; the main changes are as follows:

- the recovery of general expenses on investments financed by the Planning Agreement increased by EUR 1.6 million, in relation to the higher funded investments in rolling stock made with respect to the comparison period;
- sale of inventory materials, relating to the sale of obsolete material no longer usable for maintenance, increased by EUR 0.6 million.

Total revenue and other income, which declined by approximately 7% overall, is divided as follows in the three business areas, and it primarily derives from the decline of the component of revenues from transport services and ticketing following the start of the lockdown phase and of the related measures adopted for the COVID-19 emergency:

Amounts in millions of euros	**1st HALF 2020**	**1st HALF 2019**	***Change***	***Chg %***
Railway infrastructure management	63,3	60,5	*2,8*	*4,7%*
Road passenger transport	44,7	58,5	*(13,8)*	*-23,6%*
Rosco & Services	41,2	41,3	*(0,1)*	*-0,2%*
Intercompany eliminations	(11,4)	(12,1)	*0,7*	*-5,8%*
Total	**137,8**	**148,2**	***(10,4)***	***-7,0%***

Operating costs recorded a net decrease of EUR 5.3 million (-11%) for the following main reasons:

- decrease of diesel and bus maintenance costs, respectively equal to EUR 2.2 million and EUR 0.6 million, in relation to the fewer km travelled as a result of the reduction in the runs carried out;

due to the reduced schedule or reduced travel from 23 February 2020 and until 31 December 2020 cannot be applied by the customers of the aforementioned services, also where negotiated…”

3 “To sustain the local and regional public passenger transport service subject to public service obligation following the negative effects deriving from the COVID-19 epidemiological emergency, a fund is established with the Ministry for Infrastructure and Transport with an initial amount of EUR 500 million for the year 2020, to offset the reduction of fee revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average fee revenues recorded in the same period of the previous two years...”

- decrease in subcontracting to third parties, by EUR 1.4 million;
- decrease in costs for legal expenses, by EUR 0.2 million, in relation to the closure of disputes during the first half of 2019;
- decrease in commercial expenses and commissions to third parties by EUR 0.5 million, in relation to the lower sales of tickets carried out in the half-year.

Personnel costs decreased by EUR 4.8 million (-8%), mainly as a result of the use of residual leave, of income supporting schemes (General Lay-off Fund and Public Transport Fund) and of the lesser employment of temporary workers, in relation to the reduction of working activities as a consequence of the COVID-19 emergency. Labour costs also benefited from the lower costs amounting to EUR 0.4 million in relation to the decreased workforce.

Adjusted EBITDA (which excludes some non-ordinary elements), equal to EUR 36.4 million, was down 1%, exhibiting a better performance compared to revenues due to the recognition in particular in the first quarter of a timing effect deriving from lower costs for the postponement of some infrastructure interventions financed by the Lombardy Region within the Planning Agreement, to be incurred in the remainder of the year, and it is divided as follows between the three business areas:

Amounts in millions of euros	**1st HALF 2020**	**1st HALF 2019**	***Change***	***Chg %***
Railway infrastructure management	5,6	4,5	*1,1*	*24,4%*
Road passenger transport	4,3	5,1	*(0,8)*	*-15,7%*
Rosco & Services	26,5	27,1	*(0,6)*	*-2,2%*
Total	**36,4**	**36,7**	***(0,3)***	***-0,8%***

Non-ordinary income / expenses in the period are due to costs for development projects.

The item **Depreciation, amortisation and provisions** was substantially aligned with respect to the comparative period, changing from EUR 20.4 million to EUR 20.2 million.

Comprehensive EBIT amounted to EUR 15.9 million, versus EUR 16.3 million in the comparative period 2019, a net decrease of EUR 0.4 million.

Comprehensive net financial income was positive by EUR 0.3 million versus negative EUR 1.2 million in the comparative period 2019, particularly in relation to the capital gain deriving from the equity investment held in Locoitalia, amounting to EUR 1.0 million. Net of this effect, financial expenses were nonetheless lower than in the previous year due to lower interest expense on existing loans.

Earnings before taxes amounted to EUR 16.2 million versus EUR 15.1 million in the comparative period 2019.

Income taxes, amounting to EUR 2.8 million, decreased by EUR 1.3 million compared to the first half of 2020 due to lower taxable income in the period.

Adjusted comprehensive income, before recognition of the result of the companies measured at Equity, changed from EUR 11.0 million of the comparative period of the previous year to EUR 13.4 million, thus reflecting substantial stability, despite the effects of COVID-19.

The **profit/(loss) of companies measured at Equity** recorded a loss of EUR 14.1 million, versus a profit of EUR 3.6 million in the comparative period 2019, mainly due to the negative result of the investee Trenord S.r.l. This item is broken down as follows:

Amounts in thousands of euros	**1st HALF 2020**	**1st HALF 2019**	***Change***
Trenord Srl *	(15.927)	1.146	*(17.073)*
NORD ENERGIA SpA **	1.213	1.921	*(708)*
DB Cargo Italia Srl	800	801	*(1)*
Omnibus Partecipazioni Srl ***	110	77	*33*
NordCom SpA	(399)	24	*(423)*
Conam Srl	17	21	*(4)*
SeMS Srl in liquidation	53	18	*35*
Fuorimuro Srl****	-	(387)	*387*
Result of companies valued at equity	**(14.133)**	**3.621**	***(17.754)***

* Includes the result of TILO SA
** Includes the result of CMC MeSta SA
*** Includes the result of ASF Autolinee Srl
**** The result of the equity investment in Fuorimuro is down to zero as a result of the sale completed on 10 March 2020, adjusted to fair value as at 31 December 2019.

The half-year result of the investee Trenord was significantly affected by the contagion containment measures and hence by the revision of the offer implemented starting from 24 February as a result of the start of the COVID-19 emergency. In particular during the period:

- revenues decreased by approximately 22% due to the significant reduction in ticketing revenues, amounting to 57% relative to the comparative period of the previous year, in relation to the reduction of the volume of transported passengers because of the COVID-19 pandemic starting from 24 February and of the traffic limitations imposed by the competent authorities; service contract revenues, on the contrary, grew by approximately 5% thanks to the offsetting effects introduced by the “Cure Italy” and “Relaunch” decrees, amounting to approximately EUR 49 million;
- personnel cost decreased by 8% in relation to the lower number of FTE (-35) and to the

lower accessory remuneration deriving from reduction of the service and from the reduction of the holidays provision;

- operating cost decreased by approximately EUR 30 million (-17%) in relation to the lesser services performed, due in particular to lower toll and energy costs (-EUR 15.8 million), lower commission expenses (-EUR 4.2 million), lower services to other railway companies and train replacement services (-EUR 4.8 million).

Given the above, EBITDA, amounting to EUR 48.5 million, decreased by EUR 52.4 million from the 2019 comparative period; EBIT, amounting to -EUR 42.7 million, decreased by EUR 48.7 million from the 2019 comparative period; lastly, the net result changed from a profit of EUR 2.6 million in the first quarter of 2019 to -EUR 31.6 million as at 30 June 2020.

The consolidated **comprehensive Net Result** of the first half of 2020 is a loss of EUR 0.7 million, versus a positive figure of EUR 14.8 million as at 30 June 2019, due to the effects described above deriving from traffic prohibitions during the first phase of the epidemic emergency and relating to the write-down applied in the period.

In the period ended 30 June 2020, as in the comparative period 2019, there were no profits from discontinued operations.

2.2 INVESTMENTS

Investments accrued in the period amounted to a total of EUR 34.5 million versus EUR 52.0 million of the comparative period of the previous year.

In particular:

- **investments with public funds** were made for a total of EUR 30.2 million (EUR 35.6 million in the comparative period), relating to the renewal of rolling stock for EUR 14.6 million and the modernisation and upgrading of infrastructure for EUR 15.6 million. In detail, these initiatives pertain mainly to the equipment renewal on the Saronno – Como, Bovisa – Seveso – Mariano Comense and Saronno – Malnate sections, the requalification of the Borgo San Giovanni (Brescia) station to meet standards, as well as the construction of the support system for the drive aid system;
- **investments using own funds** were made for EUR 4.3 million (EUR 16.4 million in the comparative period 2019) and refer mainly to the surrender of 8 DE520 diesel locomotives for EUR 1.8 million, commissioning of 7 new buses and minibuses (with related on-board equipment) for EUR 0.7 million, to furniture and sundry equipment for EUR 0.6 million, and to additional modules of the SAP ERP for EUR 0.4 million.

2.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The reclassified statement of financial position at 30 June 2020 is shown below, with comparative figures at 31 December 2019:

Amounts in millions of euros	30/06/2020	31/12/2019	Change
Inventories	8,6	8,9	(0,3)
Trade receivables	77,9	64,6	13,3
Other current receivables	74,6	60,9	13,7
Trade payables	(130,6)	(175,7)	45,1
Other current payables and current provisions	(94,8)	(91,0)	(3,8)
Net Working Capital	***(64,3)***	***(132,3)***	***68,0***
Fixed assets	425,7	432,3	(6,6)
Equity interests	66,4	84,9	(18,5)
Non-current receivables	22,0	21,6	0,4
Non-current liabilities	(26,4)	(28,2)	1,8
Provisions	(59,4)	(60,9)	1,5
Assets and liabilities held for sale	0,0	29,5	(29,5)
NET INVESTED CAPITAL	***364,0***	***346,9***	***17,1***
Equity	*452,1*	*454,3*	*(2,2)*
Adjusted Net Financial Position (cash)	**(30,3)**	**(39,9)**	**9,6**
Net Financial Position for funded investments (cash)	(57,8)	(67,5)	9,7
Total net financial position (cash)	*(88,1)*	*(107,4)*	*19,3*
TOTAL SOURCES	***364,0***	***346,9***	***17,1***

The **Net Working Capital** increased by EUR 68.0 million as a result of the changes in the following items:

- **trade receivables** increased by EUR 13.3 million, mainly by effect of the different collection times for receivables from related parties, and from the client of the Veneto LPT Service Contract;
- **other current receivables** increased as a result of the advance recognised, amounting to EUR 9.7 million, in relation to the launch of a new work contract for the renewal of the rolling stock with borrowed funds, as well as for the receivables recognised in view of the above mentioned offsetting measures prescribed by the Relaunch Decree, for EUR 2.5 million;
- **trade payables**, down by EUR 45.1 million, decreased mainly as a result of the payments made in the half-year to suppliers for investments with borrowed and own funds,

respectively for EUR 65.8 million and for EUR 12.3 million. It should be stressed that the investments paid with borrowed funds pertain for EUR 33.3 million to the renewal of rolling stock and hence paid with the funds allocated by the Lombardy Region on restricted funds, excluded from the adjusted NFP. The decrease is partially offset by the investments made in the period and not yet paid, amounting to EUR 34.5 million. Trade payables also decreased because of the lower costs incurred in the period.

Equity investments decreased by effect of the lower result provided by the companies measured at equity.

The item **Equity investments** comprises mainly tangible assets of EUR 397.2 million, of which EUR 299.8 million pertain to rolling stock, EUR 6.1 million to intangible assets, EUR 6.3 million to goodwill and EUR 16.1 million to rights of use.

The change in **assets and liabilities held for sale**, which included the values of the equity investment held in Locoitalia and Fuorimuro, reclassified and measured in accordance with IFRS 5, is consequent to the execution of the sale agreements on 10 March 2020.

Below is the breakdown of the Group's net financial position at 30 June 2020, compared with 31 December 2019.
Lastly, the better to represent the ability to generate cash and Group NFP, an adjusted NFP was calculated, which excludes the effects deriving from adoption of IFRIC 12:

Amounts in millions of euros	**30/06/2020**	**31/12/2019**	**Change**
Liquidity	(165,0)	(156,4)	(8,6)
Current financial receivables	(49,8)	(49,3)	(0,5)
Current financial debt	98,8	94,3	4,5
Current Net Financial Position (cash)	***(116,0)***	***(111,4)***	***(4,6)***
Non-current financial debt	85,7	71,5	14,2
Adjusted Net Financial Position (cash)	***(30,3)***	***(39,9)***	***9,6***
Net Financial Position for funded investments (cash)	(57,8)	(67,5)	9,7
Net Financial Position (cash)	***(88,1)***	***(107,4)***	***19,3***

At 30 June 2020, the net comprehensive financial position was positive at EUR 88.1 million, compared to a balance of EUR 107.4 million at 31 December 2019; isolating the amount relating to the advances on funded investments related to the modernisation of railway infrastructure and to the renewal of the rolling stock (EUR 57.8 million), the Adjusted Net Financial Position is positive by EUR 30.3 million, versus a negative balance of EUR 39.9 million at 31 December 2019, and thus recognising a decrease by EUR 9.6 million.

The **adjusted net financial position** is represented by the cash flow changes in the reference period:

Amounts in millions of euros	1st HALF 2020	1st HALF 2019
EBITDA	36,1	35,9
NET WORKING CAPITAL	(31,0)	3,1
Taxes	(7,2)	-
Financial expenses/income	(0,6)	(0,5)
Free cash flow from operations	***(2,7)***	***38,5***
Investments paid	(44,8)	(23,7)
Cash flow generation	***(47,5)***	***14,8***
Dividends cash-in	3,8	6,6
Divestments	32,1	-
Free cash flow	**(11,6)**	**21,4**
Dividends cash-out	-	(10,5)
Cash flow	**(11,6)**	**10,9**
Adjusted NFP (Cash) INITIAL 01/01	**(39,9)**	**7,5**
Cash flow generation	11,6	(10,9)
Change in scope of consolidation	3,1	
IFRS 16 Effect	(6,0)	5,5
Financial receivables for uncollected dividends	0,9	
Total change in NFP	***9,6***	***(5,4)***
Adjusted NFP (Cash) FINAL 30/06	**(30,3)**	**2,1**

The **operating cash flow** performance deriving from income management is negatively affected by the change in net working capital, mainly due to lower collections of trade receivables from related parties and from the client of the Veneto LPT Service Contract, as well as the increase of receivables for advances on SAL for investments related to the renewal of rolling stock with borrowed funds, equal to EUR 9.7 million. Cash flow from operations also includes the cash outflows relating to financial expenses amounting to EUR 0.6 million.

Investments were also paid in the period for approximately EUR 44.8 million, of which EUR 41.1 million pertaining to the previous year and EUR 3.7 million to the current one.

The negative **cash flow generation** of the period, amounting to EUR 47.5 million, mainly as a result of the investments paid, is partially offset by the collections deriving from the sale of the investments in Locoitalia and Fuorimuro, equal to EUR 32.1 million.

The negative **cash flow** of the period thus stands at EUR 11.6 million.

The adjusted net financial position also reflects the effects deriving from the change of the scope of consolidation for the sale of the equity investment in Locoitalia, as a result of which financial payables for leases amounting to EUR 3.1 million were recognised.

Non-current financial debt changed by effect of the portion of financial payables for leases recognised as a result of the change in the scope of consolidation, as well as of the recognition of the non-current portion of the financial debt to EIB.

To guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel, on 20 March 2020, the first tranche of EUR 10 million of the loan stipulated on 21 December 2017 between the Parent Company and the European Investment Bank, for a total amount of EUR 50 million, was used. The loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021.

3 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

The following table shows the economic performance of the consolidated business segments:

	1st HALF 2020					1st HALF 2019				
Amounts in millions of euros	Railway infrastructure management	Road passenger transport	Rosco & Services	*Eliminations*	Total	Railway infrastructure management	Road passenger transport	Rosco & Services	*Eliminations*	Total
Revenues from third parties	58,4	42,1	35,0		**135,5**	56,8	55,4	35,3		**147,5**
Intercompany revenues	2,6	2,6	6,2	*(11,4)*	**,0**	3,0	3,1	6,0	*(12,1)*	**,0**
Grants for funded investments net of costs	2,3				**2,3**	,7				**,7**
Segment revenues	**63,3**	**44,7**	**41,2**	***(11,4)***	**137,8**	**60,5**	**58,5**	**41,3**	***(12,1)***	**148,2**
Adjusted EBITDA	**5,6**	**4,3**	**26,5**		**36,4**	**4,5**	**5,1**	**27,1**		**36,7**
Adjusted EBITDA %	***15%***	***12%***	***73%***			***12%***	***14%***	***74%***		
	24%	-16%	-2%							
EBITDA	**5,6**	**4,3**	**26,2**		**36,1**	**4,5**	**5,1**	**27,1**		**36,7**
EBITDA %	***16%***	***12%***	***73%***			***12%***	***14%***	***74%***		
Operating income	**4,4**	**(1,5)**	**13,0**		**15,9**	**3,5**	**(,5)**	**13,3**		**16,3**

Railway infrastructure management

The "Railway infrastructure management" segment includes the management of railway infrastructure of the Milan and Iseo lines, under concession, as well as terminal design and management activities. With Regional Council Resolution no. X/4823 of 15 February 2016, the Lombardy Region ordered the Concession to FERROVIENORD S.p.A. for the construction, operation and management of the Regional Railway Network be renewed from 18 March 2016 to 31 October 2060.

The concession agreement includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire also has the role of acquiring and managing, on a non-exclusive basis, the fleet necessary to provide railway services and the enhancement of railway assets including those of historical value. The concessionaire is also assigned the tasks regulated by the Investment Programme Agreement, Service Contract or other administrative provision.

The activity is carried out by the subsidiary FERROVIENORD, in synergy with the subsidiary NORD_ING, which follows the implementation of ordinary and extraordinary maintenance on the railway network, upgrading works and the commissioning of new systems.

The terminal management activity is carried out by the subsidiary Malpensa Intermodale, a company established in December 2018, which started the management of the Sacconago terminal owned by the Group, in the municipality of Busto Arsizio (VA); this activity will be an opportunity for the development of the management of rail links by the companies of the FNM group operating in the cargo sector.

Amounts in millions of euros	1st Half 2020	1st Half 2019	*Chg*	*Chg %*
Public contracts and grants	50,7	49,3	*1,4*	*2,8%*
Leasing rolling stock	4,3	4,2	*0,1*	*2,4%*
Other revenues	8,4	7,0	*1,4*	*20,0%*
Total	**63,4**	**60,5**	***2,9***	***4,8%***

The segment revenues changed from EUR 60.5 million in the first half of 2019 to EUR 63.4 million in the first half of 2020, up 4.8% from the same period of the previous year.

In particular, the revenues relating to public contracts and grands comprise the consideration deriving from the infrastructure management service agreement, as well as the higher income tied to planning and project management activities on the investments financed by the Lombardy Region provided by the Planning Agreement and by the loans for the purchase of the new high capacity trains, and they increased by 4.7% from the previous year. Other revenues increased by approximately EUR 1.4 million in the period by effect of the sale of some residual stocks and of the recording of some non-recurring income items connected with the closing of outstanding entries.

The increase of the EBITDA of the segment in the half-year in question, equal to 24% from EUR 4.5 million to EUR 5.6 million, is mainly due to a timing effect recorded in the first quarter deriving from lower costs for the postponement of some design activities of infrastructure interventions financed by the Lombardy Region within the Planning Agreement as a result of the ongoing health emergency, already partially carried out during the second quarter which recorded a decline by approximately EUR 1 million, and to lower labour costs deriving from the reduction of the average workforce (-18 employees) and some extraordinary components.

Road passenger transport

In the first half of the current year, the "Road passenger transport" segment recorded a decline in revenues of 23.6% from EUR 58.5 million to EUR 44.7 million, mainly in relation to the significant reduction of the traffic volumes recorded during the first phase of the epidemiological emergency.

Amounts in millions of euros	1st Half 2020	1st Half 2019	*Chg*	*Chg %*
Public contracts and grants	26,2	23,0	*3,2*	*13,9%*
Transport services	15,0	31,4	*(16,4)*	*-52,2%*
Other revenues	3,5	4,1	*(0,6)*	*-14,6%*
Total	**44,7**	**58,5**	***(13,8)***	***-23,6%***

In particular:

- revenues from contracts and public contributions exhibited growth by approximately 14% compared to the previous year mainly as a result of the Law of 24 April 2020, no. 27 (art. 92, paragraph 4-*bis*) that provided for the recognition of fees on the basis of contractual programming, despite the remodulation of the offer implemented following the epidemiological emergency, and the economic effect of the offsetting measures introduced by the Law of 17 July 2020, no. 77 (art. 200, paragraph 1, so-called “Relaunch Decree”), amounting to approximately EUR 2.5 million, to offset ticketing revenues;
- the revenues deriving from the transport services and hence relating to ticketing, to replacement services carried out by FNM on behalf of Trenord, to sub-leasing activities and to the car-sharing of E-VAI, contracted by 52% in the half-year as a result of the significant reduction in mobility demand due to the introduction of traffic bans during the health emergency.

All the companies of this segment have also initiated actions to contain the negative impacts of the emergency, by reducing the main cost items, enabling them to reduce the negative impact of the revenue decline on the Adjusted EBITDA which changed from EUR 5.1 million to EUR 4.3 million.

The segment includes different dynamics and phenomena with respect to the different services offered and to the different areas where the different companies operate. In particular:

- FNM AUTOSERVIZI manages Local Public Transport in the provinces of Varese, Brescia and Como; it also runs rail-replacement services for Trenord rail services.

  In the period analysed herein, production recorded a decline by approximately 30% in all provinces by effect of the revision of the offer starting from 24 February (1.6 million bus-km) while the number of passengers decreased by approximately 60%; ticketing revenues contracted by 45% in the period, while comprehensive revenues, by effect of the stability of the service contract fees and of the offsetting provisions of the “Relaunch Decree”, contained the decline to approximately 20%.

- Azienda Trasporti Verona operates mainly in the passenger road transport segment in the municipality and province of Verona; the company is jointly owned by FNM and Azienda Mobilità Trasporti S.p.A.

In the half-year analysed herein, production recorded a decline by approximately 32% by effect of the revision of the offer starting from 24 February (7 million bus-km) while the number of transported passengers decreased by approximately 60%; ticketing revenues contracted by 60% in the period, while revenues, by effect of the stability of the service contract fees and of the offsetting provisions of the "Relaunch Decree", contained the decline to approximately 20%.

- La Linea, a company that operates in the Veneto area in local public road transport sector and hires out buses with driver, also through subsidiaries (MartiniBus) and/or investees.

  The revenues of subcontracted services contracted by 40% by effect of the significant reduction of the offer as a result of the traffic limitations imposed by the competent authorities in all areas of competence (Venice, Padua, Verona and Belluno), as well as of the zeroing of tourist services from the end of February onwards.
- The car-sharing and sustainable mobility service carried out by E-VAI with electric and bimodal vehicles aims to finalise the completion of public mobility and in particular railway mobility, according to traditional and innovative business models.

  In the first half of 2020, there was a contraction in the volumes of historical car sharing, today called Regional Electric, in relation to the events tied to the COVID-19 emergency. This Lombardy ecological car sharing agreement was stipulated with FERROVIENORD in the context of the commitment with the Lombardy Region to provide an "ecological" car sharing service in exchange for the payment of a fee of EUR 1.8 million per year, unchanged from the previous year. During the period, the activity tied to the three current lines directed at individual users (Easy Station service), municipal administrations (Public service) and to private companies (Corporate service) continued. These improved compared to the same period of 2019, but underwent a slowdown in the activation of new contracts tied to the current health emergency. The updated managed service models, which were also considered integrable with one another in the near future, were also implemented by the European Community: E-Vai participates in two European projects, I-SharE LIFE and CarE-Service Horizon 2020, for which grants of EUR 0.3 million were recognised in the financial statements in the first half-year.

At 30 June 2020, the fleet consisted of a total of 200 vehicles, (175 at the end of 2019), 50 of which were dedicated to the I-SharE LIFE project.

Rosco & Services

Amounts in millions of euros	**1st Half 2020**	**1st Half 2019**	***Chg***	***Chg %***
Leasing rolling stock	28,3	27,6	*0,7*	*2,5%*
Other revenues	12,9	13,7	*(0,8)*	*-5,5%*
Total	**41,2**	**41,3**	***- 0,1***	***-0,1%***

The revenues of this segment, substantially stable relative to the same period of the previous year, pertain mainly to the lease of rolling stock to investee companies, in the first place to Trenord, with fees that changed from EUR 27.6 million to EUR 28.3 million, up by 2.5% in relation to the operating lease of the new E494 fleet to DB Cargo Italia and of the DE 520 locomotives to Trenord; other revenues include administrative services, i.e. the management through service contracts with the investees of the centralised corporate activities, and real estate management, relating to lease payments of owned property, such as the building in Piazzale Cadorna, the commercial premises of the Milan Cadorna station lobby, the buildings in Iseo, the parking area in Novate and the depot in Solbiate Comasco.

The slight decrease of the segment EBITDA (from EUR 27.1 million to 26.2 million) in the first half of the current year (-2%) is mainly due to the higher labour costs, in spite of the lower average headcount (-5 employees).

4 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group in the first half of 2020 was 2,223, compared with an average headcount of 2,241 in the first half of the previous year. The decrease, by 0.8%, is mainly due to the retirements that took place in 2019 and in the first half of 2020 in particular for the subsidiary FERROVIENORD.

4.1 INDUSTRIAL RELATIONS

The negotiation with unions active in the company in the first half of 2020 focused on management of the COVID-19 emergency, with consequent discussion and definition of actions directed at assuring:

all measures to reduce infection risks for employees;

performance of the service for the companies engaged in providing an essential public service (FERROVIENORD and FNMA in particular), by defining ad hoc shifts compatible with the contraction of the offered service, redefining service residences and the composition of work teams that are as stable as possible, to allow physical distancing and acting in the widest possible work environments;

extension of "agile work" for all personnel with duties compatible with this working mode for all group companies.

The contraction of the offered service and the consequent reduction of the work required from operating personnel were managed using the bilateral solidarity provision for FNMA, while employing, for the other Group companies, contractual procedures negotiated with the unions, such as: attributing unused holidays and adopting a multi-period work schedule.

During the first half, moreover, an agreement was reached for FNMA in relation to the remuneration recognised during holidays.

5 MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

In carrying out its activities, the Company and the Group are exposed to external risks and uncertainties, deriving from external factors connected to the general macroeconomic context in addition to those specific to the operating segments in which the operations are carried out, to which the risks deriving from strategic choices and internal management are added.

FNM S.p.A. has developed, as an integral part of its Internal Control and Risk Management System, a risk management model whose main aim is to adopt a systematic approach to identifying the Group's priority risks, assess their potential negative effects in advance and take appropriate action to mitigate them.

Operations of the first half of 2020 did not change the risk scenarios set out in the management report attached to the separate and consolidated financial statements at 31 December 2019, to which reference should be made for further details.

6 MOST RELEVANT LITIGATION AND OTHER INFORMATION

The most relevant litigations for FNM and Group companies are summarised below. It should be noted that, also based on the opinion of appointed consultants, additional charges are not expected to those already reflected in the separate and consolidated financial statements as at 31 December 2019.

FERROVIENORD

In relation to the status of the ongoing litigation with the supplier Cogel S.p.A. under liquidation, which was noted in the management report to the financial statements as at 31 December 2019, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparties.

It should also be noted that, as a result of a positive judicial decision, the guarantee relating to these contracts was collected for an amount of EUR 0.7 million.

The judgement was concluded in the first instance with the Court of Milan decision recognising the legitimacy of all three resolutions of the contracts agreed with Cogel (also ordering the contractor to pay the Affori contract penalty equal to EUR 887,239 and make the insurance payment in the Busto contract equal to EUR 63,194). At the same time, though, it rejected the FERROVIENORD's damage claims and ordered the railway company (in relation to the Affori contract) to repay to Cogel - by way of *Restitutio ad integrum* - the value of the contract works already carried out, i.e. EUR 7,468,694.96. The decision was appealed by FERROVIENORD and on 1 February 2018 decision no. 534/2018 of the Court of Appeal was published: it confirmed Cogel's right to the value of the works, as already decided in the Court of first instance, but unlike the Court, the Court of Appeal quantified the sum due, resulting from the work progress report, as EUR 8,398,737.40 (and not EUR 7,468,694.96 as claimed by Cogel). The Court of Appeal amended the Court's judgement to the extent that it had not taken into account the fact that most of the works value executed at the time of the resolution had already been paid for by FERROVIENORD in the amount of EUR 7,087,783.68. The Court of Appeal therefore ordered FERROVIENORD to pay Cogel the residual value of the works, amounting to EUR 1,310,953.72 and not EUR 7,468,694.96 as ordered by the first Court. The Court of Appeal also confirmed the first instance judgement to the extent in which it ordered Cogel to pay the Affori penalty and the Busto Arsizio insurance. Finally, FERROVIENORD, jointly and severally with Cogel, must pay legal fees in favour of Generali Italia S.p.A., for the total amount of EUR 25,560.00 with any additional sums as required by law and flat-rate reimbursement.

The Court of Appeal's judgement was challenged by Generali Italia S.p.A. who asked for FERROVIENORD jointly and severally with Cogel or exclusively to be ordered to repay the amount of EUR 680,406.91 plus interest and revaluation (equal to the amount already paid as a guarantee). Subsequently, Cogel also challenged the same judgement requesting the recognition of default interest pursuant to Legislative Decree 231/2002 for an amount of EUR 963,369 (in addition to the legal interest already recognised in the second-degree decision in its favour).

FERROVIENORD defended the proceedings and in turn challenged the second instance judgement to, among other things, the extent in which it rejected the claim for compensation for the damages quantified as EUR 3,332,154.54. The hearing was held on 15 July 2020.

In relation to the integrated contract for the redevelopment of the Saronno-Seregno railway line, signed with the ATI (temporary grouping of companies) Salcef S.p.A. and Acmar S.p.A., FERROVIENORD was brought before the Civil Court of Milan for the order, subject to verification of the legitimacy of the reserves entered during the contract execution, of the payment of EUR 17,171,841.03 or that ascertained by the equitable assessment of the judge, with revaluation and interest. The first hearing was set for 7 May 2019 and the Company joined the proceedings to explain its defence, including the existence of a transaction, unilaterally signed by the contractor, in which the contractor was willing to accept an amount of EUR 2,516,569.68.

In two separate appeals, 41 contractor workers filed an application for the order for FERROVIENORD (acting jointly and severally) to make a contribution to INPS, respectively of EUR 99,363 and EUR 88,001 for social security contributions accrued under the procurement contract. Subsequently, five other workers also lodged appeals with two further appeals with which an additional EUR 18,294 was requested.

Having declared their lack of jurisdictional competence due to the applicants' residence, the cases were sent to the various courts of the places of residence. Currently, fourteen cases are pending, at different stages: a) in the first instance, there are four pending cases, while nine cases were adjudicated against Ferrovienord jointly and severally with Lucentissima, subject to the benefit of preventive enforcement against Lucentissima; FN appealed seven first instance decisions and will appeal the other two sentences (handed down in July 2020); b) two appeals have already ended with two decisions that, while confirming the decision against Ferrovienord and La Lucentissima, slightly reduced the amounts due to the workers.

Tax inspections and assessments

In relation to the litigation initiated with the Customs Agency, for the appeal filed by the Como Customs Agency for the reform of sentence No. 155/2016 of the Como Provincial Tax Commission, in favour of the company, filed on 20 April 2016, the public hearing for the discussion of the dispute in question, initially set for 13 September 2018, was postponed, at the parties' joint request, to 13 June 2019, in order to reach an out-of-court settlement of the dispute.

The discussion of the impugnment, following an additional postponement ordered by the Milan Regional Tax Commission, at the request of the Company and of the Customs Office, was at first

set for 12 December 2019, and subsequently for 2 April 2020. However, in view of the health emergency situation caused by the spread of the COVID-19 pandemic, the Regional Tax Commission of Lombardy ordered a further postponement of the discussion to 24 September 2020.
In the course of the discussions held with the Como Customs Agency, directed at settling the matter out of court, it was agreed to verify the full and actual payment, by FERROVIENORD, of VAT by reverse charge.
For this purpose, the Company provided the Office with the documentation necessary for a reconciliation between the invoices issued by the supplier (the Swiss company Stadler Bussnang AG) and the corresponding self-invoices issued by the Company.
Given the positive outcome of this reconciliation, FERROVIENORD submitted to the Como Customs Office a petition for nullification by internal review of the notice of assessment and correction doc. no. ASP RU 15537/14 and of the order to impose administrative penalties doc. no. ASP. RU 15550/14, to involve the Regional Directorate of the Customs Agency in the matter.
Discussions are ongoing both with the Regional Directorate of the Customs Agency and with the Central Directorate (which was tasked with handling the matter directly by the Regional Directorate because of the amounts in question and of the relevance of the question).
To date, there is no way of knowing the orientation of the involved Offices of the Customs Agency with regard to the request for nullification by internal review. Considering this and the consequent uncertainty connected with a possible continuation of the dispute, which today is pending before the appellate Judges, it is prudentially deemed appropriate to keep recognised in the financial statements the risk provision allocated in the previous years, amounting to EUR 3.7 million.

7 SIGNIFICANT EVENTS DURING THE PERIOD

On **10 March 2020**, FNM S.p.A. executed the agreements for the sale of the undersigned equity investments held in:

- Locoitalia S.r.l. (51%), a line-by-line consolidated company active in the business of leasing rolling stock for the transportation of goods: the sale of the shares held by FNM to Tenor was closed after the completion of the partial and proportional demerger of the company in Locoelettriche S.r.l., whose shares held by FNM were sold to Railpool GmbH, for a total equity value of EUR 6.0 million. FNM’s portion amounts to EUR 3.0 million;
- Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), a company consolidated with the equity method, active in the railway freight rolling stock and concession-holder for railway

operations within the Genoa harbour, to Tenor S.r.l.; the price for the shareholding was EUR 0.5 million.

These transactions resulted in an overall improvement of approximately EUR 30.8 million of the Group's Net Financial Position (including the net financial position of Locoitalia) and a consolidated capital gain of EUR 1.0 million deriving from the sale of the shareholding in Locoitalia.

On **11 March 2020**, the World Health Organisation declared the still ongoing COVID-19 epidemic to be a pandemic.

All of the Group's companies, following the contagion that occurred, promptly activated both the measures required by the instructions promulgated by the competent authorities to confront the epidemic and the initiatives to safeguard the health of personnel and of customers and to contain the economic repercussions.
In particular, with the goal of protecting workers' health, the Group, in addition to having incentivised smart-working since the start of the health emergency, also activated an extraordinary insurance coverage for the management of Coronavirus infection for all its employees, stipulating a supplemental policy able to cover the expenses tied to possible hospitalisation and to the subsequent recovery phase.

On **27 May 2020**, the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent, examined the consolidated financial statements of the FNM Group as at 31 December 2019 and resolved not to distribute a dividend and therefore to allocate the profit for the year as follows:

- EUR 1,195,648 to the legal reserve;
- EUR 9,567,856 to retained earnings,
- EUR 13,149,461 to the extraordinary reserve.

In addition, the Shareholders' Meeting approved the Report on the remuneration policy and on the compensation paid and authorised the purchase and disposal of treasury shares.

8 SIGNIFICANT EVENTS AFTER 30 JUNE 2020

On **21 July 2020**, the bond by the name of "FNM S.p.A. 2015 – 2020", issued on 21 July 2015 for EUR 58 million and subscribed in full by Finlombarda S.p.A., was repaid in full. With the same value date, the tenth and last half-yearly coupon was paid, amounting to EUR 342,484.20 and relating to the 21 January 2020 - 21 July 2020 lending period. In relation to the special Treasury management agreement stipulated with Finlombarda, the deposit of EUR 48 million was repaid by Finlombarda on 29 July 2020. By the end of the next month of September, Finlombarda will pay to FNM the interest accrued during the year 2020.

On **28 July 2020**, the Council of the Lombardy Region, controlling shareholder of the Company, in its 2020 supplementary budget law, authorised *(i)* the sale in favour of FNM (the "Transaction") of the entire equity investment held by the Lombardy Region in Milano Serravalle – Milano Tangenziali S.p.A. ("MISE"), equal to 82.4% of the share capital and, as a result, the acceptance of the purchase proposal formulated by FNM, and *(ii)* the recapitalisation of Autostrada Pedemontana Lombarda S.p.A. ("APL"), through the underwriting of a capital increase for an amount up to EUR 350 million.

Completion of the Transaction described above, in addition to allowing the diversification of the revenues of the FNM Group and an improvement of its earnings profile, will create the first infrastructural node in Lombardy based on an integrated management of rail and road mobility, with consequent optimisation of flows, enhancement of sustainable mobility and development of economies of scale within the scope of investments in technologies and innovation.

FNM's proposal, which recognises an Equity Value of EUR 519.2 million for 82.4% of the MISE share capital and a price per share of EUR 3.5, is subject to the following: (i) an irrevocable commitment by the Lombardy Region to underwrite a capital increase of APL in the amount necessary to cause, *inter alia*, APL to exit the scope of consolidation of MISE which will not participate in the aforesaid capital increase and (ii) a mutually satisfactory agreement reached by the parties on the terms of the sale agreement.

The transaction will be financed with bank credit facilities currently undergoing negotiation.

In turn, the performance of the sale agreement will be subordinated to some additional conditions precedent, including the obtainment of the authorisation by the competent Antitrust Authority and of the authorisation by the Ministry of Infrastructure and Transport, in accordance with the concession issued on 7 November 2007 between MISE and ANAS S.p.A. (now Ministry of Infrastructure and Transport).

In 2019, MISE recorded revenues of approximately EUR 249 million, EBITDA of EUR 149 million and a Net Financial Position of approximately EUR 135 million.

On **29 July 2020**, the agreement was executed and performed for the purchase of the share held in MISE, directly and indirectly, by ASTM, equal to 13.6% of the share capital[4], for EUR 85.6 million (i.e. EUR 3.5 per share).
The agreed price was paid in cash for an amount of EUR 3.2 per share (EUR 78.3 million) on the same date, using available liquidity and bank credit facilities, while the remaining EUR 0.3 per share (EUR 7.3 million) will be paid no later than 31 January 2021, the date by which the transaction is expected to be closed with the Lombardy Region.

On **30 July 2020**, the Council of the Lombardy Region resolved to accept *(i)* the proposal presented by the Parent Company in relation to the acquisition of the entire equity investment of the Lombardy Region in Milano Serravalle - Milano Tangenziali S.p.A., equal to 82.4% of the share capital; and *(ii)* the proposed exclusive agreement containing the commitment to define the contractual terms and conditions no later than four months from the date.

9 MANAGEMENT OUTLOOK

The effects of the ongoing health emergency on the FNM Group, whose businesses relating to the leasing of rolling stock and to management of the railway infrastructure were not substantially impacted by the epidemiological emergency, pertain mainly to road transport and the Trenord investee.

For road transport activities in Lombardy and in Veneto, revenues from fees provided for by the service contracts in force for all of 2020 will be paid as required by the contractual programming, on the basis of the Law of 24 April 2020, no. 27 (art. 92, paragraph 4-*bis*).

The prohibitions on mobility and circulation as well as the closure of school activities, foreseen by the regulatory provisions, have generated a significant reduction in the demand for transport and consequently in traffic revenues, the effect of which is estimated to persist also in the summer period due to the reduction of visitors and tourist activities in the city of Verona, in the Garda area and in the Venice area (where the Group operates with the companies ATV, La Linea and MartiniBus also with rental services with driver). To offset this decline, the Law of 17 July 2020, no. 77 (art. 200, paragraph 1, the “Relaunch Decree”), in order to sustain the local and regional public passenger transport service, established with the Ministry for Infrastructure and Transport a

4 The total equity investment to be purchased is held by ASTM S.p.A. for 10.704%, Autostrada Dei Fiori S.p.A. for 2.884% and SATAP S.p.A. for 0.007% of the share capital.

fund to offset the reduction of fee revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average fee revenues recorded in the same period of the previous two years.

All companies have also activated actions to contain the negative impacts of the emergency, by reducing the main cost items.

In light of the previous considerations, on the basis of a scenario of recovery of the production of transport services in full operation starting from September, together with the resumption of school activity and of an estimation of the positive effects deriving from the latest regulatory change, at present it is reasonable to improve the estimate communicated previously with respect to the Group’s revenues and adjusted EBITDA and hence to expect a high-single digit negative impact compared to the previous year.

Also in relation to the Group’s Adjusted NFP, the revised estimate calls for an improvement with respect to the previous year - before the cash outlay relating to the purchase of the shareholding in MISE held by the ASTM Group, for EUR 78.3 million - in spite of the higher investments with respect to the previous year envisioned for renewal of the fleets, as a consequence of the collection related to the sale of the equity investment in Locoitalia and to the missed outlay related to the distribution of the dividend on the year 2019, in accordance with the resolution passed by the Shareholders’ Meeting on 27 May.

In addition to having a positive adjusted net financial position by approximately EUR 30 million at 30 June 2020, the Group has a significant liquidity headroom of EUR 90 million of committed lines and approximately EUR 140 million of uncommitted lines.

Trenord - valued at equity - proceeded, starting from 24 February 2020, to revise the railway service in accordance with the promulgated regulatory provisions, which entailed a significant reduction in ticketing revenues. These effects were only partially mitigated by the regulatory interventions in support of enterprises operating in the sector of local public transport contained in the “Cure Italy” and “Relaunch” decrees, whose offsetting effects on revenues were recognised in the half-yearly situation.

Trenord operates on the basis of a service contract, which requires to ensure maintenance of economic and financial balance - in accordance with the provisions of EC Regulation 1370/2007 - through a compensation mechanism that takes into account, in addition to the difference in outflows and inflows relating to the costs and revenues of public service operations, also adequate remuneration of the capital invested.

Although the economic trend may produce negative financial effects for all of 2020, Trenord believes that the cash and cash equivalents currently available, the existing credit lines and the cash flow generated will allow it to operate in financial balance.

Milan, 31 July 2020

The Board of Directors

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE INDICATORS USED

The present document, in addition to the conventional financial statements and indicators prescribed by IFRS, presents some reclassified statements and some alternative performance indicators in order to allow a better assessment of the economic-financial performance of the Group. These statements and indicators should not be deemed to be replacements for the conventional ones prescribed by IFRS. For these quantities, the descriptions of the criteria adopted in their preparation and the appropriate notes referring to the items contained in the mandatory statements are provided in accordance with the indications of Consob Communication no. 6064293 of 28 July 2006, in Consob Communication no. 0092543 of 3 December 2015 and of the ESMA 2015/1415 guidelines for alternative performance indicators ("Non GAAP Measures").

In particular, among the alternative indicators used, the following are pointed out:

EBITDA: it represents the earnings for the period before income taxes, of the other financial income and expenses, of depreciation, amortisation and impairments of non-current assets. The Group also provides an indication of the incidence of EBITDA on net sales. The calculation of EBITDA carried out by the Group allows to compare the operating results with those of other companies, excluding any effects deriving from financial and tax components and from depreciation and amortisation, which may vary from company to company for reasons not correlated with the general operating performance.

EBITDA %: it represents the percentage of EBITDA over total revenues.

Adjusted EBITDA: it is represented by EBITDA as identified above, excluding non-ordinary expenses and income, such as:

(i) income and expenses deriving from restructuring, reorganisation and business combination;

(ii) income and expenses not directly referred to the ordinary performance of the business, clearly identified;

(iii) in addition to any income and expenses deriving from non-ordinary events and significant transactions as defined by Consob DEM6064293 communication of 28 July 2006.

With reference to the adjusted EBITDA of the first half of 2020, the following components were excluded from EBITDA:

a) non-ordinary expenses deriving from development projects, amounting to EUR 0.3 million.

There were no non-ordinary components in the first half of 2019.

Adjusted EBITDA %: it represents the percentage of adjusted EBITDA over total revenues.

EBIT: it represents the earnings for the period before the income deriving from sold/disposed assets, income taxes, financial income and expenses and the result of the companies measured at equity.

Adjusted comprehensive profit: represents the net result for the period before the result of the companies valued with the equity method.

Net Working Capital: it includes current assets (excluding cash and cash equivalents and the current financial assets included in the net financial position), and current liabilities (excluding the current financial liabilities included in the net financial position).

Net Invested Capital: it is equal to the algebraic sum of fixed capital, which includes non-current assets and non-current liabilities (excluding the non-current financial liabilities included in the net financial position) and of net working capital.

NFP (Net Financial Position): it includes cash and cash equivalents, current financial assets and current financial liabilities.

Adjusted NFP: it is represented by the net financial position as identified above, excluding the impacts of the timeline of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognised in accordance with IFRIC 12.

Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

Consolidated Condensed Interim Financial Statements as at 30 June 2020

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30.06.2020

Amounts in thousands of euros	Notes	30/06/2020	31/12/2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	397.202	409.864
Intangible assets	6	6.066	7.156
Goodwill	7	6.353	6.358
Right of use	8	16.081	8.879
Investments measured with the equity method	9	60.898	79.429
Investments in other companies	9	5.472	5.472
Financial receivables	10	2	2
Deferred Tax Assets	41	21.899	21.543
Other Receivables	15	94	82
TOTAL NON-CURRENT ASSETS		**514.067**	**538.785**
CURRENT ASSETS			
Inventories	13	8.607	8.910
Trade Receivables	14	77.949	64.619
of which: Related Parties	14	59.229	45.227
Other Receivables	15	74.357	60.612
of which: Related Parties	15	11.523	11.275
Tax receivables	16	293	280
Financial receivables	10	41.524	40.997
of which: Related Parties	10	1.524	997
Financial Receivables measured at Fair Value in profit or loss	11	48.305	48.352
of which: Related Parties	11	48.305	48.352
Receivables for funded investments	12	47.264	59.096
of which: Related Parties	12	45.267	57.099
Cash and cash equivalents	17	352.069	228.723
TOTAL CURRENT ASSETS		**650.368**	**511.589**
Assets held for sale	18		35.239
TOTAL ASSETS		**1.164.435**	**1.085.613**
LIABILITIES			
Share capital		230.000	230.000
Other reserves		7.788	7.788
Reserve for indivisible profit		203.318	172.970
Reserve for actuarial gains/(losses)		(7.220)	(7.545)
Translation reserve		114	96
Profit/(Loss) for the year		(778)	30.281
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**433.222**	**433.590**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**18.866**	**20.711**
TOTAL SHAREHOLDERS' EQUITY	**19**	**452.088**	**454.301**
NON-CURRENT LIABILITIES			
Payables to banks	20	58.067	49.780
Financial Payables	21	15.048	9.184
of which: Related Parties	21	0	2
Payables for funded investments	22	12.581	12.581
of which: Related Parties	22	6.079	6.079
Other liabilities	24	26.047	27.550
of which: Related Parties	24	11.135	12.253
Deferred tax liabilities	41	346	692
Provisions for risks and charges	25	36.977	36.977
Post-employment benefit	26	22.453	23.931
TOTAL NON-CURRENT LIABILITIES		**171.519**	**160.695**
CURRENT LIABILITIES			
Payables to banks	20	1.921	304
Financial Payables	21	96.885	94.053
of which: Related Parties	21	86.938	86.573
Payables for funded investments	22	216.608	103.818
of which: Related Parties	22	216.608	103.818
Trade payables	27	130.634	175.746
of which: Related Parties	27	3.199	3.930
Payables for taxes	28	1.095	3.181
Tax payables	28	3.400	3.775
Other liabilities	29	66.345	65.180
of which: Related Parties	29	36.638	35.762
Provisions for risks and charges	25	23.940	18.856
TOTAL CURRENT LIABILITIES		**540.828**	**464.913**
Liabilities related to assets held for sale	20		5.704
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**1.164.435**	**1.085.613**

CONSOLIDATED INCOME STATEMENT FIRST HALF 2020

Amounts in thousands of euros		Notes	1st Half 2020	1st Half 2019
Revenues from sales and services		30	118.647	133.975
	of which: Related Parties	30	87.002	88.067
Grants		31	7.886	5.311
	of which: Related Parties	31	4.258	4.031
Grants for funded investments		32	17.873	12.601
	of which: Related Parties	32	17.873	12.601
Other income		33	8.962	8.145
	of which: Related Parties	33	3.755	3.536
TOTAL REVENUES AND OTHER INCOME			**153.368**	**160.032**
Raw materials, consumables and goods used		34	(8.289)	(10.599)
Service costs		35	(29.455)	(33.106)
	of which: Related Parties	35	(3.946)	(4.056)
	of which: Non Recurring	35	(318)	-
Personnel costs		36	(57.532)	(62.326)
Depreciation and Amortisation		37	(20.150)	(20.384)
Other operating costs		38	(6.509)	(5.540)
Costs for funded investments		32	(15.551)	(11.854)
TOTAL COSTS			**(137.486)**	**(143.809)**
EBIT			**15.882**	**16.223**
Financial income		39	1.522	569
	of which: Related Parties	39	320	488
Financial expenses		40	(1.202)	(1.757)
	of which: Related Parties	40	(342)	(368)
NET FINANCIAL INCOME			**320**	**(1.188)**
Net profit of companies measured with the equity method		42	(14.133)	3.621
EARNINGS BEFORE TAX			**2.069**	**18.656**
Income tax		41	(2.806)	(4.081)
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS			**(737)**	**14.575**
NET PROFIT FROM DISCONTINUED OPERATIONS			-	-
PROFIT/(LOSS) FOR THE PERIOD			**(737)**	**14.575**
Profit/(loss) attributable to NON-CONTROLLING interest			**41**	**(213)**
Profit/(loss) attributable to Parent Company shareholders			**(778)**	**14.788**
Profit/(loss) attributable to NCIs for discontinued operations			-	-
Profit/(loss) attributable to Parent Company shareholders for discontinued operations			-	-

Earnings per share attributable to Group shareholders			
Basic earnings per share (euro)	43	(0,00)	0,03
Diluted earnings per share (euro)	43	(0,00)	0,03
Earnings per share attributable to Group shareholders for discontinued operations			
Basic earnings per share (euro)		-	-
Diluted earnings per share (euro)		-	-

OTHER CONSOLIDATED COMPREHENSIVE INCOME

Amounts in thousands of euros	Notes	30/06/2020	30/06/2019
PROFIT/(LOSS) FOR THE PERIOD		**(737)**	**14.575**
Other components of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss)	**28**	111	(2.007)
Tax effect	**14**	(31)	562
Total components that will not be reclassified in the operating result		**80**	**(1.445)**
Total components that will be reclassified in the operating result		**-**	**-**
Total companies consolidated on a line-by-line basis		**80**	**(1.445)**
Other components of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method		370	(869)
Tax effect		(108)	242
Total components that will not be reclassified in the operating result	**10**	**262**	**(627)**
Gains/(losses) arising from the translation of financial statements of foreign companies		18	4
Total components that will be reclassified in the operating result	**10**	**18**	**4**
Total companies consolidated with equity method		**280**	**(623)**
Total Other Comprehensive Income	**45**	**360**	**(2.068)**
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**(377)**	**12.507**
Comprehensive Profit/(Loss) attributable to non-controlling interest		**58**	**(601)**
Comprehensive Profit/(Loss) attributable to Parent Company shareholders		**(435)**	**13.108**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of euros	Share capital	Other reserves	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the period	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
Balance at 01.01.2019	**230.000**	**7.788**	**154.333**	**(6.474)**	**64**	**28.477**	**414.188**	**20.983**	**435.171**
Total Comprehensive Income				**(1.684)**	**4**	**14.788**	**13.108**	**(601)**	**12.507**
Allocation of 2018 profit			28.477			(28.477)	-		-
Distribution of dividends			(9.785)				(9.785)	(750)	(10.535)
Change in the scope of consolidation			5	22			27	(51)	(24)
Balance at 30.06.2019	**230.000**	**7.788**	**173.030**	**(8.136)**	**68**	**14.788**	**417.538**	**19.581**	**437.119**
Balance at 31.12.2019	**230.000**	**7.788**	**172.970**	**(7.545)**	**96**	**30.281**	**433.590**	**20.711**	**454.301**
Total Comprehensive Income				**325**	**18**	**(778)**	**(435)**	**58**	**(377)**
Allocation of 2019 profit			30.281			(30.281)	-		-
Distribution of dividends							-		-
Change in the scope of consolidation			67				67	(1.903)	(1.836)
Balance at 30.06.2020	**230.000**	**7.788**	**203.318**	**(7.220)**	**114**	**(778)**	**433.222**	**18.866**	**452.088**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of euros	Notes	30/06/2020	30/06/2019
Cash flow from operating activities		**Total**	**Total**
Profit for the period		(737)	14.575
Income tax	41	2.806	4.081
Net profit of companies measured with the equity method	42	14.133	(3.621)
Amortisation for the period of intangible assets	5	1.787	1.852
Depreciation for the period	6	16.466	17.663
Amortisation of right of use	8	1.897	788
Provisions for risks and charges	25	6.291	5.764
Releases of provisions for risks and charges	25	-	(710)
Provision for bad debts	14	56	80
Gains from disposal of property, plant and equipment	33	12	(54)
Gains from disposal of assets held for sale	35	(1.014)	-
Capital grants for the period	33	(1.882)	(1.826)
Interest income	39	(508)	(569)
Interest expense	40	1.202	1.757
Other non-monetary income	33	-	(49)
Cash flow from income activities		**40.509**	**39.731**
Net change in the provision for post-employment benefit	26	(1.367)	(1.168)
Net change in provision for risks and charges	25	(1.207)	(864)
Increase in trade receivables	14	(13.386)	(7.605)
(Increase)/Decrease in inventories	13	303	(973)
Increase in other receivables	15	(2.677)	(4.847)
Decrease in trade receivables	27	(9.467)	(2.467)
Increase in other liabilities	29	1.169	981
Payment of taxes		(7.019)	-
Net change in deferred tax assets/liabilities		35	-
Total cash flow from operating activities		**6.893**	**22.788**
Cash flow from investing activities			
Investments in intangible assets	7	(697)	(636)
Investments in owned property, plant and equipment	6	(3.624)	(15.782)
Increase/(Decrease) in trade payables for investments		(26.482)	3.102
Investments in funded rolling stock net of grants collected		114.394	(11.876)
Increase in financial receivables for services under concession	11	(15.551)	(11.854)
Decrease in financial receivables for services under concession - payments received	11	6.851	17.954
Disposal value of property, plant and equipment		95	272
Investments in Equity investments	9	-	(101)
Dividends distributed by investees measured with the equity method	9	3.796	5.840
Other changes in financial receivables	10	(114)	24
Interest income collected		577	600
Repayment of finance lease receivables	10	487	948
Change in financial receivables from assets sold		(3.464)	-
Collection from the disposal of net assets held for sale	18	32.124	-
Total cash flow from/(for) investing activities		**108.392**	**(11.509)**
Cash flow from/(for) financing activities			
Repayment of finance lease payables	21	(1.239)	(1.669)
Interest paid		(899)	(742)
Increase/(Decrease) in payables to banks	20	9.905	(608)
Interest paid on debenture loan		(301)	(365)
Increase in other financial liabilities	21	595	10.054
Dividends paid out to FNM shareholders		-	(9.785)
Dividends paid out to third parties		-	(750)
Total cash flow from/(for) financing activities		**8.061**	**(3.865)**
Liquidity generated (+)/absorbed (-)		**123.346**	**7.414**
Cash and cash equivalents at start of period	17	228.723	137.316
IFRS 5	17	-	(1.347)
Cash and cash equivalents at end of period	17	352.069	143.383
Liquidity generated (+)/absorbed (-)		**123.346**	**7.414**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2020

Note 1 General Information

Group Operations
Companies belonging to the FNM Group (hereinafter the "Group"), mainly carry out activities in the management of railway infrastructure and in the sector of passenger road transport (including sustainable mobility) and the management of Ro.Sco activities as well as central activities carried out by FNM (hereafter, also the "Parent Company" or "FNM"); in particular, section 3 of the management report, "Operating performance of business segments" analyses the activities carried out by the Group. Reference is made to Note 4 for a more detailed analysis of the effect of segment disclosure on consolidation with the equity method of investments in joint ventures operating in particular in the passenger rail transport sector, energy (consisting of the operation of the Mendrisio - Cagno power line) and of Information & Communication Technology.
The Parent FNM S.p.A., domiciled in P.le Cadorna, 14 – MILAN, is listed on the Standard Class 1 market, Milan (ISIN IT0000060886).

Foreword
These consolidated condensed interim financial statements as at 30 June 2020 were prepared in accordance with art. 154-*ter* of the Consolidated Law on Finance (TUF) as amended by Legislative Decree no. 195 of 6 November 2007, implementing Directive 2004/109/EC (also defined as "Transparency Directive") and for the purpose of providing information about the operating results, financial position and cash flows of the Company and of the Group.
They were prepared in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and they were drafted in accordance with IAS 34 - "Interim Financial Reporting", applying the same accounting standards adopted in the drafting of the consolidated financial statements as at 31 December 2019, supplemented by the standards applicable from 1 January 2020 onwards, as indicated in Note 2. The terms "IFRS" also refers to the International Accounting Standards ("IAS") still in force, as well as to all interpretation documents issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly "IFRIC") previously called Standing Interpretations Committee ("SIC").
For this purpose, the financial statement data of the consolidated investee companies were appropriately reclassified and adjusted.
Partially waiving the provisions of IAS 34, the present condensed interim financial statements contain detailed rather than summary tables, to provide a better, clearer view of the operating, capital, and financial performance during the half year.
Also provided are the accompanying notes in accordance with the disclosure required by IAS 34 with the additions deemed useful for a clearer understanding of the half-year interim financial statements.
The condensed consolidated interim financial statements as at 30 June 2020 should be read together with the consolidated financial statements prepared by FNM as at 31 December 2019.

In the condensed consolidated interim financial statements, the income and cash flow data for the half-year are compared with those of the same half-year of the previous year. The net financial position and the entries of the consolidated balance sheet as at 30 June 2020 are compared with the corresponding definitive data as at 31 December 2019.

With reference to IAS 1, the Directors confirm that in view of the Group's outlook, capitalisation and financial position, the Group continues to operate as a going concern and the consolidated condensed interim financial statements were prepared using the accounting standards of an operating group.

Note 2 Financial statement presentation, accounting standards and measurement criteria

In preparing these consolidated condensed interim financial statements as at 30 June 2020, the accounting standards and measurement criteria used were the same as those employed to prepare the consolidated financial statements as at 31 December 2019, to which reference is made for a detailed analysis.

It should be noted that the preparation of the consolidated condensed interim financial statements requires Directors to use estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities and on the disclosure of potential assets and liabilities at the date of the consolidated condensed interim financial statements. If in the future such estimates and assumptions, which are based on the best assessment on the part of the Directors, should differ from actual circumstances, they would be modified appropriately in the period in which circumstances change.

Moreover, some measuring processes, in particular the most complex ones such as the determination of any impairment losses on non-current assets, are generally carried out comprehensively only when preparing the annual financial statements, when all information that may be necessary is available, barring cases in which there are impairment indicators requiring an immediate assessment of any impairments.

The Covid-19 pandemic, in view of its intensity and unpredictability, is an external factor for a potential assumption of impairment. For this reason, the Directors decided to update the valuations on impairment tests.
In particular, the impacts of the pandemic on the businesses pertaining to the road transport segment, for the ATV and La Linea CGU and to the passenger rail transport, through the Trenord investee, made it deem necessary to carry out specific tests on the recoverability of the value of the assets in accordance with IAS 36 “Impairment of Assets”.
The Directors developed an impairment test, carried out by an independent expert, in order to verify the recoverability of net invested capital allocated to the reference CGU, including intangible assets identified during PPA and residual goodwill as described in Notes 7 and 9 below.

In addition, in the reference half year there were no transfers between the various levels of the hierarchical fair value scale used to measure the fair value of financial instruments, nor were any changes made in the classifications of the financial assets with respect to those as at 31 December 2019.

IFRS accounting standards, amendments and interpretations adopted from 1 January 2020
The following IFRS accounting standards, amendments and interpretations were adopted for the first time by the Group, starting from 1 January 2020:

- On 31 October 2018, the IASB published the document “*Definition of Material (Amendments to IAS 1 and IAS 8)*”. The document introduces an amendment to the definition of “material” contained in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The purpose of this amendment is to make the definition of “material” more specific and to introduce the concept of “obscured information” along with the concepts of omitted or misstated information already contained in the amended two standards. The amendment clarifies that information is “obscured” if described in such a way as to have - for primary uses of general-purpose financial statements - an effect similar to that produced if such information had been omitted or misstated.
  The adoption of this amendment did not have any effects on the consolidated condensed interim financial statements of the Group.

- On 29 March 2018, the IASB published an amendment to "*References to the Conceptual Framework in IFRS Standards*".
  The Conceptual Framework defines the fundamental concepts for financial disclosure and guides the Board in the development of IFRS standards. The document helps in guaranteeing that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information to investors, lenders and other creditors.
  The Conceptual Framework supports enterprises in the development of accounting standards when no IFRS standard is applicable to a particular transaction and, more in general, it helps the involved parties to understand and interpret the Standards.

- On 26 September 2019, the IASB published the amendment entitled "*Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*". The same amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment modifies some of the requirements for hedge accounting, providing temporary waivers thereof, in order to mitigate the impact deriving from the uncertainty of the IBOR reform (still ongoing) on future cash flows in the period preceding its completion. The amendment further imposes to companies to provide in their financial statements additional information about their hedges that are directly affected by the uncertainties generated by the reform and to which the above mentioned waivers apply.
  The adoption of this amendment did not have any effects on the consolidated condensed interim financial statements of the Group.

- On 22 October 2018, the IASB published the document "*Definition of a Business (Amendments to IFRS 3)*". The document provides some clarifications of the definition of a business for the purpose of adopting IFRS 3. In particular, the amendment clarifies that while a business usually produces output, the presence of output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of a business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. For this purpose, the IASB has replaced the wording "ability to create outputs" with the wording "ability to contribute to creating outputs" to clarify that a business may exist also without the presence of all inputs and processes necessary to create outputs.
  The amendment also introduced an optional test ("concentration test"), which allows to exclude the presence of a business if the price paid can substantially be referred to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets after 1 January 2020, but early adoption is permitted.
  The adoption of this amendment did not have any effects on the consolidated condensed interim financial statements of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early by the Group as at 30 June 2020

As at 30 June 2020, no IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, but not yet mandatorily applicable as at 30 June 2020, had been issued.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reference date of the present consolidated condensed interim financial statements, competent bodies of the European Union had not completed the approval process necessary to adopt the amendments and standards described below.

- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts which is to replace IFRS 4 – Insurance Contracts.
  The purpose of the new standard is to guarantee that an entity provides relative information which faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework, in order to consider all types of insurance contract, including reinsurance contracts, held by an insurance undertaking.
  The new standard also establishes requirements for presentation and disclosure in order to improve comparability between entities belonging to this sector.
  The new standard measures an insurance contract based on a General Model or a simplified version of this model called the Premium Allocation Approach ("PAA").
  The main characteristics of the General Model are:
    - estimates and assumptions of future cash flows are always current;
    - the measurement reflects the time value of money;
    - estimates are based on an extensive use of observable market information;
    - a current and explicit measurement of risk exists;
    - expected profit is deferred and aggregated in groups of insurance contracts on initial recognition; and,
    - expected profit is recognised in the contract coverage period, considering adjustments arising from changes in assumptions concerning cash flows relative to each group of contracts.

  The PAA requires the measurement of the liability for the remaining coverage of a group of insurance contracts on condition that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage of one year or less are automatically suitable for the PAA. The simplifications arising from the adoption of PPA do not apply to the measurement of liabilities for claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to pay or receive is expected within one year from the date when the claim was made.
  The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a *discretionary participation feature* (DPF).
  The standard applies starting from 1 January 2023 but early adoption is permitted, only for entities that adopt IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The Directors do not expect the adoption of these amendments to have a significant effect on the consolidated condensed interim financial statements of the Group.

- On 23 January 2020, the IASB published an amendment entitled "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The purpose of the document is to clarify how to classify payables and other short-term or long-term liabilities. The amendments apply from 1 January 2022, but the IASB has issued an exposure draft to postpone their entry into force to 1 January 2023; however, early adoption is allowed. The Directors do not expect the adoption of these amendments to have a significant effect on the consolidated condensed interim financial statements of the Group.

- On 14 January 2020, the IASB published the following amendments:
    - *Amendments to IFRS 3 Business Combinations*: the purpose of the amendments is to revise the reference present in IFRS 3 to the Conceptual Framework in the revised version, without thereby entailing amendments to the provisions of IFRS 3.
    - *Amendments to IAS 16 Property, Plant and Equipment*: the purpose of the amendments is to prohibit deducting from the cost of an item of property, plant and equipment any

proceeds from selling items produced while testing that asset. These sale revenues and the related costs will therefore be recognised in the income statement.

  - *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that in assessing whether a contract is onerous, all costs directly relating to the contract should be considered. Consequently, the assessment of whether a contract is onerous includes not only incremental costs (for example, the cost of the direct material employed in the work processes), but also all costs which the enterprise cannot avoid because it has stipulated the contract (for example, the portion of the labour cost and of the depreciation of the machinery used for the performance of the contract).
  - *Annual Improvements 2018-2020*: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022. The Directors do not expect the adoption of these amendments to have a significant effect on the consolidated condensed interim financial statements of the Group.

- On 28 May 2020 the IASB published an amendment entitled "*Covid-19 Related Rent Concessions* (*Amendment to IFRS 16*)". The document allows lessees to account for Covid-19 related rent concessions without having to assess, through contract analysis, whether the definition of lease *modification* of IFRS 16 is met. Therefore, the lessees who opt to do so may account for the effects of the rent concessions directly in the income statement as at the effective date of the concession. Although this amendment is applicable to financial statements starting on 1 June 2020, with early adoption allowed for financial statements starting as at 1 January 2020, it has not yet been endorsed by the European Union, and therefore it was not adopted by the Group as at 30 June 2020.

- On 28 May 2020 the IASB published an amendment entitled "*Extension of the Temporary Exemption from Applying IFRS 9* (*Amendments to IFRS 4*)". The amendments allow to extend the temporary exemption of IFRS 9 adoption to 1 January 2023. These amendments will enter into force on 1 January 2021. The Directors do not expect the adoption of these amendments to have a significant effect on the consolidated condensed interim financial statements of the Group.

Note 3 Scope of consolidation

The scope of consolidation includes the financial statements as at 30 June 2020 of FNM S.p.A., its subsidiaries, the companies over which a joint control is exercised and those companies over which significant influence is exercised.

As stated in paragraph 1 of the management report, the scope of consolidation of the Group changed compared to 31 December 2019, because on 10 March 2020 FNM S.p.A. executed the agreements for the sale of the equity investments held in Locoitalia S.r.l. (51%) - a company consolidated line by line, active in the lease of rolling stock for cargo transport - and in Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), a company consolidated with the equity method, active in the railway freight rolling stock and concession-holder for railway operations within the Genoa harbour.

On 10 June 2020, as a result of the sale of shares from FNM S.p.A. to FERROVIENORD S.p.A., the company NORD_ING S.r.l. is wholly owned directly by FERROVIENORD S.p.A. This change did not entail any changes to the scope of consolidation.

Subsidiaries are considered to be those over which the Group has the power to exercise control, i.e. it simultaneously has the following three factors: (a) has power; (b) is exposed to, or has the rights to, variable returns arising from its involvement with said entity; (c) has the capacity to use power to influence the amount of such variable returns.

Consolidation of the subsidiaries is carried out with the full line-by-line consolidation method.

With this method, the total amount of assets, liabilities, costs and revenues is recorded (regardless of the scale of the investment held) and the portion of shareholders' equity and result for the period are attributed to non-controlling interest, in specific items of the consolidated financial statements.

Intergroup transactions and profit not realised between Group companies are eliminated.
Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment loss of the asset.

As regards procedures for the accounting of joint ventures, FNM, in preparing consolidated interim and annual financial disclosure, measures the joint venture investees Trenord S.r.l. (and its investee TILO S.A.), NordCom S.p.A., NORD ENERGIA S.p.A. (and the subsidiary CMC MeSta S.A.), SeMS S.r.l. in liquidation, Omnibus Partecipazioni S.r.l. and Conam S.r.l. with the "equity method".
Associates DB Cargo Italia S.r.l. and ASF Autolinee S.r.l. were also recognised by applying the "equity method".

Joint ventures are companies in which the Group exercises joint control with another investor and there are contractual or shareholder agreements for equal management of the activity. In joint ventures (identified in Attachment 1 to the present notes) operate in different sectors from the operating segments of the Group and their activities are developed with a specialist partner, with whom financial, managerial and strategic decisions are shared, also backed up by partner agreements in which equal joint control of the investees is established, even when FNM holds the majority of voting rights, as in the case of the investees NordCom S.p.A. and NORD ENERGIA S.p.A.

The economic results of joint ventures or associates are therefore recognised in the consolidated income statement under the item "Net profit of companies measured with the equity method" (Note 42).
Reference is made to Attachment 1 for information on the list of companies included in the scope of consolidation, their registered office, percentages held, type of control and consolidation method adopted.

Note 4 Comprehensive consolidated income statement by sector

With reference to the Group's business segments, the following three sectors can be identified:

- management of railway infrastructure: this includes maintenance, design and construction of new facilities carried out on the railway infrastructure obtained under concession from the Lombardy Region. The consideration for carrying out this activity is defined in the "Service Contract" while the "Planning Agreement" regulates the investments directed at modernising and enhancing the network, both stipulated with the Lombardy Region in 2016 and subsequently supplemented. From 2019, the segment also includes the terminal management activity;
- passenger road transport: it refers to the Local Public Transport service performed with owned bus fleets in three provinces in Lombardy (Varese, Como and Brescia), of Veneto and in the city of Verona, in addition to the electric car sharing services in Lombardy. As part of these activities, the Group realised revenues from the sale of tickets, payments for sub-contracts, regional grants for activities carried out in the provinces of Varese and Brescia and payments for the service contract in the city and province of Verona, and in the province of Como, and from agreements with municipal administrations and private enterprises with regard to the car-sharing business;

- <u>lease of rolling stock and management of the centralised services</u> (Rosco & Services): the Parent Company FNM is active in *(i)* the hire of rolling stock with an owned fleet of 63 trains and 26 locomotives, to investees operating in the local public transport and freight transport sectors, *(ii)* the provision of administration services to own subsidiaries and *(iii)* management of the Group's property portfolio. This segment also comprises the business sectors of joint venture investees, valued at "equity", contributing to net profit for the year under "Net profit of companies measured with the equity method", the most significant of which relates to the "Passenger rail transport" activities as part of Local Public Transport carried out by the joint venture Trenord S.r.l. in the Lombardy Region. As part of this activity, the Group realised revenues from the Service Contract stipulated with the Lombardy Region for provision of the transport service, and revenues from the sale of tickets.

The following tables show the income statement figures of the Group in relation to the three business sectors described above.

First half 2020	**Railway infrastructure management**	**Road passenger transport**	**Rosco & Services**	**Eliminations**	**Total from continuing operations**
Revenues from third parties	58.359	42.094	35.042		**135.495**
Intersegment sales	2.638	2.627	6.178	(11.443)	
Grants for funded investments	17.873				**17.873**
Segment revenues	78.870	44.721	41.220	(11.443)	**153.368**
Costs to third parties	(51.134)	(43.564)	(27.237)		**(121.935)**
Intersegment purchases	(7.816)	(2.692)	(935)	11.443	
Costs for funded investments	(15.551)				**(15.551)**
Segment costs	(74.501)	(46.256)	(28.172)	11.443	**(137.486)**
Operating income	**4.369**	**(1.535)**	**13.048**		**15.882**
Net financial income	55	(95)	360		**320**
Net profit of companies measured with the equity method					**(14.133)**
Earnings before tax					**2.069**
Taxes					**(2.806)**
Result for the year from continuing operations					**(737)**
Result from discontinued operations					
Operating result					**(737)**

First half 2019	Railway infrastructure management	Road passenger transport	Rosco & Services	Eliminations	Total from continuing operations
Revenues from third parties	56.864	55.242	35.325		**147.431**
Intersegment sales	2.985	3.083	6.031	(12.099)	
Grants for funded investments	12.601				**12.601**
Segment revenues	72.450	58.325	41.356	(12.099)	**160.032**
Costs to third parties	(48.918)	(55.952)	(27.085)		**(131.955)**
Intersegment purchases	(8.075)	(3.102)	(922)	12.099	
Costs for funded investments	(11.854)				**(11.854)**
Segment costs	(68.847)	(59.054)	(28.007)	12.099	**(143.809)**
Operating income	**3.603**	**(729)**	**13.349**		**16.223**
Net financial income	(51)	(141)	(996)		**(1.188)**
Net profit of companies measured with the equity method					**3.621**
Earnings before tax					**18.656**
Taxes					**(4.081)**
Result for the year from continuing operations					**14.575**
Result from discontinued operations					
Operating result					**14.575**

Transactions between sectors take place at arm’s length.
The management uses the EBIT as a measurement to evaluate the performance of the segments.
In the reference half-year, no significant changes were noted in the capital and financial structure on the operating sectors commented above with respect to 31 December 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 5 Property, Plant and Equipment

At 1 January 2020, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

Description	01.01.2020		
	Historical cost	Accumulated depreciation	Book value
Land and buildings	52.756	(17.276)	35.480
Plant and machinery	185.668	(142.654)	43.014
Industrial and commercial equipment	10.974	(9.877)	1.097
Other assets	571.974	(258.594)	313.380
Assets in the course of construction and advances	16.893		16.893
Total property, plant and equipment	**838.265**	**(428.401)**	**409.864**

Changes for the first half of 2020 are shown below:

Description	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Assets in the course of construction and advances	Total
Net Value as at 01.01.2020	**35.480**	**43.014**	**1.097**	**313.380**	**16.893**	**409.864**
Investments financed with own funds	20	606	76	1.260	1.662	**3.624**
Transfers gross value	8	1.423	23		(1.454)	
Divestments: Gross disposals	(100)	(1.801)		(56)		**(1.957)**
Divestments: Use of Accumulated Depreciation		1.794		56		**1.850**
Depreciation Rates	(490)	(3.551)	(182)	(11.955)		**(16.178)**
Net Value as at 30.06.2020	**34.918**	**41.485**	**1.014**	**302.685**	**17.101**	**397.203**

Therefore, as at 30 June 2020, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

Description	30.06.2020		
	Historical cost	Accumulated depreciation	Book value
Land and buildings	52.684	(17.766)	34.918
Plant and machinery	186.183	(144.698)	41.485
Industrial and commercial equipment	11.073	(10.059)	1.014
Other assets	573.178	(270.493)	302.685
Assets in the course of construction and advances	17.101		17.101
Total property, plant and equipment	**840.219**	**(443.016)**	**397.203**

Land and buildings
The change of this item in the period was mainly determined by the recognition of the accrued depreciation rates.

Plant and machinery
The increases in “Plant and machinery” (EUR 606 thousand) pertain mainly to the commissioning of 2 new buses and minibuses, for EUR 475 thousand (with related on-board equipment).
Transfers from “Assets in the course of construction and advances” to the registration of 6 buses for EUR 437 thousand.
The disposals of the period refer entirely to the sale of fully depreciated buses that can no longer be used.
The item also decreased as a result of the recognition of the accrued depreciation rates for the period.

Depreciation for the period does not include EUR 287 thousand related to Locoitalia depreciation, reclassified in assets held for sale, as the company was sold on 10 March 2020.

Industrial and commercial equipment

The item increased due to the purchase of equipment used for railway infrastructure maintenance and decreased due to the recognition of the depreciation rates of the period.

Other assets

"Other assets" comprise rolling stock, motor vehicles and leased assets (operating leases).
The increase in the half-year, equal to EUR 1,260 thousand, pertains mainly to the surrender of 8 DE 520 locomotives (EUR 1,174 thousand).

Assets in the course of construction and advances

The increases refer mainly to the advances paid for the supply of 2 diesel - electric locomotives (EUR 842 thousand), for revamping work on the DE 520 locomotives (EUR 263 thousand), for the purchase of a new bus (EUR 238 thousand) for the construction of the car park adjacent to the Milano Affori station (EUR 143 thousand).

Transfers concern the items referred to above.

If property, plant and equipment had been recognised net of related capital grants per Note 24 and Note 29, the effect on the consolidated condensed interim financial statements as at 30 June 2020 would have been the following:

1st Half 2020	Book value	Grant	Net value less the grant
Land and buildings	34.918	(6.178)	28.740
Plant and machinery	41.485	(17.965)	23.520
Industrial and commercial equipment	1.014		1.014
Other assets	302.685	(2.839)	299.846
Assets in the course of construction and advances	17.101		17.101
Total property, plant and equipment	**397.203**	**(26.982)**	**370.221**

Grants for funded investments

The adoption of IFRIC 12 meant that investments made in infrastructure and rolling stock, entirely financed by the Lombardy Region, are not shown among tangible assets, but, as required by IFRIC 12, are charged to costs for the year. For comments on this item, please refer to Note 32.

Note 6 Intangible Assets

At 1 January 2020, intangible assets comprised the following:

Description	01.01.2020		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	930		930
Other	30.788	(24.679)	6.109
Non-compensated assets	46.140	(46.023)	117
Total intangible assets	**77.858**	**(70.702)**	**7.156**

Changes for the first half of 2020 are shown below:

Description	Assets in the course of construction and advances	Other	Non-compensated assets	Total
Net Value as at 01.01.2020	**930**	**6.109**	**117**	**7.156**
Acquisitions	457	240		**697**
Transfers	(358)	358		
Depreciation Rates		(1.785)	(2)	**(1.787)**
Net Value as at 30.06.2020	**1.029**	**4.922**	**115**	**6.066**

As at 30 June 2020, intangible assets therefore comprised the following:

Description	30.06.2020		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	1.029		1.029
Other	31.386	(26.464)	4.922
Non-compensated assets	46.140	(46.025)	115
Total intangible assets	**78.555**	**(72.489)**	**6.066**

Assets in the course of construction and advances

Increases in "Assets in the course of construction and advances", equal to EUR 457 thousand, refer mainly to the activation of the SAP modules for intercompany reconciliations and consolidation for EUR 164 thousand, to the upgrade of the BW SAP module, managed by FNM and used by Trenord, for EUR 114 thousand, to the activation of additional modules of the SAP PO management software, managed by FNM and used by Trenord for EUR 61 thousand, to the activation of additional modules of the SAP HR management software for EUR 31 thousand.

During the half-year, since the design activities had been completed, with the utilisation of the implemented modules, a transfer was made from the category in question to "Other non-current assets" of the costs incurred in 2019 in relation to the creation of the new Intranet platform for EUR 96 thousand, to additional SAP modules that FNM uses in the administrative service for EUR 73 thousand, to the aforesaid SAP management software managed by FNM and used by Trenord for EUR 62 thousand, to additional modules of the SAP HR management software for EUR 15 thousand.

Other

The increase in the half-year, amounting to EUR 240 thousand, refers mainly to the additional modules of the SAP management software, managed by FNM and used by Trenord S.r.l., for EUR 91 thousand, to additional SAP modules used by FNM in the administrative service for EUR 34 thousand and to the development of the management software for railway traffic management for EUR 24 thousand.

Non-compensated assets

The adoption of IFRIC 12 requires non-compensated assets (comprising railway lines to hand over at the end of the concession for which the transport service is provided) to be classified as "Intangible assets". Amortisation charge, equal to EUR 2 thousand, is calculated based on the duration of the concession, renewed in 2016 up to 31 October 2060.

The effects of the COVID-19 pandemic were an impairment indicator that required the execution of specific impairment tests, as described in the "Goodwill" section, to which reference is made.

Note 7 Goodwill

Goodwill recognised refers to the subsidiaries indicated below:

Description	01/01/2020	Changes in 2020			30.06.2020
		Increases	(Impairment)	Reclassification	
Locoitalia S.r.l.	5			(5)	
Azienda Trasporti Verona S.r.l.	3.627				3.627
La Linea S.p.A.	2.726				2.726
Total Goodwill	**6.358**			**(5)**	**6.353**

As regards the goodwill of ATV, following purchase price allocation activities carried out following the acquisition of the investment (2 May 2017), as defined by IFRS 3 (revised) and IAS 38, an amount of EUR 5,501, including the goodwill recognised for the subsidiary La Linea 80, was recognised. Goodwill was written down by EUR 1,874 thousand in 2018, as a result of the impairment test.

The goodwill recognised for the subsidiary La Linea derives from the difference between the price paid and the fair value of the investment, following purchase price allocation activities at the date of acquisition of the investment (1 January 2018).

In light of the considerations of Note 2 above, the Directors had an independent expert carry out impairment testing in order to verify the recoverability of net invested capital allocated to the reference CGU, including intangible assets identified during PPA and residual goodwill as described below.

Impairment Test

Goodwill of ATV

A.T.V., in a capacity as contractor, provides public road transport services in the municipalities of Verona and Legnago and extra-urban services throughout the province of Verona.

Pending the expiry of the current service contract, originally set to 30 June 2019, and then extended to 31 December 2020, on 6 December 2017 the Provincial Council of Verona approved the proposal for an expression of interest to take part in the public tender for the award of the local public transport service (TPL) for a contract duration of 7 years, with the possibility of renewal for a further two years. This proposal refers to two separate lots that may be awarded separately (1. urban and sub-urban network of Verona 2. extra-urban, provincial and urban network of Legnago). On 11 January 2018, the investee filed an appeal with the TAR (Regional Administrative Court) against the tender and relative resolution of the Provincial Council of Verona, concerning the type of tender planned and division in lots. The date of the first hearing still has to be set.

On 30 July 2020, Directors approved a new multi-year business plan for the 2020-2030 time interval, which considers the economic impacts of COVID-19 for the years 2020 - 2022, with normalisation expected from 2023 onwards. Expected future cash flows used in the impairment exercises are taken from the multi-year plan for 2020-2030. This period assumes an extension of the current service contract until 31 December 2023 and then from 2024 the award of the tender for a period of seven years until 31 December 2030. This plan includes assumptions of evolution of revenues and costs on the basis of historical trends and without introduction of expected efficiency-improving effects of the operating leverage that are reasonably achievable. The economic-financial forecasts contained in the plan prepared by ATV management and taken as references for impairment testing do not include the case of separate award of the local public transport service on two lots. As previously indicated, the investee appealed against the decision taken by the provincial council of Verona, as it does not consider the possibility of dividing the local public transport catchment area into two separate lots a consistent approach.

The evaluation analysis did not consider an alternative scenario wherein the tender is not awarded, but rather a single scenario of tender award consistently with the formulation of the plan. The going concern assumption was adopted, estimating terminal value at 2031 under the same contractual conditions assumed in the plan (at 2030).

At the end of the period of the plan, continuation of the service was deemed more probable than liquidation of the company, in consideration of the current market positioning of the subsidiary in the reference economic context.

The rate used to discount cash flows determined as above is equal to 5.45% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies.
The growth rate estimated for the period beyond the plan timeframe, equal to 1%, is in line with the inflation rate expected for Italy for 2023, considering a rate consistent with expectations for growth in the sector and the reference area, as well as assumptions relative to future flows beyond the plan timeframe (2031). Among the assumptions used, of note is an average fee increase of 10% in 2022 applied to all traffic revenues, which is a reasonable increase considering also fee stability for approximately the past eight years. From 2023 onwards, the assumed production and base fee (for each lot) are consistent with what is provided today by the tender procedure. Also envisaged are functional investments to make the fleet consistent with the prescriptions of the assumed tender regulations started from 2024.

The impairment test developed according to the above methodology confirmed the carrying amount at which goodwill is recognised in the consolidated financial statements, assuring a cover of EUR 348 thousand.
Sensitivity analysis was carried out considering both a change in the WACC discount rate and in the g-rate, as set out below:

Sensitivity Analysis al WACC e al g rate dell'impairment di ATV						
		WACC				
		5,45%	**5,95%**	**6,45%**	**6,95%**	**7,45%**
g rate	**-1,00%**	(3,88)	(6,68)	(9,10)	(11,20)	(13,04)
	-0,50%	(1,94)	(5,09)	(7,77)	(10,09)	(12,10)
	0,00%	0,35	(3,23)	(6,25)	(8,82)	(11,03)
	0,50%	3,10	(1,04)	(4,47)	(7,35)	(9,81)
	1,00%	6,47	1,60	(2,36)	(5,64)	(8,40)

The break-even WACC that leads to a cover value of zero is 5.49%.

Goodwill of La Linea

For the purposes of the impairment test per IAS 36 the recoverable value of goodwill was carried out at the level of a single CGU which comprises La Linea plus Martinibus, the two companies constitute a single CGU on which goodwill recoverability is tested.
Expected future cash flows used in the analysis are taken from the consolidated long-term plan approved on 30 July 2020, by directors of the investee for the 2020-2030 period, developed according to "inertial" logic, with progressive recovery of the impacts due to COVID-19. This plan does not call for development in catchment areas other than those currently serviced following the possible award of contracts and includes the assumption that current activities will continue in their current scope, with the sole exclusion of the Padua catchment area, for which subcontracting is assumed to stop from 2021 onwards. In addition, the COVID-19 effect is expected to be overcome from 2021 onwards.
Considering that IAS 36 imposes a maximum limit of five years for the explicit forecast period (unless there are valid reasons to extend the forecast time horizon), for the estimation of value in use a forecast period of 2020-2024 was considered, with terminal value estimate in 2025.
The rate used to discount cash flows determined as above is equal to 5.45% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. A growth rate equal to zero is indicated for the period after the plan timeframe.

Impairment testing, carried out based on the above methodology, did not uncover impairment situations, detecting a test cover of EUR 1,524 thousand.

Sensitivity analysis was carried out considering both a change in the WACC discount rate and g-rate growth rate in the calculation of the terminal value, from which no critical aspects related to a possible impairment of the carrying amount of goodwill were identified, as shown below:

Sensitivity Analysis al WACC e al g rate dell'impairment di La Linea						
		WACC				
		5,45%	5,95%	6,45%	6,95%	7,45%
g rate	-1,00%	0,59	(0,07)	(0,63)	(1,13)	(1,57)
	-0,50%	1,01	0,28	(0,34)	(0,89)	(1,36)
	0,00%	1,52	0,69	(0,01)	(0,61)	(1,13)
	0,50%	2,12	1,17	0,38	(0,30)	(0,87)
	1,00%	2,87	1,75	0,84	0,08	(0,57)

The break-even WACC that leads to a cover value of zero is 6.45% and a g-rate of -1.85%.

Note 8 Right of use

As 1 January 2020, the item "Right of use", recognised upon adoption of IFRS 16, was broken down as follows:

Description	01.01.2020		
	Historical cost	Accumulated depreciation	Net Value
Right of use - software	68	(38)	30
Right of use - buildings	7.481	(1.255)	6.226
Right of use - plant and machinery	2.332	(311)	2.021
Right of use - other assets	1.114	(512)	602
Total right of use	**10.995**	**(2.116)**	**8.879**

Changes for the first half of 2020 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - plant and machinery	Right of use - other assets	Total
Net Value as at 01.01.2020	**30**	**6.226**	**2.021**	**602**	**8.879**
Acquisitions		111	987	4.908	6.006
Depreciation Rates	(18)	(646)	(385)	(848)	(1.897)
Closing of contracts Historical Cost	(11)			(428)	(439)
Closing of contracts Fund	11			428	439
Change in the scope of consolidation Historical Cost				3.179	3.179
Change in the scope of consolidation Accumulated Depreciation				(86)	(86)
Net Value as at 30.06.2020	**12**	**5.691**	**2.623**	**7.755**	**16.081**

Therefore as at 30 June 2020, "Right of use" comprised the following:

Description	30.06.2020		
	Historical cost	Accumulated depreciation	Net Value
Right of use - software	57	(45)	12
Right of use - buildings	7.592	(1.901)	5.691
Right of use - plant and machinery	3.319	(696)	2.623
Right of use - other assets	8.773	(1.018)	7.755
Total right of use	**19.741**	**(3.660)**	**16.081**

The acquisitions of the period relate to the execution of new contracts at the extension of existing contracts.

"Right of use - Other assets" comprises, for EUR 8,074 million, the lease of 4 Bombardier TRAXXF140 DC3 locomotives, whose contractual expiration was extended in March 2020 from 31 December 2022 to 31 December 2025.

Note 9 Equity Investments

The changes in the first half of 2020 are broken down as follows:

Description	01.01.2020 Book Value	Changes				30.06.2020 Book Value
		Increases Decreases	Operating result	Translation reserve	Reserve for actuarial gains/(losses)	
Equity investments in joint ventures:						
Trenord Srl	43.266		(15.927)	18	280	27.637
NordCom SpA	7.518		(399)		(2)	7.117
Nord Energia SpA	13.239	(3.796)	1.213		3	10.659
SeMS Srl	148		53			201
Omnibus Partecipazioni Srl	6.244	(900)	110			5.454
Conam S.r.l.	176		17		(1)	192
Total equity investments in joint ventures	**70.591**	**(4.696)**	**(14.933)**	**18**	**280**	**51.260**
Equity investments in associates:						
DB Cargo Italia S.r.l.	8.487		800			9.287
Autotrasporti Pasqualini S.r.l.	181					181
Servizi Trasporti Interregionali S.p.A.	170					170
Total equity investments in associates	**8.838**		**800**			**9.638**
Total equity investments	**79.429**	**(4.696)**	**(14.133)**	**18**	**280**	**60.898**
Other equity investments:						
Consorzio ELIO	4					4
ATAP	2					2
STECAV	2					2
Rete Fidi Liguria Società Consortile						
Azienda Trasporti Veneto Orientale S.p.A.	5.272					5.272
Fondazione ATV	99					99
Aeroporto Valerio Catullo di Verona Villafranca	40					40
Fap SpA	39					39
Cosmo Scarl	7					7
Trasporti Brescia Nord	3					3
Sviluppo Artigiano	2					2
Imprese Artigiane Soc. Coop.	2					2
Total equity investments in other companies	**5.472**					**5.472**
Total equity investments	**84.901**	**(4.696)**	**(14.133)**	**18**	**280**	**66.370**

Changes in the half-year relating to the "Reserve for actuarial gains/losses" refer to the effect of measurement using the "equity" method on the change in actuarial gains and losses recognised in the financial statements of joint ventures directly in the Statement of Comprehensive Income, in accordance with IAS 19.

The main changes in the half-year, other than from the recognition of the contribution to the consolidated condensed interim financial statements arising from profit for the half-year and the above-mentioned components of "Reserve for actuarial gains/losses" are reported below:

Trenord S.r.l.

The item "Translation reserve", positive for EUR 18 thousand, is due to the translation into euro of the financial statements of the investee TILO S.A., which prepares its financial reporting using the Swiss franc as the money of account.

The translation was carried out adopting an average exchange rate for the period (equal to 1.06392) to income statement items, and the spot exchange rate at 30 June (1.06510) to assets and liabilities.

The impact of COVID-19 on operations and on the business performance of the investee was a trigger event, which in accordance with IAS 36, required a test of the recoverability of the carrying amount of the equity investment.

The impairment test was developed using the economic-financial projections for the 2020-2024 time interval approved by the Board of Directors of Trenord on 23 June 2020, which the management of the investee projected out to 2030 to highlight the worsening of the results implied in the fee system of the Service Contract with expiration in 2030. More specifically, the Trenord management developed four scenarios that reflected the different combination of key circumstances outside the management's control, able to significantly affect the performance of the investee in the short and medium term, related to passengers' demand, to traffic revenues, to alternative solutions to offset revenue contraction within the scope of the Service Contract, keeping the other elements (operating plan, operating costs, investments, etc.) stable without incremental and/or innovative effects. For the purposes of the impairment test only the most prudent scenario was considered.
In the scenario used, for the year 2020, to mitigate the expected loss of traffic revenues, the government contributions provided by the "Cure Italy" Decree are recognised for EUR 37 million along with those of the Relaunch Decree, whose portion pertaining to Trenord was estimated at EUR 40 million.
Among the other assumptions at the basis of the exercise approved by the Board of Directors of the investee, of note is the provision for the extension of the Service Contract (CdS) to 2021 and the stipulation of the new CdS in 2022.
The explicit forecast horizon used spans the years from 2020 to 2030. The current Service Contract will expire on 31 December 2020. On the Official Journal of the European Union (OJEU), on 27 December 2019 the Lombardy Region published the notice of pre-information for the award of the public rail transport service to Trenord for the period from 1 January 2021 to 31 December 2030. Since the pre-information notice related to the award to Trenord was published, no alternative scenario was considered wherein the tender is not awarded, but rather a single scenario of tender award consistently with the projections. In addition, the going concern assumption was made with estimate of the terminal value at 2031 projecting an EBITDA flow equal to the 2021-2030 average and EBIT obtained subtracting depreciation and amortisation, assumed to be equal to the investments, from the average EBITDA.

At the end of the period of the plan, continuation of the service was deemed more probable than liquidation of the company, in consideration of the current market positioning of the investee in the reference economic context.

The rate used to discount cash flows determined as above is equal to 7.13% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. A growth rate equal to zero is indicated for the period after the plan timeframe.

Impairment testing, carried out based on the above methodology, did not uncover impairment situations, detecting a test cover of EUR 11,860 thousand.

Sensitivity analysis was carried out considering both a change in the WACC discount rate and g-rate growth rate in the calculation of the end value from which no critical issues emerged, as set out below:

Sensitivity Analysis al WACC e al g rate dell'impairment di Trenord						
		WACC				
		7,13%	7,63%	8,13%	8,63%	9,13%
g rate	-1,00%	34,70	29,90	25,50	21,60	18,00
	-0,50%	37,00	31,80	27,10	23,00	19,20
	0,00%	39,50	33,90	28,90	24,50	20,50
	0,50%	42,50	36,40	31,00	26,20	22,00
	1,00%	45,90	39,20	33,30	28,20	23,60

The break-even WACC that leads to a cover value of zero is 12.82% and a g-rate of -10%.

NORD ENERGIA S.p.A.
The decrease in the investment, equal to EUR 3,796 thousand, was due to the distribution of the dividend by the investee.

Omnibus Partecipazioni S.r.l.
A 49.037% investment in ASF Autolinee is held by the FNM Group through Omnibus Partecipazioni S.r.l. (investee in the FNM joint venture, held 50%) with 49% and FERROVIENORD S.p.A. with 0.037%; as ASF Autolinee is the only asset held by Omnibus Partecipazioni S.r.l., the FNM Group has 24.537% of ASF Autolinee, which is therefore recognised for a total of EUR 5,454 thousand in the consolidated statement of financial position at 30 June 2020.
The decrease in the investment, equal to EUR 900 thousand, was due to the distribution of the dividend resolved by the investee.

Note 10 Current and non-current financial receivables

This item is broken down as follows:

Description	30.06.2020		
	Non Current	Current	Total
Time deposits		40.000	40.000
Others	2		2
Financial receivables	**2**	**40.000**	**40.002**
Finance lease receivables		509	509
Receivables from Jv for dividend to be collected		900	900
Financial receivables for interest to related parties		161	161
(LESS) *IFRS 9* Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 44)	**-**	**1.524**	**1.524**
Total	**2**	**41.524**	**41.526**

Description	31.12.2019		
	Non Current	Current	Total
Time deposits		40.000	40.000
Others	2		2
Financial receivables	**2**	**40.000**	**40.002**
Finance lease receivables		996	996
Financial receivables for interest to related parties		47	47
(LESS) *IFRS 9* Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 44)	**-**	**997**	**997**
Total	**2**	**40.997**	**40.999**

As a result of the execution of the settlement agreement between FERROVIENORD and CONFEMI, amply described in the management report, to which reference is made, on 18 April 2019 the agreed amount of EUR 40,000 thousand was collected. Upon collecting the amount, with the agreement of the Lombardy Region, the amount was transferred to a 12-month "Time deposit", anticipating the use starting from 2020 for infrastructure modernisation work.
The time deposit was established on 16 May 2019 and it bears interest at the annual nominal rate of 0.18%. At the maturity date of the aforesaid deposit, on 27 May 2020 a new time deposit was stipulated for 6 additional months at the annual rate of 0.50%.

Finance lease agreements receivable are for locomotives hired out to investees belonging to the FNM Group.

Details of minimum future fees of finance leases by due date and reconciliation with the related present value, equal to the receivable recognised in the consolidated condensed interim financial statements, are provided below:

Minimum future lease collections	30.06.2020	31.12.2019
Less than 1 year	523	1.046
Total	**523**	**1.046**
Future interest income	(14)	(50)
Present value of receivables related to finance leases	**509**	**996**

Receivables relative to leases have variable interest rates; consequently, their fair value approximates the carrying amount.
Rates relative to receivables from related parties for leases, exposed to interest rate risk, are revised over a period of less than six months.

The next table summarises existing leases and sub-leases:

Type/Lessee	Subject matter	Sub-leases	Starting date - Ending date of the agreement	Future minimum collections	Interest	Present Value
Financial/ DB Cargo Italia	2 DE 520 Locomotives	YES	01/01/2018 - 31/12/2020	262	3	259
Financial/ DB Cargo Italia	2 DE 520 Locomotives	NO	01/01/2018 - 31/12/2020	131	5	126
Financial/ DB Cargo Italia	4 DE 520 Locomotives	YES	01/01/2018 - 31/12/2020	130	6	124
				523	**14**	**509**

Effective rates of the return on receivables are indicated below:

Description	30.06.2020	31.12.2019
Time deposit	0,18%	0,18%
Finance lease receivables	1.45% - 5.39%	2.27% - 13.10%

Note 11 Current and Non-Current Financial Receivables Measured at Fair Value

Description	30.06.2020		
	Non Current	Current	Total
Financial receivable from Finlombarda - Special treasury management agreement	-	48.305	48.305
Financial receivables at FV through profit or loss from related parties (Note 44)	**-**	**48.305**	**48.305**
Total financial receivables at FV through profit or loss	**-**	**48.305**	**48.305**

Description	31.12.2019		
	Non Current	Current	Total
Financial receivable from Finlombarda - Special treasury management agreement	-	48.352	48.352
Financial receivables at FV through profit or loss from related parties (Note 44)	**-**	**48.352**	**48.352**
Total financial receivables at FV through profit or loss	**-**	**48.352**	**48.352**

The item “Financial receivables from Finlombarda – Special treasury management agreement” refers to the credit facility for Finlombarda S.p.A. of cash surpluses identified following the issue of the corporate bond, in 2015 for EUR 58,000 thousand.
The item also includes the receivable for interest income of EUR 305 thousand.
The receivable was classified among financial assets at fair value through profit or loss because the cash flows are not represented only by payments of principal and interest on the amount of the principal to be repaid.
The deposit, which reached maturity on 21 July 2020, was repaid on 29 July 2020.

Note 12 Receivables for funded investments

In accordance with IFRIC 12, this item includes the portion of grants recognised, corresponding to investments made according to the completion percentage, not yet collected at the end of the reporting period.
The next table shows the change in this item, in the year under review:

Description	Amount
Receivables for funded investments 01.01.2020	**59.096**
Grants collected during the year	(27.270)
Use of advances	(113)
Receivables for costs incurred in the period and not collected - Infrastructure (Note 32)	15.551
Receivables for funded investments 30.06.2020	**47.264**

The above-mentioned financial receivables are included in the net financial position, prepared based on CONSOB notice no. 6064293 of 28 July 2006 (Note 23).

As at 30 June 2020, the item is entirely due to infrastructure modernisation interventions.

Note 13 Inventories

The next table shows how this item is broken down:

Description	30.06.2020	31.12.2019
Permanent way material	5.580	6.007
Bus Spare Parts	3.121	2.955
Spare parts for contact lines, apparatuses, control units and telephones	2.032	1.818
Gasoil and lubricants	298	373
Other auxiliary materials	442	532
(LESS: Provision for stock obsolescence)	(2.866)	(2.775)
Total	**8.607**	**8.910**

The decrease in the item in question is mainly due to the reduced procurement made for the maintenance work expected on the railway infrastructure.

Note 14 Trade Receivables

Description	Current	
	30.06.2020	31.12.2019
Receivables from others - gross	21.502	22.336
(LESS) Provision for bad debts	(2.684)	(2.846)
(LESS) *IFRS 9* Impairment Provision	(98)	(98)
Trade receivables from third parties	**18.720**	**19.392**
Receivables from related parties - gross	59.298	45.296
(LESS) *IFRS 9* Impairment Provision	(69)	(69)
Trade receivables from related parties (Note 44)	**59.229**	**45.227**
Total	**77.949**	**64.619**

Trade receivables from third parties

The change in "Trade receivables from third parties" is mainly tied to the reduction of road transport services performed in Veneto by effect of the COVID-19 emergencies, equal to EUR 1,787 thousand, partially offset by the different collection timelines of the automobile service contract of the Province and of the Municipality of Verona, up by EUR 1,112 thousand.

The fair value of receivables, obtained by adjusting their nominal value through the provision for bad debts (allocated to estimate the risk of the uncollectability of receivables existing at the end of each reporting period), approximates the carrying amount of the receivables as at 30 June 2020 and 31 December 2019.

Trade receivables from related parties
The increase in gross trade receivables from related parties, amounting to EUR 14,002 thousand compared to 31 December 2019, was determined by the higher receivable from Trenord in relation to the different collection timelines compared to the previous year.

Note 15 Other current and non-current receivables

This item is broken down as follows:

Description	30.06.2020		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		29.573	29.573
Tax receivables		9.435	9.435
Receivables for advances to suppliers on work in progress on Infrastructure		7.046	7.046
Receivable for contractual advance		1.511	1.511
Receivables for grants		2.463	2.463
Receivables from INPS illness costs		2.460	2.460
Receivables for Government grants		2.463	2.463
Sundry receivables	94	8.649	8.743
(LESS) Provision for bad debts		(730)	(730)
(LESS) *IFRS 9* Impairment Provision		(36)	(36)
Other receivables from third parties	**94**	**62.834**	**62.928**
Receivables from related parties		11.560	11.560
(LESS) *IFRS 9* Impairment Provision		(37)	(37)
Other receivables from related parties (Note 44)		**11.523**	**11.523**
Total	**94**	**74.357**	**74.451**

Description	31.12.2019		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		19.885	19.885
Tax receivables		9.000	9.000
Receivables for advances to suppliers on work in progress on Infrastructure		7.419	7.419
Receivable for contractual advance		3.405	3.405
Receivables for grants for the purchase of buses		1.909	1.909
Receivables from INPS illness costs		1.908	1.908
Receivables for Government grants		102	102
Sundry receivables	82	6.052	6.134
(LESS) Provision for bad debts		(307)	(307)
(LESS) IFRS 9 Impairment Provision		(36)	(36)
Other receivables from third parties	**82**	**49.337**	**49.419**
Receivables from related parties		11.312	11.312
(LESS) *IFRS 9* Impairment Provision		(37)	(37)
Other receivables from related parties (Note 44)		**11.275**	**11.275**
Total	**82**	**60.612**	**60.694**

“Receivables for advances to suppliers on work in progress on financed Trains”, amounting to EUR 29,573 thousand, is entirely due to the advance portion on the progress (SAL) of the orders relating to the “Programme for the purchase of rolling stock for the regional railway service for the years 2017 - 2032”. The increase in the period, equal to EUR 9,688 thousand, relates to the start of a new work order.

Current tax receivables refer mainly to VAT receivables for which a refund has already been requested for EUR 7,223 thousand (EUR 7,223 thousand at 31 December 2019), as well as receivables from the financial administration for the refund of excise duty on diesel fuels for EUR 1,206 thousand (EUR 1,532 thousand as at 31 December 2019).

The VAT receivable for which a refund has already been requested refers to refund applications filed by the Group on 27 April 2017 for the first quarter of 2017, for EUR 1,723 thousand, and on 24 April 2018 in the VAT return relative to the 2017 tax period, for EUR 5,500 thousand.

“Receivables for advances to suppliers on work in progress on infrastructure”, amounting to EUR 7,046 thousand, is entirely due to the advance portion on the progress (SAL) of the orders relating to the maintenance of the Infrastructure under Concession.

“Receivable for contractual advance” relates to the receivable claimed as a result of the application of fines on a contract for the supply of rolling stock, which will be used to offset with the supply of technical inventory relating to the purchased rolling stock. During the first half of 2020, the first supply of technical inventory, already transferred to the user, was delivered.
Receivables from INPS amounted to EUR 2,460 thousand (EUR 1,908 thousand at 31 December 2019) and comprises receivables from social security institutes, mainly referring to the recovery of costs incurred for sickness benefits paid to employees.

Receivables for grants for the purchase of buses relate to the amounts to be received from the Province of Verona on the bus purchases carried out by ATV.

Receivables for Government grants refer to grants for investments to make to cover expenses sustained by the Group for infrastructure modernisation, as well as the receivable for the grants provided by the Relaunch Decree, amounting to EUR 2,325 thousand.

The item “Current sundry receivables” includes:

- EUR 2,157 thousand (EUR 1,031 thousand as at 31 December 2019) as deferrals on insurance premiums;
- EUR 1,383 thousand (EUR 1,751 thousand as at 31 December 2019) as advances to suppliers;
- EUR 1,882 thousand (not present as at 31 December 2019) as deferrals for the additional monthly salary payments already made to employees.

Receivables from related parties (Note 44) refer mainly to amounts for services provided to investees in joint ventures, which remained substantially unchanged from the previous year, as well as tax receivables, in particular items related to Group VAT for EUR 1,295 thousand (EUR 1,825 thousand at 31 December 2019).

Note 16 Current tax receivable

Description	30.06.2020		
	Non Current	Current	Total
Tax receivables		293	293

Description	31.12.2019		
	Non Current	Current	Total
Tax receivables		280	280

The item includes receivables from the Revenue Agency for corporate income tax (IRES) and regional production tax (IRAP), for EUR 162 thousand and EUR 89 thousand respectively (EUR 100 thousand and EUR 180 thousand at 31 December 2019 respectively), as well as the receivable from the Revenue Agency for the Robin Tax for EUR 41 thousand.

Note 17 Cash and Cash Equivalents

The next table shows how this item is broken down:

Description	30.06.2020	31.12.2019
Bank and postal deposits	352.725	229.358
(LESS) *Impairment IFRS 9*	(693)	(693)
Cash and cash equivalents	37	58
Total	**352.069**	**228.723**

The FNM Group manages cash and cash equivalents through cash pooling: on a daily basis the balances of current bank accounts of individual companies, apart from the consolidated companies ATV (including its subsidiary La Linea 80) and La Linea (including its subsidiary Martini Bus), are transferred to the current accounts of the Parent Company, that concurrently credits/debits the giro account of individual subsidiaries.
Therefore, in view of cash on bank deposits of EUR 352,725 thousand, of current payables to banks of EUR 1,921 thousand (Note 20) and non-current payables to banks of EUR 58,067 thousand, the Group has payables in giro accounts - inclusive of interest - of EUR 33,946 thousand (EUR 33,258 thousand at 31 December 2019), represented below:

Payables in giro account	30.06.2020	31.12.2019	Change
Nord Energia	16.280	18.009	(1.729)
NordCom	10.829	9.552	1.277
Sems	339	362	(23)
Trenord	12	48	(36)
Corporate bodies	6.486	5.287	1.199
Total (Note 21)	**33.946**	**33.258**	**688**

On these giro accounts, interest income and expenses are paid at market rates (Note 21).

On 31 May 2018, the subsidiary FERROVIENORD stipulated with Cassa Depositi e Prestiti a loan agreement to support the regional train purchasing programme; this agreement provides that the grants paid by the Lombardy Region after the execution, are credited on a specific current account, pledged in favour of DCP and European Investment Bank. The balance of this current account as at 30 June 2020 amounts to EUR 187,134 thousand (EUR 72,364 thousand as at 31 December 2020).

The change in the item is analysed in more detail by nature of component in the statement of cash flows.

In relation to the adoption of IFRS 9, based on the expected losses model, the Group considers the expected losses along the life of the financial asset at each reference date of the financial statements, for this purpose an impairment adjustment of EUR 693 thousand was carried out.

Note 18 Assets held for sale

In consideration of the sales of the equity investments held in Locoitalia and Fuorimuro, completed on 10 March 2020, as at 31 December 2019 the related assets and liabilities were reclassified under the items “Assets held for sale” and “Liabilities related to assets held for sale” and measured in accordance with IFRS 5.

The sale of Locoitalia S.r.l. of the shares held by FNM to Tenor was closed after the completion of the partial and proportional demerger of the company in Locoelettriche S.r.l.
The sale of Locoitalia was completed at a price equal to EUR 1,468 thousand generating a capital gain of EUR 257 thousand. The sale of Locoelettriche S.r.l. a Railpool GmbH was completed at a price of EUR 1,567 thousand. The transaction allowed to record a net capital gain of EUR 1,014 thousand.

The equity investment in Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), company valued at equity, was sold to Tenor S.r.l. for a price of EUR 530 thousand, corresponding to the carrying amount as at 31 December 2019.

Note 19 Shareholders' Equity

Description	Shareholders' Equity attributable to Majority Shareholders						Total Shareholders' Equity attributable to the Group	Shareholders' Equity attributable to Non-Controlling Interest	Total Shareholders' Equity
	Share capital	Other reserves	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the year			
Balance at 01.01.2019	**230.000**	**7.788**	**154.333**	**(6.474)**	**64**	**28.477**	**414.188**	**20.983**	**435.171**
Total Comprehensive Income				**(1.684)**	**4**	**14.788**	**13.108**	**(601)**	**12.507**
Allocation of 2018 profit			28.477			(28.477)	-		-
Distribution of dividends			(9.785)				(9.785)	(750)	(10.535)
Change in the scope of consolidation			5	22			27	(51)	(24)
Balance at 30.06.2019	**230.000**	**7.788**	**173.030**	**(8.136)**	**68**	**14.788**	**417.538**	**19.581**	**437.119**
Balance at 31.12.2019	**230.000**	**7.788**	**172.970**	**(7.545)**	**96**	**30.281**	**433.590**	**20.711**	**454.301**
Total Comprehensive Income				**325**	**18**	**(778)**	**(435)**	**58**	**(377)**
Allocation of 2019 profit			30.281			(30.281)	-		-
Distribution of dividends							-		-
Change in the scope of consolidation			67				67	(1.903)	(1.836)
Balance at 30.06.2020	**230.000**	**7.788**	**203.318**	**(7.220)**	**114**	**(778)**	**433.222**	**18.866**	**452.088**

On 27 May 2020, the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent and the consolidated results of the Group for 2019, and resolved to allocate profit for the year as follows:

- EUR 1,195,648 to the legal reserve;
- EUR 9,567,856 to retained earnings;
- EUR 13,149,461 to the extraordinary reserve.

Changes in shareholders' equity attributable to non-controlling interest are presented below:

	Locoitalia	La Linea	ATV	Total
	49%	*49%*	*50,00%*	
Balance at 01.01.2020	**1.903**	**3.023**	**15.785**	**20.711**
Change in the scope of consolidation	(1.903)			(1.903)
Operating result		(140)	181	41
Reserve for Actuarial Gains/(Losses)		7	10	17
Balance at 30.06.2020		**2.890**	**15.976**	**18.866**

Note 20 Current and non-current payables to banks

Payables to banks are broken down as follows:

Description	30.06.2020		
	Non Current	Current	Total
Term Loan Facility	49.652		49.652
BEI Funding	8.349	1.667	10.016
Other payables to banks for loans	66	254	320
Payables to banks	**58.067**	**1.921**	**59.988**

Description	31.12.2019		
	Non Current	Current	Total
Term Loan Facility	49.611		49.611
Other payables to banks for loans	169	304	473
Payables to banks	**49.780**	**304**	**50.084**

The item "Term Loan Facility" pertains to the facility in accordance with the loan agreement stipulated on 7 August 2018 between FNM and a pool of leading banks for a total maximum amount of EUR 200,000 thousand.
In particular, the item recorded as at 30 June 2020 refers to the amount of EUR 50,000 thousand disbursed on 14 September 2018 and recognised according to the amortised cost criterion.
The period of availability of the Capex Facility component, amounting to EUR 100,000 thousand, not used by the Company, ended on 7 February 2020.
The additional "Revolving Credit Facility", for a maximum amount of EUR 50,000 thousand, has not yet been used.
The main terms and conditions of the Loan Agreement are:

- Maturity: with reference to the "Term Loan Facility" components, 7 years from the date of signing of the Loan Agreement while with reference to the "Revolving Credit Facility" component, 6 years from the above date;
- Interest rate: on an annual basis and equal, for all credit facilities, to EURIBOR plus a margin of 1.30%;
- Commitment fee: on an annual basis and equal, for all credit facilities, to 35% of the margin;
- Guarantees: not provided;
- Financial covenants: calculated from the consolidated financial statements of FNM (annual and half-yearly):
    - NFP/Shareholders' equity: not above 1
    - NFP/EBITDA: not above 4
    - EBITDA/Net financial expenses: not below 7.

"EIB Funding" is entirely due to the disbursement of the first tranche, equal to EUR 10 million, of the loan entered into between the Parent Company and the European Investment Bank. The purpose of the loan, stipulated on 21 December 2017, for a maximum total amount of EUR 50 million, is to guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel.
The loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021. The loan provides the following financial covenants calculated on the consolidated financial statements of FNM (annual and half-yearly):

- NFP/Shareholders' equity: not above 1
- NFP/EBITDA: not above 4
- EBITDA/Net financial expenses: not below 7.

Note 21 Current and non-current financial payables

Financial payables are broken down as follows:

Description	30.06.2020		
	Non Current	Current	Total
Payables for lease agreements IFRS 16	12.538	4.358	16.896
Giro account		5.328	5.328
Financial Payable Put Option La Linea	2.510		2.510
Other financial payables		261	261
Financial Payables	**15.048**	**9.947**	**24.995**
Payables to Bondholders		58.303	58.303
Giro account		28.618	28.618
Financial income for finance lease agreements		17	17
Financial payables to related parties (Note 44)	**-**	**86.938**	**86.938**
Total	**15.048**	**96.885**	**111.933**

Description	31.12.2019		
	Non Current	Current	Total
Payables for lease agreements IFRS 16	6.688	2.198	8.886
Giro account		5.015	5.015
Financial Payable Put Option La Linea	2.494		2.494
Other financial payables		267	267
Financial Payables	**9.182**	**7.480**	**16.662**
Payables to Bondholders		58.301	58.301
Giro account		28.243	28.243
Other financial payables to related parties	2	29	31
Financial payables to related parties (Note 44)	**2**	**86.573**	**86.575**
Total	**9.184**	**94.053**	**103.237**

The item “Third-party giro account” refers to the giro account for cash pooling with the Supplementary FNM scheme and the FNM Company Recreational Group.

With reference to the “Put Option financial payable”, it is highlighted that when acquiring the investment in La Linea, FNM signed an agreement with the seller, granting the latter the right to sell FNM shares held in the company La Linea (28.73%). This option may be exercised as from 1 January 2024 for the payment of a consideration that will be determined at this date, based on the market value of the shares to sell. The payable was recorded at the current value of the outlay expected at the time when the put option could be exercised by the seller and it was therefore recognised with a contra-entry reduction of Group shareholders’ equity.

The item “Payable to bond holders” refers entirely to the corporate bond “FNM S.p.A. 2015 – 2020”, issued on 21 July 2015 and subscribed in full by Finlombarda S.p.A. On 21 July 2020 the bond was repaid in full. With the same value date, the tenth and last half-yearly coupon was paid, amounting to EUR 342 thousand and relating to the 21 January 2020 - 21 July 2020 lending period.

The item “Giro accounts with related parties” refers mainly to the balance payable of the giro account between FNM and investees in joint ventures; the change refers mostly to the decrease of the balance of the giro account towards NORD ENERGIA S.p.A., equal to EUR 1,729 thousand, partially offset by the increase of the debt to NordCom S.p.A., equal to EUR 1,277 thousand.

The due date of non-current financial payables is shown below:

Description	30.06.2020	31.12.2019
Between 1 and 2 years	4.358	1.871
Between 2 and 5 years	9.816	7.313
Over 5 years	874	
Total	**15.048**	**9.184**

Effective interest rates at the end of the reporting periods are shown below:

Description	30.06.2020	31.12.2019
Payables for leases IFRS 16	1,5%	1,5%
Payables for cash pooling	0,001%	0,002%
Payables to Bondholders	1,168%	1.147% - 1.168%

The fair value of the aforesaid financial liabilities approximates their carrying amount.

Details of minimum future payments of finance leases by due date and reconciliation with the related present value, equal to the payable recognised in the financial statements at the reference dates, are provided below:

Minimum future lease payments	30.06.2020	31.12.2019
Less than 1 year	4.572	2.334
2 - 5 years	12.072	6.750
Over 5 years	896	205
Total	**17.540**	**9.289**
Future interest expense	(627)	(372)
Present value of payables related to finance leases	**16.913**	**8.917**

The due dates for the present value of financial liabilities related to finance leases are as follows:

Present value of payables related to finance leases	30.06.2020	31.12.2019
Less than 1 year	4.370	2.227
2 - 5 years	11.669	6.501
Over 5 years	874	189
Total	**16.913**	**8.917**

Note 22 Payables for funded investments

The item refers mainly to the excess of grants paid by the Entity for investments made by the Group, for the portion already allocated to investments in advance relative to the attainment of the progress of the work contracts.

The details of the payables for current funded investments are shown below:

Payables for funded investments	30.06.2020	31.12.2019
Payables to Lombardy Region - Planning Agreement	52.607	52.046
Payables to Lombardy Region - Purchase of rolling stock	164.001	51.772
Payables for funded investments to related parties (Note 44)	**216.608**	**103.818**
Total payables for funded investments	**216.608**	**103.818**

The increase from 31 December 2019 is mainly connected with the collection during the half-year of portions of the milestones related to the "Programme for the purchase of rolling stock for the regional railway service for the years 2017 - 2032", amounting to EUR 126,839 thousand, and EUR 14,610 thousand were used.

The details of the payables for non-current funded investments are shown below:

Payables for funded investments	30.06.2020	31.12.2019
Payables to the Ministry of Transport	5.821	5.821
Other financial payables	681	681
Payables for funded investments to related parties (Note 44)	**6.502**	**6.502**
Payables to the Lombardy Region	6.079	6.079
Total payables for funded investments	**12.581**	**12.581**

The items “Payables to the Ministry of Transport” and “Payables to the Lombardy Region” mainly refer to the portion of grants relative to advances on investments made and refunded by the Ministry of Transport and Lombardy Region. The Group recognises this amount as suspended under financial liabilities, pending the cash in of notice from the counterparties of use of the advance received.

Other financial payables, due after 12 months, refer to the amount collected following the enforcement of guarantees provided in relation to contracts which were terminated following the default of the counterparty COGEL (EUR 681 thousand). The management report, to which reference is made, describes the situation concerning litigation with this counterparty.

Note 23 Net financial position

The item net financial position is broken down below, according to CONSOB notice no. 6064293 of July 2006 and related notices which refer data in the table to data in the Statement of Financial Position:

Description	30.06.2020	of which related parties	31.12.2019	of which related parties	Notes
A. Cash	37		58		17
B. Bank and postal deposits	352.032		228.665		17
D. Liquidity (A+B)	**352.069**		**228.723**	**-**	
E. Current financial receivables	**137.093**	**97.093**	**148.445**	**108.445**	**10 - 11 - 12**
F. Current bank payables	(1.921)		(304)		20
G. Current portion of non-current debt	(4.375)	(17)	(2.227)	(29)	21
H. Other current financial payables	(309.118)	(303.529)	(195.644)	(190.362)	21 - 22
I. Current financial debt (F+G+H)	**(315.414)**	**(303.546)**	**(198.175)**	**(190.391)**	
J. Net current financial debt (D+E+I)	**173.748**	**(206.453)**	**178.993**	**(81.946)**	
K. Non-current bank borrowings	(58.067)		(49.780)		20
L. Bonds issued	-		-		
M. Other non-current financial payables	(27.629)	(6.079)	(21.765)	(6.081)	21 - 22
O. Net financial debt (J+K+L+M)	**88.052**	**(212.532)**	**107.448**	**(88.027)**	

The item “E. Current financial receivables” includes EUR 48,305 thousand of the financial receivable from Finlombarda for the “Special treasury management agreement” (Note 11), in addition to receivables for financial leases (Note 10). This item also includes the receivables for funded investments amounting to EUR 47,264 thousand, already commented in Note 12.
The Other current financial payables (Note 23) include mainly EUR 58,000 thousand of the bond maturing on 21 July 2020 and the balance of the giro accounts in cash pooling towards the joint ventures and towards the corporate entities for a total of EUR 33,946 thousand (EUR 33,258 thousand at 31 December 2019).
Bank borrowings increased by EUR 10,000 by effect of the disbursement of the first tranche of the EIB funding (Note 20).

The better to represent Group NFP, an adjusted NFP was calculated, which excludes the effects deriving from adoption of IFRIC 12, as represented below:

Description	30.06.2020		31.12.2019		Notes
A. Cash	37	-	58	-	17
B. Bank and postal deposits	164.898	-	156.301	-	17
D. Liquidity (A+B)	**164.935**	**-**	**156.359**	**-**	
E. Current financial receivables	**49.829**	**49.829**	**49.349**	**49.349**	**10 - 11 - 12**
F. Current bank payables	(1.921)	-	(304)	-	20
G. Current portion of non-current debt	(4.375)	(17)	(2.227)	(29)	21
H. Other current financial payables	(92.510)	(86.921)	(91.826)	(86.544)	21 - 22
I. Current financial debt (F+G+H)	**(98.806)**	**(86.938)**	**(94.357)**	**(86.573)**	
J. Net current financial debt (D+E+I)	**115.958**	**(37.109)**	**111.351**	**(37.224)**	
K. Non-current bank borrowings	(58.067)	-	(49.780)	-	20
L. Bonds issued	-	-	-	-	-
M. Other non-current financial payables	(27.629)	(6.079)	(21.765)	(6.081)	21 - 22
O. Adjusted current financial debt (J+K+L+M)	**30.262**	**(43.188)**	**39.806**	**(43.305)**	
IFRIC 12 Impacts					
of which - D. Liquidity	187.134		72.364		17
of which - E. Current financial receivables - CONFEMI	40.000		40.000		10
of which - E. Current financial receivables - Financial receivables for services under concession	47.264	47.264	59.096	59.096	12
of which - H. Other current financial payables - Payables for funded investments	(216.608)	(216.608)	(103.818)	(103.818)	22
P. Total IFRIC 12 financial debt	**57.790**	**(169.344)**	**67.642**	**(44.722)**	
Net financial debt (O + P)	**88.052**	**(212.532)**	**107.448**	**(88.027)**	

To exclude the effects of the adoption of IFRIC 12, cash at bank deriving from the crediting of the Lombardy Region grants for the regional programme for the purchase of trains (Note 17) were excluded from the adjusted NFP and reclassified among IFRIC 12 impacts, as were the financial receivable for the time deposit established with the CONFEMI provisions (Note 10), the Receivables for funded investments equal to the portion of grants, corresponding to the investments made according to the completion percentage, not yet collected at the reporting date (Note 12), as well as the related payables deriving from the advances paid by the Lombardy Region for the funded investments related to the purchase of rolling stock and to the modernisation of the railway infrastructure (Note 22).

Note 24 Other non-current liabilities

Other non-current liabilities are broken down as follows:

Description	30.06.2020	31.12.2019
Capital grants	12.307	12.713
Other liabilities	2.605	2.584
Non-current liabilities	**14.912**	**15.297**
Capital grants from the Lombardy Region	10.864	11.676
Other liabilities	271	577
Other non-current liabilities to related parties (Note 44)	**11.135**	**12.253**
Total	**26.047**	**27.550**

The item “Capital grants” concerns the non-current portion of loans received by the subsidiary ATV from the Veneto region for the purchase of new buses for urban and extraurban transport (EUR 10,971 thousand) besides loans received in 2001 from the Ministry of Public Works pursuant to Law 270/97 to redevelop the Cadorna Station in Milan (EUR 1,119 thousand).
The item “Other liabilities” of EUR 1,748 thousand, includes the deferred income relative to future maintenance costs for own rolling stock, with advances paid by lessees during 2017.

“Capital grants from the Lombardy Region” mainly refer to grants from the Lombardy Region for the purchase of rolling stock for EUR 1,653 thousand, for the renovation of property in piazza Cadorna in Milan for EUR 4,151 thousand, as well as for the purchase of buses for EUR 4,412 thousand and for the development of the “La civiltà di Golasecca” (The Golasecca Civilisation) museum equal to 167 thousand. The decrease in the period is due to the recognition of the grant in the Income Statement, according to procedures indicated in the accounting standard.

“Other liabilities to related parties” include the non-current portion of the amounts invoiced to NORD ENERGIA S.p.A., as consideration for the construction and use of the Mendrisio - Cagno power line, equal to Euro 254 thousand, recognised in the income statement according to the economic useful life of the power line (13 years).

Note 25 Provisions for risks and charges

Provisions for risks and charges comprise the following:

Description	Cyclical maintenance	Personnel	Ancillary charges for the Affori Redevelopment Programme	Other risks	Total
Balance at 01.01.2020	**39.152**	**4.878**	**1.940**	**9.863**	**55.833**
Increases	4.309	1.641		341	**6.291**
Uses				(1.207)	**(1.207)**
Releases					
Balance at 30.06.2020	**43.461**	**6.519**	**1.940**	**8.997**	**60.917**

Provisions for risks and charges have the following dates:

Description	30.06.2020	31.12.2019
Current	23.940	18.856
Non current	36.977	36.977
Total	**60.917**	**55.833**

Cyclical maintenance
With reference to rolling stock, owned by the Lombardy Region, the subsidiary FERROVIENORD is the operator of the job order for the purchase of rolling stock, and is also responsible for maintenance of equipment in order to guarantee the effective operation of the service, with particular reference to cyclical maintenance. As regards this maintenance, which is scheduled based on years of use and kilometres travelled, the Group allocated provisions to cyclical maintenance of EUR 4,309 thousand.

Personnel
During the half-year, allocations of EUR 1,641 thousand were made as an estimate of the contractual increases for the year 2020 for employees under the National Collective Bargaining Agreement for the Railway/Tram sector (expired on 31 December 2017).

Charges for the Affori Redevelopment Programme
As regards the sale of areas next to the Affori Station in Milan, the FNM Group undertook to carry out activities related to the redevelopment programme (clean-up of land, development of urban infrastructure works, movement of the electric power unit); the estimate of these future costs payable by the Group was equal to EUR 1,940 thousand.

Other risks
The provision for other risks as at 30 June 2020 included:
- EUR 3,694 thousand, allocated in the previous years, as the risk estimate from the dispute with the Customs Agency described in paragraph 6 of the management report, to which reference is made;
- EUR 241 thousand for insurance pay-outs for claims; during previous years, provisions for EUR 251 thousand had been allocated as an estimate of the costs incurred by the Group regarding

claims not covered by insurance policies stipulated, as these were below the contract deductible; during the half-year, EUR 10 thousand of the fund was used;
- EUR 4,989 thousand, as a risk estimate of losing litigation ongoing with third parties; EUR 1,197 thousand of the fund was used in the year.

Reference is made to the management report for considerations on the other commercial and tax dispute situations pending or settled during the half-year; the provisions for risks and charges as at 30 June 2020 are, in this context, deemed commensurate with the risks of loss referenced in the management report.

Note 26 Post-employment benefit

Description	30.06.2020	31.12.2019
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial assumptions	22.453	23.931
Total	**22.453**	**23.931**

The amount of the cost recognised in the income statement relative to this item is broken down as follows:

Description	30.06.2020	31.12.2019
Service costs	143	310
Interest (Note 38)	81	362
Total	**224**	**672**

Actuarial gains and losses arising from changes in assumptions and changes in final and hypothesized data, starting from the year ended 31 December 2011, are recognised in the statement of comprehensive income in a specific reserve of shareholders' equity called "Reserve for actuarial gains/(losses)" (Note 48).
The change in the payable related to post-employment benefit is shown below:

Description	30.06.2020	31.12.2019
Debt at the start of the year	**23.931**	**24.768**
Service costs	143	310
Actuarial gain	(111)	1.275
Interest cost	81	362
Uses	(1.594)	(2.779)
Transfers	3	
IFRS 5 Locoitalia		(5)
Debt at the end of the year	**22.453**	**23.931**

The following main actuarial assumptions were used:

Description	30.06.2020	31.12.2019
Discount rate	0,70	0,70
Annual rate of compensation increase	1,50	1,50
Annual rate of inflation	1,50	1,50
Annual rate of post-employment benefit increase	2,64	2,64

Assumptions concerning mortality are based on the probability of death of the Italian population identified by ISTAT in 2000, by gender. This probability is reduced by 25% to take into account the average of collective characteristics.

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx 10+ Eurozone Corporate AA index (0.70% as at 30 June 2020, unchanged from 31 December 2019), according to ESMA provisions; this increase caused the emergence of a significant actuarial gain with consequent decrease of the liability.

It should be recalled that the change component of the actuarial gains and losses pertaining to the investees measured at equity determines a change in the carrying amount of the equity investment (Note 9) with the direct contra-entry of the aforementioned equity reserve item called “Reserve for actuarial gains/losses”.

Below is provided the sensitivity analysis carried out on the average annual discount rate entered in the calculation model, considering the scenario described above as the base scenario and increasing or reducing the average annual discount rate by half a percentage point. The results obtained are summarised in the following table:

Annual discount rate	+0.5%	-0.5%
Post-employment benefit	23.804	21.732

Note 27 Trade payables

Trade payables are broken down as follows:

Description	30.06.2020	31.12.2019
Payables for invoices received	50.891	55.168
Payables for invoices to be received	76.544	116.648
Trade payables	**127.435**	**171.816**
Trade payables to related parties	3.199	3.930
Trade payables to related parties (Note 40)	**3.199**	**3.930**
Total	**130.634**	**175.746**

The decrease in trade payables is mainly connected with the higher payments made with respect to the work progress on the contracts for rolling stock renewal, and infrastructure modernisation, in addition to the lower payables as a result of the reduced delivers carried out in the period.
In particular, concerning the renewal of the rolling stock, it is noted that the balance includes payables for invoices received for EUR 26,781 thousand (EUR 10,766 thousand at 31 December 2019) and payables for invoices to be received for EUR 54,650 thousand (EUR 79,664 thousand as at 31 December 2019).

The item includes payables to Cogel S.p.A. (equal to EUR 2,644 thousand), in relation to which there is a pending dispute, from whose outcome no additional liabilities other than those already allocated are expected.

Note 28 Payables for taxes and duties

Tax payables are broken down as follows:

Description	30.06.2020	31.12.2019
IRES (CORPORATE INCOME TAX)	163	3.085
IRAP (REGIONAL BUSINESS TAX)	932	96
Payables for taxes	**1.095**	**3.181**
IRPEF and withholdings	3.073	3.728
VAT	301	
Other	26	47
Tax payables	**3.400**	**3.775**

The payable comprises the estimate of the corporate income tax (IRES) and of the regional business tax (IRAP) accrued during the half-year, operated in accordance with IAS 34 (Note 41).

It should be recalled that art. 24 of the Relaunch Decree (Law Decree 34/2020) prescribed that the 2019 IRAP balance and the first advance instalment of the 2020 IRAP were not due. The Group then recognised lower taxes for the previous years by EUR 75 thousand.

Note 29 Other current liabilities

Other current liabilities are broken down as follows:

Description	30.06.2020	31.12.2019
Payables to personnel	16.038	13.723
Payables to social security agencies	4.639	4.195
Deferred income	4.724	6.193
Capital grants	1.847	1.903
Advances from customers	196	194
Agencies	115	92
Payables to the Ministry of Infrastructures and Transport	85	85
Other liabilities	2.063	3.033
Current liabilities	**29.707**	**29.418**
Payables to Joint Ventures/Associates	34.005	33.236
Capital grants from the Lombardy Region	1.847	1.886
Payable to the Pension Fund	691	640
Payables to the Lombardy Region	95	
Current liabilities to related parties (Note 44)	**36.638**	**35.762**
Total	**66.345**	**65.180**

"Payables to personnel" increased by EUR 2,315 thousand with respect to 31 December 2019, as it includes the monthly wages and bonuses to be paid during the second half-year. For a similar reason, "Payables to social security agencies" increased.

"Deferred income" decreased in relation to the deferred income related to the annual and monthly tickets purchased by customers in relation to the reduction of traffic revenues due to the COVID-19 emergency.

"Capital grants" relates mainly to the grants on buses received from the Veneto Region.

The item "Other liabilities" includes EUR 130 thousand for the current portion of deferred income related to future maintenance costs for own rolling stock, with advances paid by lessees during the second half of the previous year.

The item "Payables to joint ventures" refers to payables for services provided to the Group and to corporate income tax advances paid to the Parent by investees in joint ventures (NordCom, Nord Energia and Omnibus).

The item "Capital grants from the Lombardy Region" mainly refers to grants from the Lombardy Region for the purchase of rolling stock (EUR 950 thousand) and for the purchase of buses (EUR 524 thousand).

There are no commitments to purchase property, plant and machinery.

CONSOLIDATED INCOME STATEMENT

Note 30 Revenues from sales and services

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Products of automotive traffic	9.514	23.264
Revenues from service contract for automotive sector	19.856	19.355
Services invoiced	951	2.555
Hire of rolling stock	306	322
Property income	707	266
Terminal movements revenues	286	146
Car sharing revenues	25	
Revenues from sales and services	**31.645**	**45.908**
Infrastructure management service contract	44.878	44.902
Car Sharing	900	900
Hire of rolling stock	32.251	31.609
Services invoiced	6.138	6.355
Train replacements	2.195	3.552
Revenues from network access	640	749
Revenues from sales and services to related parties (Note 44)	**87.002**	**88.067**
Total	**118.647**	**133.975**

Revenues from sales and services to third parties decreased by EUR 14,263 thousand compared to the comparative half-year of 2019, in relation to the following changes:

- revenues from transport services decreased by EUR 13,750 thousand because of the lower sales in relation to the measures ordered from 24 February onwards for the COVID-19 emergency, relative to the comparative period;
- the invoiced services decreased in relation to the reduction in passenger road transport; the revenues of subcontracted services contracted by EUR 1,604 thousand by effect of the significant reduction of the offer as a result of the traffic limitations imposed by the competent authorities in all areas of competence (Venice, Padua, Verona and Belluno), as well as of the zeroing of tourist services from the end of February onwards.

With reference to "Revenues from sales and services to related parties", the following is pointed out:

Infrastructure management service agreement
Revenues from the service agreement decreased by EUR 24 thousand in relation to the decrease of the price envisioned by the contractual efficiency-boosting mechanism partially offset by the ISTAT adjustment.

Hire of rolling stock
Revenues from the rental of rolling stock increased by EUR 642 million, mainly in relation to the operating lease of the new E494 fleet to DB Cargo Italia and of the DE 520 locomotives to Trenord.

Services invoiced
The item includes revenues for the performance of services rendered to investees of the Parent Company, which decreased by EUR 217 thousand, mainly in relation to the agreement with the Trenord investee.

Train Replacements
The item refers to the consideration invoiced to Consorzio Elio for buses provided to replace the train service; income for train replacement services amounted to EUR 2,195 thousand compared to EUR 3,552 thousand in the first half of 2019, due to the reduction in extraordinary transit as a result of the traffic limitations imposed by the competent authorities.

Note 31 Grants

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	155	141
Capital grants	191	237
Law 77/20 - Relaunch Decree Grants	2.326	
Other grants	956	902
Grants	**3.628**	**1.280**
Capital grants Lombardy Region	2.301	2.301
Law 77/20 - Relaunch Decree Grants	228	
Grants for the renewal of the National Collective Bargaining Agreement, Lombardy Region	806	806
Other grants, Lombardy Region	923	924
Grants to related parties (Note 44)	**4.258**	**4.031**
Total	**7.886**	**5.311**

Grants increased by EUR 2,575 thousand in relation to the recognition of the offsetting measures introduced by Law 77 of 17 July 2020 (art. 200, paragraph 1, the "Relaunch Decree"), equal to EUR 2,554 thousand.

The other grants to third parties, relating to the funded investments in buses, remained substantially unchanged with respect to the comparative period.

The other grants to related parties also remained substantially unchanged with respect to the comparative period.

Note 32 Grants for funded investments

The adoption of IFRIC 12 meant that investments made in infrastructure and rolling stock, entirely financed by the Lombardy Region, are not shown among tangible assets, but, as required by IAS 15, are charged to costs for the year.
The amount of these investments, in the first half of 2020, was EUR 17,873 thousand, versus EUR 12,601 thousand of the previous year, and refers to infrastructure modernisation and enhancement work, as represented below:

Description	2020
Equipment renewal on the Saronno - Como sections	4.675
Equipment renewal on the Bovisa - Seveso - Mariano Comense sections	3.086
Other maintenance work	1.656
Automatic Reversible Block for Saronno - Como and Saronno - Varese sections	1.547
Construction of the network operation support system	1.230
Requalification of Borgo San Giovanni (Brescia) station to meet standards	1.161
Equipment renewal on the Saronno - Malnate sections	951
Enhancement of the Milano Affori - Varedo railway section	753
Works to upgrade the Garbagnate Milanese station	244
Construction of the Malpensa T2 - Linea RFI Sempione railway connection	170
Extraordinary maintenance on the platforms of several facilities	78
Recovery of general expenses	2.322
Grants	**17.873**

"Recovery of general expenses" refers both to the contracts funded for infrastructure modernisation and for the renewal of the rolling stock.

The portions accrued in relation to the percent of completion of the contracts related to the renewal of the rolling stock are recognised net of the costs incurred, in accordance with IFRS 15, equal to EUR 14,610 thousand.

Note 33 Other income

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Lease payments	1.143	1.138
Performance of services	495	793
Recovery of costs	529	701
Recovery of gasoil excise	753	668
Sale of warehouse materials	604	115
Fines and penalties	204	219
Insurance pay-outs	119	257
Capital gain on property, plant and equipment	20	54
Lease-back capital gains		49
Non-recurring income	1.340	398
Other income		217
Other income	**5.207**	**4.609**
Sundry income with related parties	3.755	3.536
Other income from related parties (Note 44)	**3.755**	**3.536**
Total	**8.962**	**8.145**

“Other income” from third parties increased by EUR 598 thousand; the main changes were as follows:

- “sale of inventory materials”, relating to the sale of obsolete material no longer usable for maintenance, increased by EUR 489 thousand;
- the diesel excise recovery increased by EUR 85 thousand with respect to the comparative period.

“Sundry income with related parties” includes revenues from recovered costs for the Railway Infrastructure Planning and Project Management activities, carried out through funding from the Lombardy Region. As a result of the additional activities carried out in the half-year, the item increased by EUR 219 thousand with respect to the 2019 comparative period.

Note 34 Raw materials, consumables and goods used

The next table shows the breakdown of this item, by company:

Description	First half 2020	First half 2019
ATV S.p.A.	3.790	6.003
FERROVIENORD S.p.A.	2.827	2.063
FNM Autoservizi S.p.A.	1.175	1.740
La Linea S.p.A.	430	793
Malpensa Intermodale	67	
Total	**8.289**	**10.599**

The item decreased with respect to the comparative period, in particular for automotive fuel consumption for the companies operating in the road transport segment, by effect of the reduction in services performed in relation to the COVID-19 emergency.

In particular, as regards the costs of ATV S.p.A., automotive diesel costs, amounting to EUR 1840 thousand, decreased by EUR 1,426 thousand with respect to those of the first half-year 2019 (EUR 3,266 thousand) by effect of the decreased production volumes and of the decrease of the average cost (amounting to 1.044 EUR/litre versus 1.109 EUR/litre of 2019).

In particular, as regards the costs of FNM Autoservizi S.p.A., automotive diesel costs, amounting to EUR 795 thousand, decreased by EUR 415 thousand with respect to those of the first half-year 2019 (EUR 1,210 thousand) by effect of the decreased production volumes (from 2,942 bus Km to 2,007) and of the decrease of the average cost (amounting to 1.041 EUR/litre versus 1.120 EUR/litre of 2019) partially offset by the average consumption (2.53 km/litre versus 2.43 km/litre in 2019).

The increase in the costs for materials of the FERROVIENORD investee, equal to EUR 764 thousand, is mainly due to the lower use of materials for maintenance works over the comparative half-year of 2019.

Note 35 Service costs

“Service costs” are broken down as follows:

Description	First half 2020	First half 2019
Third-party services - Maintenance	7.880	6.682
Utilities	2.718	3.118
Cleaning expenses	2.168	2.033
Expenses for employees	1.996	2.625
Insurance	1.519	1.590
Cost to rent rolling stock and buses	1.199	2.204
Sundry third-party services	1.164	1.760
Consulting	1.138	1.184
Other charges	1.091	1.072
Supervision expenses	991	1.119
Third-party services - Bus maintenance	930	1.508
Motor vehicles management	524	1.051
Commercial expenses	467	994
IT costs	385	366
Legal and notary fees	348	571
Costs for non-ordinary consulting services	318	
Third-party services - Maintenance of rolling stock	237	481
Real estate management	220	285
Coordinated and continuative services	216	407
Service costs	**25.509**	**29.050**
Service costs - related parties	3.946	4.056
Service costs - related parties (Note 44)	**3.946**	**4.056**
Total	**29.455**	**33.106**

“Service costs with third parties” recorded a net decrease of EUR 3,541 thousand compared to the first half of 2019, mainly due to the matters described below:

- decrease by EUR 1,601 thousand for subcontracting of automotive services to third parties;
- reduction in expenses for employees, in particular travel and lodging and preventive medical examinations, by EUR 629 thousand;
- decrease in commercial expenses and commissions to third parties by EUR 527 thousand, in relation to the lower sales of tickets carried out in the half-year
- decrease in motor vehicle management expenses by EUR 527 thousand.

The non-recurring expense of the period, amounting to EUR 318 thousand, relate to consulting services for development projects.

“Costs for services from related parties” mainly refer to costs for IT services charged by the joint venture investee NordCom, as well as fees to corporate boards and they remain substantially aligned with respect to the comparison period.

Note 36 Personnel costs

This item is broken down as follows:

Description	First half 2020	First half 2019
Wages and salaries	40.257	44.831
Social security contributions	11.959	12.525
Allocation to supplementary pension fund	2.745	2.849
Allocation to National Collective Labour Agreement provision	1.291	1.059
Pension liabilities	305	
Allocation for post-employment benefit payable	143	127
Other cost	832	748
Consensual terminations of employment		187
Total	**57.532**	**62.326**

Personnel costs had a total net decrease of EUR 4,794 thousand.
The item includes the provision for EUR 1,291 thousand as an estimate of costs for renew the National Collective Bargaining Agreement for the Railway/Tram sector, expired on 31 December 2017.
The National Collective Bargaining Agreement for the Railway/Tram sector is applied to all Group employees, apart from E-Vai and La Linea employees, to whom the National Collective Bargaining Agreement for Commerce applies, Martini Bus employees, to whom the National Collective Bargaining

Agreement for the Garages sector applies, and senior managers, to whom the contract for senior managers of industrial companies applies.

Note 37 Amortisation, depreciation and impairment

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Depreciation	16.465	17.663
Amortisation	1.787	1.852
Amortisation of right of use	1.898	788
Impairment Goodwill		81
Depreciation and Amortisation	**20.150**	**20.384**

Depreciation and amortisation increased in relation to the amortisation of the right of use accounted for in relation to the adoption of the new IFRS 16 accounting standard.
This effect is partially offset by the reduction of rolling stock depreciation.

Note 38 Other operating costs

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Allocations to the provision for risks and charges	4.431	4.318
Taxes and duties	711	938
Non-recurring expenses	401	168
Impairment of receivables	56	
Capital losses on property, plant and equipment	32	
Release of the provisions for risks		(710)
Losses on receivables	137	
Other charges	741	826
Other operating costs	**6.509**	**5.540**
Total	**6.509**	**5.540**

"Allocation to the provision for risks and charges" concerns the allocations made to the rolling stock cyclical maintenance provision (Note 27) and remains substantially unchanged relative to the comparative period.

Note 39 Financial income

Financial income accrued on:

Description	First half 2020	First half 2019
Capital gains from sale of equity investments	1.014	
Current bank accounts and deposits	188	36
Other financial income		45
Financial income	**1.202**	**81**
Financial income from the special treasury management contract	283	304
Finance lease agreements as lessor	37	176
Other financial income		8
Financial income from related parties (Note 44)	**320**	**488**
Total	**1.522**	**569**

Capital gain from sale of equity investments
The capital gain relates to the sale of the equity investment in Locoitalia, which took place on 10 March 2020.

Current bank accounts and deposits
The FNM Group, with the exception of the subsidiaries ATV and La Linea, and of their subsidiaries, manages cash and cash equivalents through cash pooling: on a daily basis the balances of current bank

accounts of individual companies are transferred to the current accounts of the Parent FNM, that concurrently credits/debits the giro account of the individual subsidiaries.
Financial income on current bank accounts and deposits increased by EUR 152 thousand in relation to the higher quantity of cash and they were partially offset by the average remuneration rate, which declined from 0.019% to 0.012% in 2020.

Financial income from the special treasury management contract
Financial income refers to interest income on financial resources granted to Finlombarda S.p.A. and regulated in the "Special treasury management contract" (Note 11). Provisions were interest bearing at a rate of 1.32%, equal to the rate actually accrued for sums deposited in sight and restricted deposits.

Note 40 Financial expenses

Financial expenses are accrued on:

Description	First half 2020	First half 2019
Financial expenses on loans	464	478
Fees and charges for not using loans	169	393
Lease agreement as lessee	124	300
Post-employment benefit (Note 28)	81	192
Others	22	26
Financial expenses	**860**	**1.389**
Financial expenses on the corporate bond	342	367
Financial expenses on giro account		1
Financial expenses to related parties (Note 44)	**342**	**368**
Total	**1.202**	**1.757**

Financial expenses on loans
The item includes financial expenses for the:

- loan taken out by the Parent on 7 August 2018 and disbursed only for the Term Loan Facility on 14 September 2018, and calculated at the contract interest rate equal to 6-month Euribor + 1.3% spread, adjusted to the internal rate of return of the loan equal to 1.47%, for adoption of the amortised cost criterion;
- loan stipulated on 21 December 2017 between the Parent Company and the European Investment Bank, for a total amount of EUR 50 million, for which the first tranche, amounting to EUR 10,000 thousand was used on 20 March 2020, and calculated at the fixed contractual interest rate of 0.377%.

Fees and charges for not using loans
During the period, commitment fees were recognised on the "Capex Facility", until 7 February 2020 due to the conclusion of the availability period, and "Revolving Credit Facility", for EUR 144 thousand (EUR 343 thousand in the comparative period), calculated applying a rate equal to 35% of the margin, i.e. 0.455% (Note 19).
In addition, commitment fees were recognised on the EUR 50,000 thousand loan, stipulated with the EIB, for EUR 50 thousand, calculated applying a fixed rate of 0.2% per annum until the date of disbursement of the first tranche, for EUR 25 thousand (EUR 50 thousand in the comparative period).

Financial expenses on the corporate bond
The item includes financial expenses for the corporate bond, issued on 21 July 2015 and fully subscribed by the associate Finlombarda S.p.A. (Note 21). The floating rate of the period was 1.168%, calculated as the sum of the spread of 150 b.p. and of the six-month Euribor with a 360 base, which in the reference period was negative by 0.332%.

Note 41 Taxes and duties

The next table shows the breakdown of this item:

Description	First half 2020	First half 2019
Current	3.575	4.677
Prepaid/Deferred	(769)	(596)
Financial expenses	**2.806**	**4.081**

The taxes estimated for the first half of 2020 amount to EUR 2,806 thousand versus EUR 4,081 thousand of the first half of 2019.

The balance includes the lower taxes of the previous years, equal to EUR 75 thousand, related to the 2019 IRAP balance not being due as provided by art. 24 of the Relaunch Decree (Law Decree 34/2020).

Reference is made to the notes to the 2019 consolidated financial statements for the breakdown by nature of the temporary differences that originate the balance of the receivables for deferred tax assets, whose change in the half-year is EUR 769 thousand.
Deferred tax assets recognised directly in equity in relation to the recognition of actuarial gains/losses amount to EUR 31 thousand.

Note 42 Net profit of companies measured with the equity method

Details of the result of companies measured with the equity method at 30 June 2020 and 30 June 2019 are reported below:

Description	First half 2020	First half 2019	Change
Trenord Srl *	(15.927)	1.146	(17.073)
NORD ENERGIA SpA **	1.213	1.921	(708)
DB Cargo Italia Srl	800	801	(1)
Omnibus Partecipazioni Srl ***	110	77	33
NordCom SpA	(399)	24	(423)
Conam S.r.l.	17	21	(4)
SeMS Srl in liquidation	53	18	35
Fuorimuro Srl		(387)	387
Result of companies measured with equity method	**(14.133)**	**3.621**	**(17.754)**

Reference is made to the management report for the analysis of the trend of investments in joint ventures and events affecting the profitability of the aforementioned investees.

Note 43 Earnings per share

Earnings per share are calculated dividing the result attributable to Parent Company Shareholders by the average weighted number of ordinary shares issued, excluding any treasury shares purchased from this calculation.

Description	30/06/2020	30/06/2019
Profit attributable to parent company shareholders in Euro	(778.000)	14.788.000
Weighted average number of shares	434.902.568	434.902.568
Basic earnings per share in Euro cents	(,00)	0,03

Diluted earnings per share coincide with basic earnings per share.

Note 44 Related-party transactions

The Group is controlled by the Lombardy Region, which holds 57.57%. 14.74% is held by Ferrovie dello Stato S.p.A. and the remaining interest is listed on the Standard (Class 1) market of the Milan Stock Exchange.

Therefore, all transactions with the Lombardy Region are reported under related-party transactions, which also include the transactions with entities for which the Group has joint control and with associates, consolidated at Equity.

Transactions with related parties, carried out at market values, are presented below:

Description	Notes	30/06/2020			31/12/2019		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
BALANCE SHEET							
Non-current financial receivables	10	2	-	0,0%	2		0,0%
Trade receivables	14	77.949	59.229	76,0%	64.619	45.227	70,0%
Other current receivables	15	74.357	11.523	15,5%	60.612	11.275	18,6%
Current financial receivables	10	41.524	1.524	3,7%	40.997	997	2,4%
Current financial receivables measured at FV	10	48.305	48.305	100,0%	48.352	48.352	100,0%
Receivables for funded investments	12	47.264	45.267	95,8%	59.096	57.099	96,6%
Non-current financial payables	21	15.048		0,0%	9.184	2	0,0%
Payables for funded investments	22	12.581	6.079	48,3%	12.581	6.079	48,3%
Other non-current liabilities	24	26.047	11.135	42,7%	27.550	12.253	44,5%
Current financial payables	21	96.885	86.938	89,7%	94.053	86.573	92,0%
Payables for funded investments	22	216.608	216.608	100,0%	103.818	103.818	100,0%
Trade payables	27	130.634	3.199	2,4%	175.746	3.930	2,2%
Other current liabilities	29	66.345	36.638	55,2%	65.180	35.762	54,9%

Description	Notes	First half 2020			First half 2019		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
INCOME STATEMENT							
Revenues from sales and services	30	118.647	87.002	73,3%	133.975	88.067	65,7%
Grants	31	7.886	4.258	54,0%	5.311	4.031	75,9%
Grants for funded investments	32	17.873	17.873	100,0%	12.601	12.601	100,0%
Other income	33	8.962	3.755	41,9%	8.145	3.536	43,4%
Service costs	35	(29.455)	(3.946)	13,4%	(33.106)	(4.056)	12,3%
Other operating costs	38	(6.509)		0,0%	(5.540)		0,0%
Financial income	39	1.522	320	21,0%	569	488	85,8%
Financial expenses	40	(1.202)	(342)	28,5%	(1.757)	(368)	20,9%

The increase in “Trade receivables from related parties” was mainly determined by the higher receivables from Trenord in relation to the different payment timelines (Note 14).

The “Other current receivables from related parties” refer to receivables from the Lombardy Region for investment grants and to cover personnel costs for the renewal of the National Collective Bargaining Agreement for the Railway/Tram sector, to receivables for services rendered to joint venture investees and to receivables deriving from the Group VAT (Note 15).

“Receivables for funded investments” recognise, in accordance with IFRIC 12, the portions of grants not yet collected and intended to finance the investments in the modernisation of infrastructure and of rolling stock (Note 12).

“Financial receivables measured at fair value” include the receivable from Finlombarda for the special Treasury Management Contract, related to the cash surpluses recognised following the issue of the corporate bond (Note 11).

“Current financial payables to related parties” remain substantially unchanged and comprise the balance of the debt to bondholders, Finlombarda, in addition to the balance of the giro account held with joint venture investees and the Pension Fund (Note 21).

“Payables for funded investments to related parties” includes payables to the Lombardy Region relative to the excess of grants paid by the Region for investments made by the Group, for the portion already allocated to investments and not yet offset (Note 22).

The item "Other current liabilities" refers to payables for services provided to the Group and to corporate income tax advances paid to the Parent by joint venture investees, as well as to capital grants obtained from Lombardy Region for the purchase of rolling stocks and buses.

Note 45 Result from OCI

Details of related items recorded in shareholders' equity at 30 June 2020 and 30 June 2019 are reported below:

	1st HALF 2020			1st HALF 2019		
Description	**Gross value**	**Tax (Charge)/Benefit**	**Net Value**	**Gross value**	**Tax (Charge)/Benefit**	**Net Value**
Post-employment benefit actuarial gain/(loss)	111	(31)	80	(2.007)	562	(1.445)
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	370	(108)	262	(869)	242	(627)
Gains/(losses) arising from the translation of financial statements of foreign companies	18		18	4		4
Total	**499**	**(139)**	**360**	**(2.872)**	**804**	**(2.068)**

Post-employment benefit actuarial gain/(loss)
It should be recalled that, starting from the year ended 31 December 2011, actuarial gains/(losses) are not recognised in the income statement, but in a specific reserve of shareholders' equity, net of the tax effect, recognised in the statement of comprehensive income of the half-year.

Translation reserve
Reference is made to Note 9.

Note 46 Description of the impacts of the COVID-19 epidemic on the income statement

As required by CONSOB Warning notice no. 8/2020 of 16/07/2020, the quantitative impacts of the COVID-19 epidemic on the income statement of the half-year are set out below, determined as actual impacts compared to the budget:

Amounts in thousands of euros	**1st Half 2020**
Revenues from sales and services	(16.373)
Grants	2.226
of which: Relaunch Decree Grants	2.554
Other income	(789)
TOTAL REVENUES AND OTHER INCOME	**(14.936)**
Raw materials, consumables and goods used	2.803
Service costs	4.044
Personnel costs	5.325
Depreciation and Amortisation	264
Other operating costs	(18)
TOTAL COSTS	**12.418**
EBIT	**(2.518)**
Net profit of companies measured with the equity method	(17.533)
EARNINGS BEFORE TAX	**(20.051)**

The change in “Revenues from sales and services” is mainly due to reduction of the revenues of the companies in the road transport segment, in particular traffic revenues, equal to EUR 11,748 thousand and revenues for reduced transport services performed for EUR 3,940 thousand.

The reduction of revenues from sales and services was mitigated as a result of the Law of 24 April 2020, no. 27 (art. 92, paragraph 4-*bis*), “Cure Italy”, that provided for the recognition of the fees of the road transport segment on the basis of contractual programming, despite the remodulation of the offer implemented following the epidemiological emergency. This amount is equal to EUR 6,854 thousand.

“Grants” include the positive effect of the recognition of the offsetting measures introduced by Law 77 of 17 July 2020 (art. 200, paragraph 1, the “Relaunch Decree”).

The decrease in costs derives from the actions carried out by all Group companies to contain the negative impacts of the emergency.

The change in “Net profit of companies measured with the equity method” is mainly due to the half-year result of the investee Trenord which was significantly affected by the contagion containment measures and hence by the revision of the offer implemented starting from 24 February as a result of the start of the COVID-19 emergency. The result of the investee in the period, already commented in the management report, considers the offsetting effects introduced by the “Cure Italy” and “Relaunch” decrees of approximately EUR 49 million.

Note 47 Significant non-recurrent events and transactions

It is pointed out that, in the Directors’ judgement, during the half-year, as in the 2019 comparative half-year, there were no non-recurring transactions.

Note 48 Subsequent events

Concerning significant data and events occurred after 30 June 2020, the following is pointed out:

- On **21 July 2020**, the bond by the name of “FNM S.p.A. 2015 – 2020”, issued on 21 July 2015 for EUR 58.0 million and subscribed in full by Finlombarda S.p.A., was repaid in full. With the same value date, the tenth and last half-yearly coupon was paid, amounting to EUR 342,484.20 and relating to the 21 January 2020 - 21 July 2020 lending period. In relation to the special Treasury management agreement stipulated with Finlombarda, the deposit of EUR 48.0 million was repaid by Finlombarda on 29 July 2020. By the end of the next month of September, Finlombarda will pay to FNM the interest accrued during the year 2020.
- On **28 July 2020**, the Council of the Lombardy Region, controlling shareholder of the Company, in its 2020 supplementary budget law, authorised (i) the sale in favour of FNM (the “Transaction”) of the entire equity investment held by the Lombardy Region in Milano Serravalle – Milano Tangenziali S.p.A. (“MISE”), equal to 82.4% of the share capital and, as a result, the acceptance of the purchase proposal formulated by FNM, and (ii) the recapitalisation of Autostrada Pedemontana Lombarda S.p.A. (“APL”), through the underwriting of a capital increase for an amount up to EUR 350 million.
  Completion of the Transaction described above, in addition to allowing the diversification of the revenues of the FNM Group and an improvement of its earnings profile, will create the first infrastructural node in Lombardy based on an integrated management of rail and road mobility,

with consequent optimisation of flows, enhancement of sustainable mobility and development of economies of scale within the scope of investments in technologies and innovation.
FNM's proposal, which recognises an Equity Value of EUR 519.2 million for 82.4% of the MISE share capital and a price per share of EUR 3.5, is subject to the following: (i) an irrevocable commitment by the Lombardy Region to underwrite a capital increase of APL in the amount necessary to cause, inter alia, APL to exit the scope of consolidation of MISE which will not participate in the aforesaid capital increase and (ii) a mutually satisfactory agreement reached by the parties on the terms of the sale agreement. The transaction will be financed with bank credit facilities currently undergoing negotiation. In turn, the performance of the sale agreement will be subordinated to some additional conditions precedent, including the obtainment of the authorisation by the competent Antitrust Authority and of the authorisation by the Ministry of Infrastructure and Transport, in accordance with the concession issued on 7 November 2007 between MISE and ANAS S.p.A. (now Ministry of Infrastructure and Transport). In 2019, MISE recorded revenues of approximately EUR 249 million, EBITDA of EUR 149 million and a Net Financial Position of approximately EUR 135 million.

- On **29 July 2020**, the agreement was executed and performed for the purchase of the share held in MISE, directly and indirectly, by ASTM, equal to 13.6% of the share capital1, for EUR 85.6 million (i.e. EUR 3.5 per share).
  The agreed price was paid in cash for an amount of EUR 3.2 per share (EUR 78.3 million) on the same date, using available liquidity and bank credit facilities, while the remaining EUR 0.3 per share (EUR 7.3 million) will be paid no later than 31 January 2021, the date by which the transaction is expected to be closed with the Lombardy Region.
- On **30 July 2020**, the Council of the Lombardy Region resolved to accept *(i)* the proposal presented by the Parent Company in relation to the acquisition of the entire equity investment of the Lombardy Region in Milano Serravalle - Milano Tangenziali S.p.A., equal to 82.4% of the share capital; and *(ii)* the proposed exclusive agreement containing the commitment to define the contractual terms and conditions no later than four months from the date.

Milan, 31 July 2020

The Board of Directors

1 The total equity investment to be purchased is held by ASTM S.p.A. for 10.704%, Autostrada Dei Fiori S.p.A. for 2.884% and SATAP S.p.A. for 0.007% of the share capital.

ATTACHMENT 1
TO THE NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Name	Registered Office	Nature of Control	Consolidation method	Percentage of ownership
FERROVIENORD S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
NORD_ING S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
FNM Autoservizi S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
E-Vai S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
Nuovo Trasporto Triveneto S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
Malpensa Intermodale S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
Malpensa Distripark S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%
Azienda Trasporti Verona S.r.l.	Verona - Lungadige Galtarossa 5	Subsidiary	Line-by-line Consolidation	50,0%
La Linea 80 Scarl	Belluno - via Garibaldi 77	Subsidiary	Line-by-line Consolidation	50,30%
La Linea S.p.A.	Venice - Via della Fisica 30	Subsidiary	Line-by-line Consolidation	51,0%
Martini Bus S.r.l.	Venice - Via Mutinelli 11	Subsidiary	Line-by-line Consolidation	51,0%
Conam S.r.l.	Schio VI - Via Enrico Fermi 13	Joint Venture	Measured with the Equity method	25,5%
Trenord S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50,0%
NordCom S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	58,0%
NORD ENERGIA S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	60,0%
CMC MeSta SA	Bellinzona CH - Viale Officina 10	Joint Venture	Measured with the Equity method	60,0%
SeMS S.r.l. in liquidation	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	68,5%
Omnibus Partecipazioni S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50,0%
TILO SA	Bellinzona CH - Via Portaccia 1a	Joint Venture	Measured with the Equity method	25,0%
DB Cargo Italia S.r.l.	Milan - P.le Cadorna 14	Associate	Measured with the Equity method	40,0%
ASF Autolinee S.r.l.	Como - via Asiago 16/18	Associate	Measured with the Equity method	24,5%

Review report on consolidated condensed interim financial statements

To the shareholders of
FNM SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of FNM SpA and its subsidiaries (the FNM Group) as of 30 June 2020, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cashflow and related notes. The directors of FNM Group are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

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

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of FNM Group as of 30 June 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 5 August 2020

PricewaterhouseCoopers SpA

Signed by

Alessandro Turris
(Partner)

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