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 2021

CORPORATE BODIES

Board of Directors	
Chairman	Andrea Gibelli
Deputy Chairman	Gianantonio Battista Arnoldi
Directors	Tiziana Bortot
	Barbara Lilla Boschetti
	Marcella Caradonna
	Ivo Roberto Cassetta
	Mauro Miccio

Board of Statutory Auditors	
Chairman	Eugenio Pinto
Statutory Auditors	Roberta Eldangela Benedetti
	Massimo Codari

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

Independent Auditor	PricewaterhouseCoopers S.p.A.

CONTENTS

MANAGEMENT REPORT TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as at 30 June 2021

INTRODUCTION

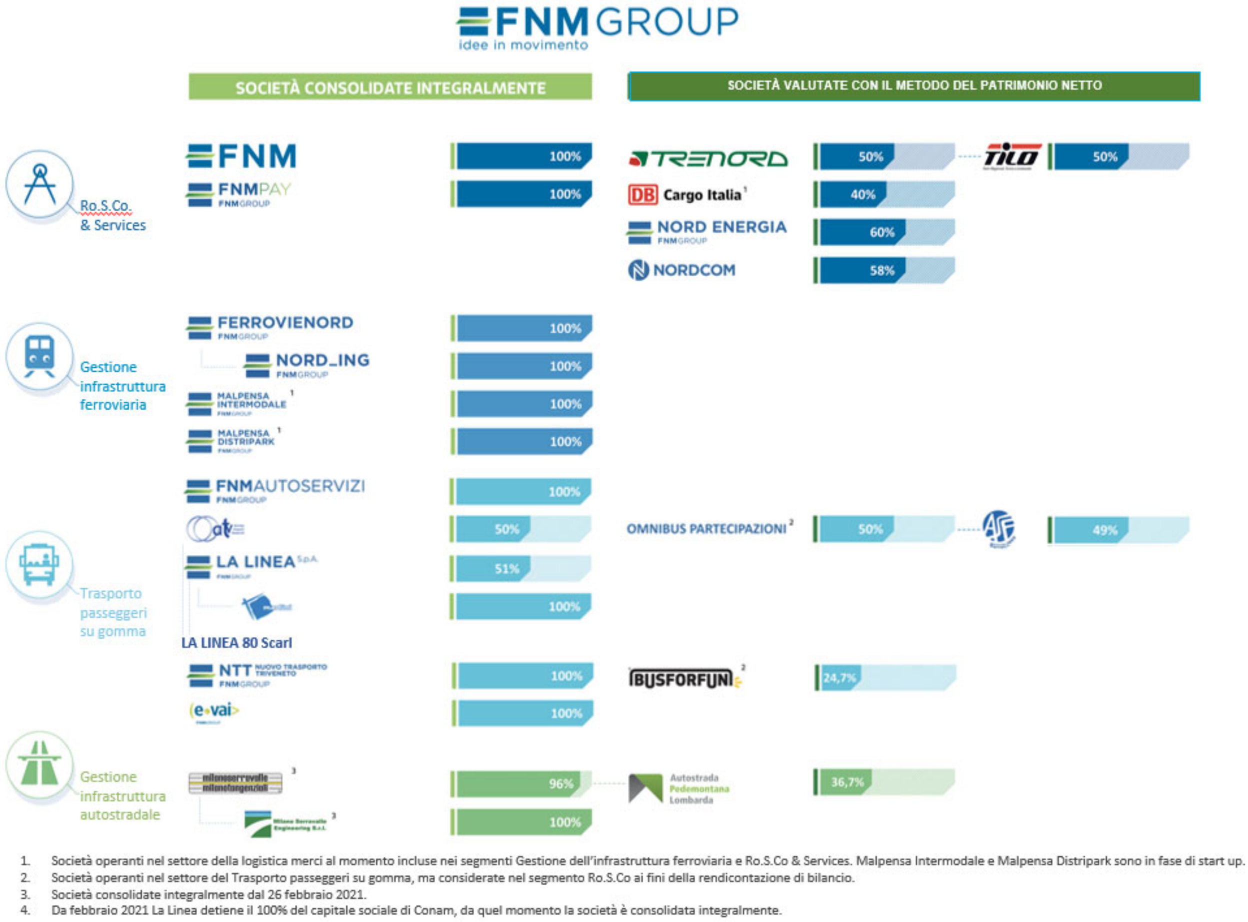
With reference to the six-month period ended 30 June 2021 (hereinafter the “First Half of 2021” or “period”), the quantitative data and the comments contained in this Report are intended to provide an overview of the Group's economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period.

In particular, the performance for the period takes into account the effects of the significant strategic transformation implemented thanks to the completion of the acquisition of the controlling stake in Milano Serravalle - Milano Tangenziali (hereinafter also referred to as “MISE”), which led to the Group’s entry into the motorway infrastructure management sector.

As is well-known, also the first half of 2021 was impacted by the negative effects of the persistence of the health emergency caused by the global COVID-19 pandemic, declared as such by the World Health Organisation on 11 March 2020. The pandemic had economic repercussions on the regional and national production system, in particular on mobility and specifically on local public transport as well as motorway traffic, also as a result of the various regulatory provisions and subsequent measures taken over the months by the competent authorities to contain the spread of the infection, which has been easing in recent months thanks to the progress of the vaccination campaign and the consequent decline in the number of recorded infections.

1 GROUP STRUCTURE AND BUSINESS SEGMENTS AS AT 30 JUNE 2021

FNM is the **leading integrated sustainable mobility Group in Lombardy.** It is the first organisation in Italy to combine railway infrastructure management with road transport and motorway infrastructure management in order to offer an innovative model for managing mobility supply and demand that optimises flows and is **environmentally and economically sustainable**. It is one of Italy’s leading non-state investors in the sector. FNM S.p.A. is a public company that has been listed on the Italian Stock Exchange since 1926. Its main shareholder is the Lombardy Region, which holds 57.57% of the share capital.



The FNM Group is present, through controlling shareholdings and/or shareholdings subject to joint control or associates, in the following areas of activity:

1.1 RAILWAY INFRASTRUCTURE MANAGEMENT

The Group is active in the management of railway infrastructures in Lombardy and the Sacconago Intermodal Terminal through the following companies:

- FERROVIENORD S.p.A. - which is entrusted with the management and maintenance of the railway infrastructure, Milan and Iseo branches, on the basis of the concession expiring on 31 October 2060 and the Service Contract signed with the Lombardy Region for the period 18 March 2016-31 December 2022;
- NORD_ING S.r.l. - which is entrusted with planning activity, as well as technical and administrative support for investments in the railway network;
- MALPENSA INTERMODALE S.r.l. - which manages the Sacconago Terminal in Busto Arsizio (VA) and

- MALPENSA DISTRIPARK S.r.l. - entrusted with the real-estate development of the areas adjacent to the Sacconago terminal, which is key to the management of intermodal connections in the cargo sector handled by MALPENSA INTERMODALE.

1.2 RO.S.CO. & SERVICES

The parent company FNM S.p.A. purchases and leases rolling stock to its investees, primarily for Trenord and DB Cargo Italia, acting as a Rolling Stock Company (Ro.S.Co.).
Trenord (50% jointly owned with Trenitalia S.p.A.), is the main manager of suburban and regional rail passenger transport services in the Lombardy Region, including the Malpensa Express airport link, the Milan Rail Link and the Lombardy - Canton Ticino cross-border service through TILO S.A. (50% owned by Trenord). The railway service is managed under a Service Contract with the Lombardy Region for the period 2015-2020, extended to the end of 2021. DB Cargo Italia (40% owned by FNM S.p.A. with DB Cargo Italy S.r.l.) is active in rail freight transport.
Trenord and DB Cargo Italia are valued using the equity method.
FNM S.p.A. also provides administrative services to its subsidiaries and manages its real estate assets. With the establishment of FNMPAY in October 2020, the Group entered the digital payments sector.

The FNM Group also extends its operations to the *Information & Communication Technology* sector with the *joint venture* NordCom, which operates both for the benefit of the FNM Group and for third parties; it is also present in the specialist sector of electricity transmission via the Mendrisio-Cagno power line, with the jointly controlled company NORD ENERGIA and its subsidiary CMC Mesta S.A.

1.3 ROAD PASSENGER TRANSPORT

FNM operates in the road mobility sector with:

- FNM Autoservizi S.p.A. - concessionaire of portions of public transport services by road in the provinces of Varese and Brescia, owner in A.T.I. (temporary association of companies) with ASF Autolinee S.r.l. (49% owned by Omnibus Partecipazioni[1] - 50% owned by FNM S.p.A.) of a Service Contract for those in the Province of Como and support operator for Trenord for “train replacement” activities;

1 - Company operating in road passenger road transport, but considered in the Ro.S.CO. segment for the purposes of drafting of the financial statements. They are consolidated using the equity method.

- Azienda Trasporti Verona S.r.l. - that provides urban public 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;
- E-VAI S.r.l. - a car sharing company operating in Lombardy with electric and bimodal vehicles;
- Busforfun.Com S.r.l.[1] - an innovative *start-up* in tourism and *commuting* technologies, in which FNM S.p.A. acquired a 24.7%. Stake in November 2020.

1.4 MOTORWAY INFRASTRUCTURE MANAGEMENT

The FNM Group is also present in the motorway infrastructure management sector thanks to its 96% shareholding in MISE, which is fully consolidated into the FNM Group from 26 February 2021.

As described in more detail in the Annual Financial Report 2020, the investment in MISE derives from the acquisition, at the end of July 2020, of the 13.6% stake in MISE's share capital held directly and indirectly by ASTM, and the acquisition of a further 82.6% stake in the share capital held by the Lombardy Region completed on 26 February 2021. The total consideration paid for the 96% stake in MISE was EUR 604.8 million (or €3.5 per share), of which EUR 526.5 million was paid in the first quarter of 2021.

MISE is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads (for a total of 179 km in length) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the awarding body.

Thanks to the acquisition of MISE, FNM creates a strategic group in the infrastructure sector in Lombardy for the management of the mobility system that integrates rail transport, local public road transport and motorway infrastructure. On the one hand, the transaction will allow FNM to strengthen its presence in Lombardy and in the areas of highest demand for transport, on the other hand it will allow the FNM Group to diversify its revenues, with an improvement in its income profile and a simultaneous diversification of its regulatory risk.

MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital.

Among its investee companies, the company also includes a 36.7% equity investment in Autostrada Pedemontana Lombarda (hereinafter "APL"), the concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL has been valued using the equity method since 26 February 2021, by virtue of the subscription and release by the Lombardy Region of an increase in APL's share capital of EUR 350 million. More details are provided in the section "Significant events during the period".

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It should be noted that, as a result of the valuation using the equity method, the contribution of the jointly controlled companies Trenord (and its associated company TILO), NORD ENERGIA (and its subsidiary CMC Mesta), NordCom, Omnibus Partecipazioni and the associated companies DB Cargo, Busforfun.Com, APL, Tangenziali Esterne di Milano and Tangenziale Esterna has no impact on the individual items of the consolidated statement of financial position and the consolidated income statement, with the exception of the items "Investments" and "Net profit of companies measured with the equity method", respectively.

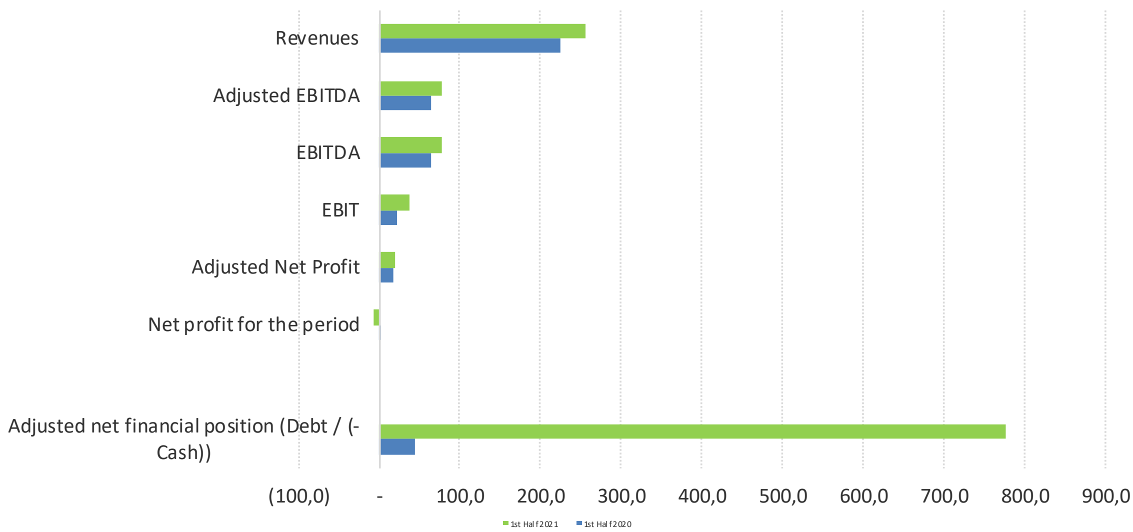
2 SUMMARY INDICATORS OF THE FNM GROUP CONSOLIDATED RESULTS

Amounts in millions of euros	1st Half 2021	1st Half 2020	*Change*	*Change %*
Revenues*	256,1	225,6	*30,5*	*13,5%*
Adjusted EBITDA*	77,6	64,2	*13,4*	*20,9%*
EBITDA*	78,1	63,9	*14,2*	*22,2%*
Operating income*	37,4	23,0	*14,4*	*62,6%*
Earnings Before Tax*	26,3	22,2	*4,1*	*18,4%*
Adjusted net profit*	20,2	18,4	*1,8*	*9,7%*
Net profit for the period*	(7,5)	0,3	*(7,8)*	*N/A*
Shareholders' equity (A)**	195,0	477,1	*(282,1)*	*-59,1%*
Net financial position (B) **	719,6	81,8	*637,8*	*779,7%*
Adjusted net financial position **	776,8	43,8	*733,0*	*1673,5%*
Net Invested Capital (A+B)**	914,6	558,9	*355,7*	*63,6%*
Market capitalisation at 30.06	273,1	202,2	*70,9*	*35,1%*
Investments*	209,3	34,5	*174,8*	*506,7%*

*Values in H1 2021 and H1 2020 consider the consolidation of MISE from 1 January 2021 and 1 January 2020, respectively.
** Comparison values relate to 31.12.2020

Market capitalisation as at 30.06.2021: EUR 264.4 million

AS AT 30.06.2020: EUR 194.0 million



Credit Ratings

Moody's	
Long term	Baa3
Outlook	stable
Assignment date	25 January 2021
Fitch	
Long term	BBB-
Outlook	stable
Assignment date	10 November 2020

3 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 Beni Voluttuari and FTSE Italia Viaggi e Tempo Libero.

Market on which the shares are listed	MTA
ISIN Code	IT0000060886

The reference economic framework[2]

The first six months of 2021 marked a gradual, albeit diverse, recovery in the global economy compared to 2020. Thanks to the start of the vaccination campaigns, COVID-19 infections have decreased significantly and the measures in place have been gradually relaxed in the countries with the highest vaccination rates, with an overall positive effect on GDP and global trade.

However, the medium-term outlook remains differentiated between countries, linked to the progress of the pandemic, the emergence of virus variants and delays in vaccination campaigns in some parts of the world.

As regards the Eurozone, economic activity initially contracted in the first quarter in all countries except Italy. In the second quarter, however, it started to rise again, also thanks to the expansive monetary policy confirmed by the European Central Bank. The continent's economic recovery will also be supported by the national investment and reform plans submitted by Member States under the Next Generation EU Recovery and Resilience Facility. On 13 July, the Council of the European Union approved the plans of the first 12 EU countries, including Italy.

In Italy, economic growth was slightly positive in the first quarter of this year (+0.1% on the previous period) and then intensified in the second quarter, exceeding 1%, favoured by the expansion in industry and the recovery in services. The recovery was sustained in particular by investments, the conditions of which are improving, and by the increase in consumption, even if the propensity to save for precautionary reasons remains high. Exports also increased, in the context of strengthening global trade, with a recovery in tourist inflows from the end of April. After the decline in the first quarter of the year, employment also increased in May and June, with a partial recovery in the number of jobs held by young people and women.

In June, inflation stood at 1.3% (1.9% in the Eurozone), driven mainly by the increase in energy costs, but this effect should only be temporary.

The Bank of Italy estimates a further acceleration in national GDP starting from the third quarter of 2021 and throughout the 2022-23 period, with GDP returning to pre-pandemic levels in the second half of next year,

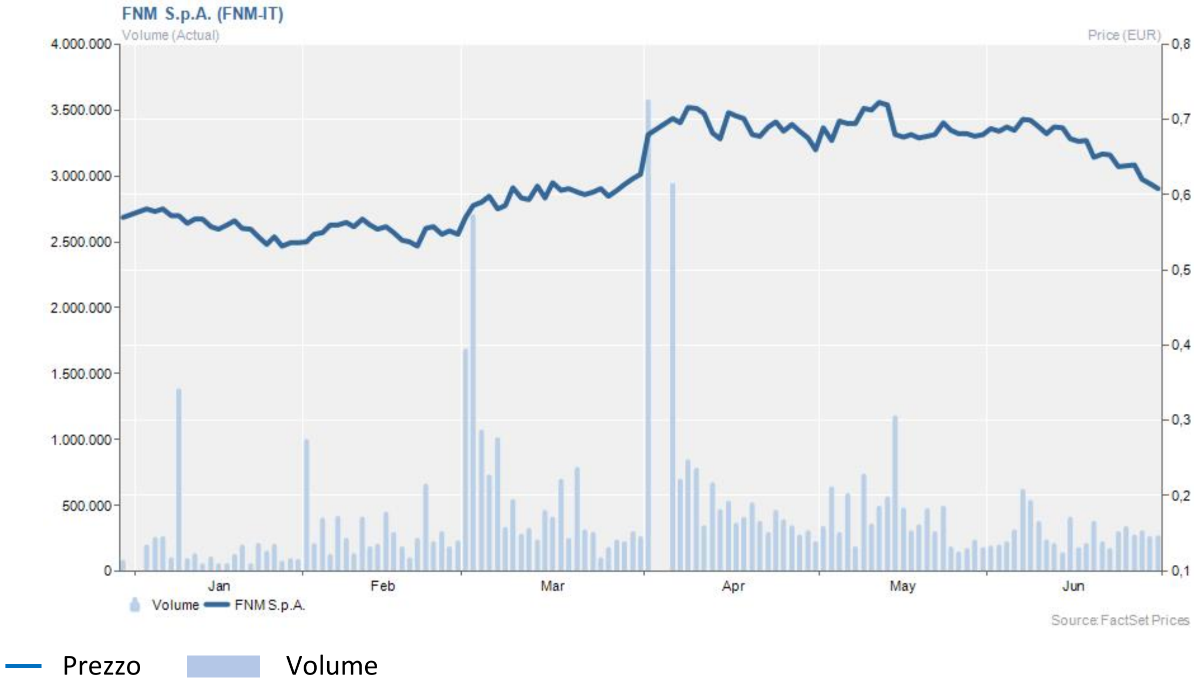
2 Economic Bulletin 3 / 2021, Bank of Italy

based on the assumption of a progressive improvement in the national and global health situation and the stimulus originating from the interventions envisaged under the Next Generation EU National Recovery and Resilience Plan (NRRP). The plan calls for interventions of EUR 191.5 billion over the 2021-2026 period, of which EUR 68.9 billion is financed by transfers and EUR 122.6 billion by loans. The disbursement of the first tranche of resources, corresponding to 13% of the total amount by way of pre-financing, is expected by the end of the summer. This scenario is strongly influenced by the effectiveness and speed of the above-mentioned support and recovery measures, as well as by the effects they may have on productivity, and by consumer responses to the reopening of the economy.

The confirmation of the expansive orientation of the monetary policy of the United States and the European Union led to an interruption in the increase of long-term yields that had been taking place since the beginning of the year. Instead, the economic recovery had a positive impact on equity prices in the second quarter, which rose in the United States, the United Kingdom and the Eurozone. During this six-month period, the euro remained stable against the dollar. Italian financial market performance was positively affected by expectations of a recovery in economic activity: yields on government securities, which temporarily increased between April and May, later eased with the reconfirmation of the intention to maintain an expansionary monetary policy. The spread with German 10-year government bond yields remains below pre-pandemic levels and relative volatility continues to be very low. Overall, the **Italian financial market** increased by **13.8%** in the first half of 2021 compared to the end of 2020 (FTSE Italia All Share), in line with the Eurozone (Stoxx Europe 600 index +13.5%).

In the same period, the **FNM stock** performed positively (+6.7%), but not as well as the FTSE Italia Small Cap benchmark (29.1% increase), related to small-capitalisation Italian stocks, or the Italian sector index (FTSE Italia Servizi al Consumo +23.0%, FTSE Italia Viaggi e Tempo Libero +18.1%).

FNM stock performance in the first half of 2021



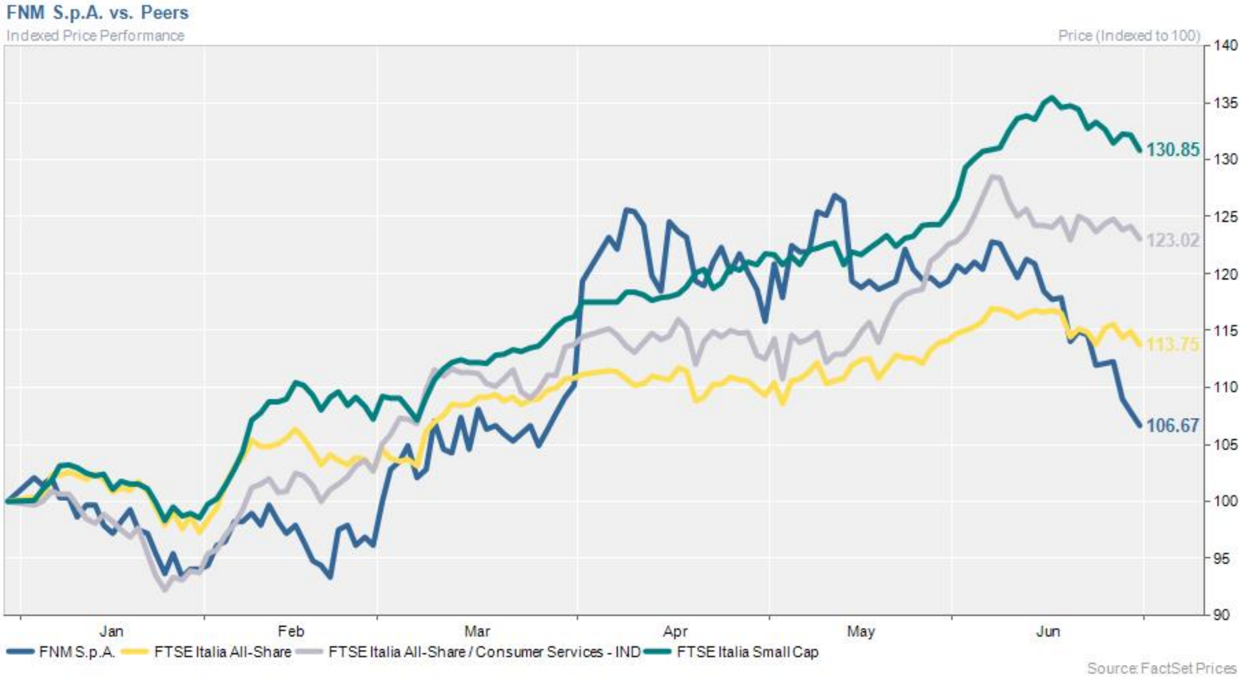
Source: FactSet

In the first half of the current year, the **FNM stock** indeed increased by **6.7%** compared to the end of 2020, with an average price of **EUR 0.63** (average stock market capitalisation of **EUR 272.8 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 258.8 thousand** (maximum value recorded on 1 April 2021 of over EUR 2.4 million). Average daily trading of the shares amounted to approximately 410 thousand shares traded daily.

In the analysed period, a total of 51.7 million shares were traded, i.e. approximately 12% of the share capital, a value aligned with the comparable half of the previous year (51.4 million shares, 11.8% of share capital).

FNM stock performance compared to the main reference indexes in the first half of 2021



(Price=100 as at 30 December 2020) *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 30/06/2021**
LOMBARDY REGION	57.6%
FERROVIE DELLO STATO	14.7%

4 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

4.1 ECONOMIC DATA SUMMARY

The reclassified income statement for the period is shown below, compared with that of the corresponding period of 2020. For the sake of a complete disclosure, in the following reclassified income statement the items "costs for construction services - IFRIC 12" and "grants for construction services - IFRIC 12", relating exclusively to concessionaire companies FERROVIENORD and MISE in which, in application of IFRIC 12, the amounts of the funded investments made during the period and the corresponding contributions are recognised, are stated net in "Other income and revenue."

The individual items reported below also exclude non-recurring items, which have been reclassified under "non-ordinary income and expenses".

As indicated in paragraph 1.4 below, the first half of 2021 includes the economic effects arising from the line-by-line consolidation of MISE and its subsidiary Milano Serravalle Engineering from 26 February 2021. The period of comparison represents the scope of consolidation prior to the acquisition.

Amounts in millions of euros	**1st Half 2021**	**1st Half 2020**	**Change**	**Change %**
Revenues from sales and services	212,4	126,5	85,9	*67,9%*
Other revenues and income	14,0	11,3	2,7	*23,9%*
TOTAL REVENUES AND OTHER INCOME	***226,4***	***137,8***	***88,6***	***64,3%***
Operating costs	(85,6)	(43,9)	(41,7)	*95,0%*
Personnel costs	(75,0)	(57,5)	(17,5)	*30,4%*
ADJUSTED EBITDA	***65,8***	***36,4***	***29,4***	***80,8%***
Non-ordinary Income and Expenses	0,5	(0,3)	0,8	*N/A*
EBITDA	*66,3*	*36,1*	*30,2*	*83,7%*
Depreciation, amortisation and write-downs	(34,2)	(20,2)	(14,0)	*69,3%*
EBIT	***32,1***	***15,9***	***16,2***	***101,9%***
Financial income	1,6	1,5	0,1	*6,7%*
of which gains on divestments	-	*1,1*	*(1,1)*	*N/A*
Financial expenses	(12,1)	(1,2)	(10,9)	*N/A*
NET FINANCIAL INCOME	*(10,5)*	*0,3*	*(10,8)*	*N/A*
EARNINGS BEFORE TAX	*21,6*	*16,2*	*5,4*	*33,3%*
Income tax	(5,6)	(2,8)	(2,8)	*N/A*
ADJUSTED COMPREHENSIVE RESULT	**16,0**	**13,4**	**2,6**	*19,4%*
Profit of companies measured with the Equity method	(26,9)	(14,1)	(12,8)	*90,8%*
COMPREHENSIVE RESULT	**(10,9)**	**(0,7)**	**(10,2)**	***N/A***
RESULT ATTRIBUTABLE TO NCIs	**1,7**	**-**	**1,7**	***N/A***
COMPREHENSIVE GROUP RESULT	**(12,6)**	**(0,7)**	**(11,9)**	***N/A***

In order to better represent the changes in the period, the pro-forma reclassified income statement is shown below, considering the consolidation of MISE from 1 January 2021. The first half of 2020 comparison period was similarly pro-rated as if MISE's consolidation had occurred on 1 January 2020.

Amounts in millions of euros	1st HALF 2021	01 January 2021 - 26 February 2021 MISE	1ST HALF 2021 PRO-FORMA	1ST HALF 2020 FNM GROUP	1ST HALF 2020 MISE	1ST HALF 2020 PRO-FORMA	Difference PRO-FORMA 2021 vs 2020	Difference PRO-FORMA 2021 vs 2020 %
	A	B	C= A+B	D	E	F= D+E	G = C - F	*G/F*
Revenues from sales and services	212,4	28,4	240,8	126,5	82,2	208,7	32,1	*15,4%*
Other revenues and income	14,0	1,3	15,3	11,3	5,6	16,9	(1,6)	*-9,5%*
TOTAL REVENUES AND OTHER INCOME	***226,4***	***29,7***	***256,1***	***137,8***	***87,8***	***225,6***	***30,5***	***13,5%***
Operating costs	(85,6)	(10,4)	(96,0)	(43,9)	(39,4)	(83,3)	(12,7)	*15,2%*
Personnel costs	(75,0)	(7,5)	(82,5)	(57,5)	(20,6)	(78,1)	(4,4)	*5,6%*
ADJUSTED EBITDA	***65,8***	***11,8***	***77,6***	***36,4***	***27,8***	***64,2***	***13,4***	***20,9%***
Non-ordinary Income and Expenses	0,5	-	0,5	(0,3)	-	(0,3)	0,8	*N/A*
EBITDA	*66,3*	*11,8*	*78,1*	*36,1*	*27,8*	*63,9*	*14,2*	*22,2%*
Depreciation, amortisation and write-downs	(34,2)	(6,5)	(40,7)	(20,2)	(20,7)	(40,9)	0,2	*-0,5%*
EBIT	***32,1***	***5,3***	***37,4***	***15,9***	***7,1***	***23,0***	***14,4***	***62,6%***
Financial income	1,6	0,6	2,2	1,5	3,0	4,5	(2,3)	*-51,2%*
of which gains on divestments	-	-	-	*1,1*	-	*1,1*	*(1,1)*	*N/A*
Financial expenses	(12,1)	(1,2)	(13,3)	(1,2)	(4,1)	(5,3)	(8,0)	*N/A*
NET FINANCIAL INCOME	*(10,5)*	*(0,6)*	*(11,1)*	*0,3*	*(1,1)*	*(0,8)*	*(10,3)*	*N/A*
EARNINGS BEFORE TAX	*21,6*	*4,7*	*26,3*	*16,2*	*6,0*	*22,2*	*4,1*	*18,4%*
Income tax	(5,6)	(0,5)	(6,1)	(2,8)	(1,0)	(3,8)	(2,3)	*60,5%*
ADJUSTED COMPREHENSIVE RESULT	**16,0**	**4,2**	**20,2**	**13,4**	**5,0**	**18,4**	**1,8**	***9,7%***
Profit of companies measured with the Equity method	(26,9)	(0,8)	(27,7)	(14,1)	(4,0)	(18,1)	(9,6)	*53,0%*
COMPREHENSIVE RESULT	**(10,9)**	**3,4**	**(7,5)**	**(0,7)**	**1,0**	**0,3**	**(7,8)**	***N/A***
RESULT ATTRIBUTABLE TO NCIs	**1,7**	**0,1**	**1,8**	**-**	**-**	**0,0**	**1,8**	***N/A***
COMPREHENSIVE GROUP RESULT	**(12,6)**	**3,3**	**(9,3)**	**(0,7)**	**1,0**	**0,3**	**(9,6)**	***N/A***

The income statement is shown below with only the pro-forma balances for the first half of 2021 and the first half of 2020.

Amounts in millions of euros	1ST HALF 2021 PRO-FORMA	1ST HALF 2020 PRO-FORMA	Change	Change %
Revenues from sales and services	240,8	208,7	32,1	*15,4%*
Other revenues and income	15,3	16,9	(1,6)	*-9,5%*
TOTAL REVENUES AND OTHER INCOME	***256,1***	***225,6***	***30,5***	***13,5%***
Operating costs	(96,0)	(83,3)	(12,7)	*15,2%*
Personnel costs	(82,5)	(78,1)	(4,4)	*5,6%*
ADJUSTED EBITDA	***77,6***	***64,2***	***13,4***	***20,9%***
Non-ordinary Income and Expenses	0,5	(0,3)	0,8	*N/A*
EBITDA	*78,1*	*63,9*	*14,2*	*22,2%*
Depreciation, amortisation and write-downs	(40,7)	(40,9)	0,2	*-0,5%*
EBIT	***37,4***	***23,0***	***14,4***	***62,6%***
Financial income	2,2	4,5	(2,3)	*-51,2%*
of which gains on divestments	-	1,1	*(1,1)*	*N/A*
Financial expenses	(13,3)	(5,3)	(8,0)	*N/A*
NET FINANCIAL INCOME	*(11,1)*	*(0,8)*	*(10,3)*	*N/A*
EARNINGS BEFORE TAX	*26,3*	*22,2*	*4,1*	*18,4%*
Income tax	(6,1)	(3,8)	(2,3)	*60,5%*
ADJUSTED COMPREHENSIVE RESULT	**20,2**	**18,4**	**1,8**	***9,7%***
Profit of companies measured with the Equity method	(27,7)	(18,1)	(9,6)	*53,0%*
COMPREHENSIVE RESULT	**(7,5)**	**0,3**	**(7,8)**	***N/A***
RESULT ATTRIBUTABLE TO NCIs	**1,9**	**0,0**	**1,8**	***N/A***
COMPREHENSIVE GROUP RESULT	**(9,4)**	**0,3**	**(9,7)**	***N/A***

The comments below refer to the pro-forma income statement, which considers both periods on a like-for-like basis.

The **revenues from sales and services** recorded a net increase of EUR 30.5 million, i.e. approximately 13.5%, for the following reasons:

- motorway toll revenues, amounting to EUR 100.4 million (EUR 80.8 million in the first half of 2020), increased by EUR 19.6 million, equal to 24.3% compared to the first half of 2020, due to the evolution of the pandemic: after the first quarter dominated by the third wave of contagion and the resulting further restrictions on the movement of people, the second quarter marked a recovery in movements, thanks to the increasingly evident development of the vaccination campaign and the consequent relaxation of the measures adopted by the authorities to deal with the Covid-19 epidemic;
- revenues from ticketing on public road transport increased by EUR 4.6 million due to higher sales, in relation to the measures taken for the COVID-19 emergency, as described above, going from EUR 9.6 million in the first half of 2020 to EUR 14.2 million in the period;
- the consideration deriving from the Service Contract for the management of the infrastructure remains substantially in line with the previous year, falling from EUR 44.9 million to EUR 44.8 million, as a result of the decrease of EUR 1.2 million, due to both the efficiency-boosting mechanism provided for by the Contract and the rescheduling of railway programming as a result of the reduced mobility caused by the Covid-19 pandemic. This decrease was offset by the income recognised by the Awarding Body for the year 2020 to cover the rescheduling of railway programming due to the measures taken for the COVID-19 emergency;
- revenues from public contracts and grants related to the public road transport service increased by EUR 4.4 million compared to the same period of the previous year, mainly as a result of compensatory measures (equal to approximately EUR 7.2 million, to compensate for the loss of ticketing revenues), introduced by Law no. 77 of 17 July 2020 (art. 200 paragraph 1, so-called "Relaunch Decree")[3], by Law no. 126 of 13 October 2020 (art. 44, so-called "August Decree")[4], by

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…"

4 "In order to support the local and regional public passenger transport sector subject to a public service obligation and allow the provision of local public transport services in compliance with the measures to contain the spread of COVID-19 referred to in the decree-law no. 19 of 25 March 2020, converted, with amendments, by law no. 35 of 22 May 2020, and the decree-law no. 33 of 16 May 2020, converted, with amendments, by law no. 74 of 14 July 2020, the endowment of the fund referred to in paragraph 1 of article 200 of the decree-law no. 34 of 19 May 2020, converted, with amendments, by law no. 77 of 17 July 2020, increased by EUR 400 million for the year 2020. These resources can be used, as well as for the same purposes referred to in the aforementioned article 200, also for the financing, within the limit of EUR 300 million, of additional local and regional public transport services, also intended for students, necessary to meet the transport needs resulting from the implementation of containment measures deriving from the application of the Guidelines for information to users and the organisational methods for containing the spread of COVID-19 in the field of public transport, and the Guidelines for dedicated school transport, where the aforementioned services in the period prior to the spread of COVID-19 had reached more than 80 percent capacity…"

Law no. 176 of 18 December 2020 (art. 22-*ter*, so-called "Ristori Bis Decree")[5] and by Decree Law no. 41 of 22 March 2021 (art. 29, so-called "Support Decree")[6];

- revenues from leasing of rolling stock decreased by EUR 1.1 million mainly due to the reduction of the consideration following the renewal of the operating lease with Trenord of TAF trains, partially offset by higher revenues on DE 520 locomotives, TILO, ROCK, POP and Caravaggio trains leased to Trenord and E494 ETRAXX DC locomotives to DB Cargo Italia.

Other revenues and income show a net decrease of EUR 1.6 million compared with the first half of 2020 due to the lower recovery of general expenses on investments financed by the Planning Agreement, amounting to EUR 0.7 million, in relation to the lower percentage recognised on investments financed to upgrade infrastructure compared with the first half of the previous year.

Total revenues and other income thus rose by 13.5% and can be broken down into the four business areas as follows:

Amounts in millions of euros	1ST HALF 2021 PRO-FORMA	1ST HALF 2020 PRO-FORMA	*Change*	*Chg %*
Railway infrastructure management	64,6	63,3	*1,3*	*2,1%*
Rosco & Services	39,4	41,2	*(1,8)*	*-4,4%*
Road passenger transport	60,7	44,7	*16,0*	*35,8%*
Motorway infrastructure management	108,4	87,8	*20,6*	*23,5%*
Intercompany eliminations	(17,0)	(11,4)	*(5,6)*	*49,1%*
Total consolidated revenues	**256,1**	**225,6**	***30,5***	***13,5%***

Operating costs recorded a net increase of EUR 12.7 million (+15.2%) for the following main reasons:

- increase of diesel and bus maintenance costs, respectively equal to EUR 2.6 million and

5 "In *Article 200, paragraph 1, of decree-law No. 34 of 19 May 2020*, converted, with amendments, by *Law No. 77 of 17 July 2020*, the words: "during the period from 23 February 2020 to 31 December 2020" are replaced by the following: "during the period from 23 February 2020 to 31 January 2021." 2. For the purposes of paragraph 1, the endowment of the fund provided by *article 200, paragraph 1, of decree-law no. 34 of 19 May 2020*, converted, with amendments, by *law no. 77 of 17 July 2020*, shall be increased by EUR 390 million for the year 2021. These resources may be used not only for the same purposes as those set forth in the aforementioned *article 200*, but also for the financing, within the limit of EUR 190 million, of additional local and regional public transport services, also intended for students, needed in 2021 to meet the transport needs resulting from the implementation of the containment measures where the aforementioned services in the period prior to the spread of the COVID-19 had a higher capacity than that provided for by the decree of the President of the Council of Ministers in force at the time of the issuance of the decree referred to in paragraph 3..."

6 "In order to support the local and regional public passenger transport sector subject to a public service obligation and allow the provision of local public transport services in compliance with the measures to contain the spread of COVID-19 referred to in article 2 of decree-law no. 19 of 25 March 2020, converted, with amendments, by law no. 35 of 22 May 2020, the endowment of the fund referred to in paragraph 1 of article 200 of decree-law no. 34 of 19 May 2020, converted, with amendments, by law no. 77 of 17 July 2020, increased by EUR 800 million for the year 2021. These resources are set aside to offset the reduction in fee revenues relating to passengers suffered by the entities referred to in art. 200, paragraph 2 of decree-law no. 34 of 19 May 2020, converted, with amendments, by law no. 77 of 17 July 2020 in the period from 23 February 2020 until the end of the application of the limitations on the maximum capacity of the vehicles used for public transport services identified, with the measures referred to in article 2 of decree-law no. 19 of 25 March 2020, converted, with amendments, by Law no. 35 of 22 May 2020, compared to the average fee revenues relating to passengers recorded in the same period of the two-year period 2018-2019."

EUR 1.6 million, in relation to the fewer km travelled as a result of the increase in additional services provided;

- increase in subcontracting to third parties, by EUR 4.7 million;
- increase of EUR 2.0 million in traffic-related costs (collection costs and concession fee).

Personnel costs increased by EUR 4.4 million (+5.6%), mainly as a result of the reduced use of residual leave and the fact that the income supporting schemes (General Lay-off Fund and Public Transport Fund) used in the comparative period in relation to the reduction of working activities as a consequence of the COVID-19 emergency were not used during the first half of this year. Personnel costs also benefit from the release of a portion of the provision for risks relating to the renewal of the national collective labour agreement for road and rail workers for EUR 1.4 million following the agreement signed on 17 June 2021.

Adjusted EBITDA (excluding non-ordinary items), amounting to EUR 77.6 million, increased by 20.9%, demonstrating better performance than revenue trends, and is broken down into the four business segments as follows:

Amounts in millions of euros	1ST HALF 2021 PRO-FORMA	1ST HALF 2020 PRO-FORMA	*Change*	*Chg %*
Railway infrastructure management	3,4	5,6	*(2,2)*	*-39,3%*
Rosco & Services	23,9	26,5	*(2,6)*	*-9,8%*
Road passenger transport	6,3	4,3	*2,0*	*46,5%*
Motorway infrastructure management	44,0	27,8	*16,2*	*58,3%*
Total adjusted EBITDA	**77,6**	**64,2**	***13,5***	***20,9%***

Non-ordinary income/expenses for the period amount to EUR 0.5 million and are attributable to income from the release of a provision for risks following the partial closure of a dispute. This income of EUR 2.2 million was partially offset by development project costs of EUR 1.7 million, mainly attributable to costs incurred for the MISE acquisition. In the first half of the year this item, entirely attributable to development project costs, amounted to EUR 0.3 million.

The item **Depreciation, amortisation and provisions** was substantially aligned with respect to the comparative period, changing from EUR 40.9 million to EUR 40.7 million.

Comprehensive EBIT amounted to EUR 37.4 million, versus EUR 23.0 million in the comparative period 2020, an increase of EUR 14.4 million.

The **overall result of financial operations** was a loss of EUR 11.1 million compared to a loss of EUR 0.8 million in the comparative period of 2020; in particular, interest expense on loans amounted to EUR 12.5 million (EUR 4.4 million in the first half of 2020), up due to higher financial expenses relating to the Bridge loan, amounting to EUR 8.5 million, including the share for the period of the upfront fee, the extension fee and ancillary charges, amounting to EUR 5.5 million. The first half of 2020 also included a capital gain of EUR 1.0 million from the sale of the equity investment held in Locoitalia and higher financial income from amortised cost from the subsidiary MISE for EUR 1.0 million.

Earnings before taxes amounted to EUR 26.3 million versus EUR 22.2 million in the comparative period 2020.

Income taxes, amounting to EUR 6.1 million, increased by EUR 2.3 million compared to the first half of 2020 due to higher taxable income during the half achieved by the subsidiary MISE, partially offset by the lower taxable income of FNM.

Adjusted comprehensive income, before the recognition of the result of the companies measured at equity, changed from EUR 18.4 million of the comparative period of the previous year to EUR 20.2 million, thus reflecting substantial stability, despite the effects of COVID-19.

The **profit/(loss) of companies measured at equity** recorded a loss of EUR 27.8 million, versus a loss of EUR 18.1 million in the first half of 2020, 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 2021 PRO-FORMA**	**1ST HALF 2020 PRO-FORMA**	***Change***
Trenord Srl *	(26.245)	(15.927)	*(10.318)*
Autostrada Pedemontana Lombarda	(2.018)	(3.000)	*982*
Tangenziali Esterne di Milano S.p.A. **	(1.107)	(1.000)	*(107)*
NORD ENERGIA SpA ***	921	1.213	*(292)*
DB Cargo Italia Srl	872	800	*72*
Omnibus Partecipazioni Srl ****	(306)	110	*(416)*
NordCom SpA	153	(399)	*552*
Busforfun.Com S.r.l.	(10)	-	*(10)*
Conam Srl	-	17	*(17)*
Sems		53	*(53)*
Result of companies valued at equity	**(27.740)**	**(18.133)**	***(9.607)***

* includes the result of TILO SA
** includes the result of Tangenziale Esterna S.p.A.
*** includes the result of CMC MeSta SA
*** includes the result of ASF Autolinee Srl

In particular, the result of the **investee Trenord** reflects the following factors:

- revenues fell by around 2%, from EUR 313.6 million to EUR 321.2 million, due to a reduction in ticketing revenues (down 7% on the comparable period of the previous year) in relation to the reduction in the volume of passengers transported due to the continuing pandemic and the traffic restrictions imposed by the competent authorities. On the other hand, revenues from the Service Agreement grew by 7% thanks to the compensatory effects introduced by the "Relaunch", "August", "Ristori bis" and "Support" decrees, amounting to approximately EUR 23.8 million;

- personnel costs increased by 7% due to the greater number of staff employed (+25) and higher ancillary remuneration, as well as higher provisions for unused holidays;
- operating costs increased by approximately EUR 21.5 million (+15%) in relation to the greater services performed, due in particular to higher toll and energy costs (EUR +10.5 million), higher maintenance costs (EUR +7.8 million), increased cleaning services and other contracted services (EUR +2.9 million) and increased train replacement services (EUR +0.8 million).

Given the above, EBITDA, amounting to EUR 9.8 million, decreased by EUR 38.7 million from the 2020 comparative period; EBIT, amounting to EUR -72.7 million, decreased by EUR 30.0 million from the 2020 comparative period; lastly, the net result changed from a loss of EUR -31.6 million in the first quarter of 2020 to EUR -52.5 million as at 30 June 2021.

The result for the first half of 2021 of the **investee APL** improved by EUR 1 million compared to the first half of 2020 following the performance of toll revenues, which increased by 26% compared to the same period of the previous year.

Also in view of the support of the Lombardy Region for the Piedmont-Lombardy road system project, the investee has put itself in the best possible position to make the project bankable, also in compliance with the terms set forth for the use of tax relief measures. During the first half of 2021, the investee was particularly committed to continuing activities related to raising the funds for the construction of sections B2 and C, currently estimated at EUR 1.7 billion, in order to effectively implement the provisions of the agreements.

The deadline for the submission of tenders by the economic operators who have expressed interest is scheduled for 6 August.

The consolidated **comprehensive Net Result** of the first half of 2021 is a loss of EUR 7.5 million, versus a positive figure of EUR 0.3 million as at 30 June 2020, due to the effects described above essentially deriving from the epidemic emergency.

In the period ended 30 June 2021, as in the comparative period 2020, there were no profits from discontinued operations.

4.2 INVESTMENTS

Investments accrued during the first half 2021 amounted to a total of EUR 209.3 million, versus

EUR 53.0 million in the first half of 2020.

In particular:

- **investments financed by the Lombardy Region** were made for a total of EUR 164.8 million (EUR 30.2 million in the comparative period), relating to the renewal of rolling stock for EUR 140.6 million and the modernisation and upgrading of infrastructure for EUR 24.2 million. In detail, these interventions mainly relate to the renewal of equipment on the Saronno - Como, Bovisa - Seveso - Mariano Comense and Saronno Malnate sections; as well as the upgrading of the Milan Affori - Varedo railway line;
- **equity-financed investments** of EUR 19.5 million (EUR 4.3 million in the 2020 comparative period) were made, primarily relating to the entry into service of one TILO train (EUR 8.5 million) and two E744 Effishunter locomotives (EUR 2.9 million);
- **investments** were made **in reversible assets in the motorway infrastructure** for EUR 25.0 million (EUR 18.5 million in the comparative half of 2020), of which EUR 18.8 million between March and June 2021.

4.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 30 June 2021, compared with that as at 31 December 2020:

Amounts in millions of euros	**30/06/2021**	**31/12/2020**	**Change**
Inventories	9,7	8,7	1,0
Trade receivables	128,1	82,6	45,5
Other current receivables	117,2	99,0	18,2
Current financial receivables	51,7	41,6	10,1
Trade payables	(267,4)	(177,5)	(89,9)
Other current payables and current provisions	(114,0)	(70,7)	(43,3)
Net Working Capital	***(74,7)***	***(16,3)***	***(58,4)***
Fixed assets	758,3	468,3	290,0
Equity investments	144,9	168,0	(23,1)
Non-current receivables	238,8	24,2	214,6
Non-current payables	(29,5)	(24,4)	(5,1)
Provisions	(123,2)	(60,9)	(62,3)
NET INVESTED CAPITAL	***914,6***	***558,9***	***355,7***
Equity	*195,0*	*477,1*	*(282,1)*
Adjusted Net Financial Position	**776,8**	**43,8**	**733,0**
Net Financial Position for funded investments (cash)	(57,2)	38,0	(95,2)
Total net financial position	*719,6*	*81,8*	*637,8*
TOTAL SOURCES	***914,6***	***558,9***	***355,7***

The **Net Working Capital** decreased by EUR 58.4 million as a result of the changes in the following items:

- **trade receivables** increased by EUR 45.5 million, mainly due to the contribution of EUR 47.3 million to the consolidation of MISE;
- **other current receivables** increased as a result of the advance recognised, amounting to EUR 9.3 million, in relation to the launch of a new work contract for the renewal of the rolling stock with borrowed funds, as well as the contribution to the consolidation of MISE, amounting to EUR 8.7 million;
- **current financial receivables** include receivables for financed investments in the railway infrastructure, equal to EUR 50.7 million, and increased by EUR 10.1 million due to the progress of railway infrastructure modernisation projects;
- **trade payables**, net of the Mise contribution of EUR 52.4 million, increased by EUR 37.5 million mainly due to the progress of rolling stock renewal projects. During the period, payments were made to suppliers for investments with financed and own funds, for EUR 96.4 million and EUR 69.5 million, respectively. It should be stressed that the investments paid with borrowed funds pertain, for EUR 77.0 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. These payments are offset by the investments made in the period and not yet paid;
- **other current payables** increased due to the higher payables deriving from MISE's contribution to the consolidation, amounting to EUR 40.9 million.

The item **fixed assets** comprises mainly tangible assets of EUR 447.6 million, of which EUR 339.8 million pertain to rolling stock, intangible assets for EUR 275.8 million, of which EUR 269.7 million relating to the motorway infrastructure freely revertible to the awarding body (Ministry of Infrastructure and Transport), goodwill of EUR 4.3 million and EUR 30.5 million for rights of use.

The value of **equity investments** decreased by EUR 23.1 million, mainly due to the lower result contributed by the companies carried at equity (EUR 26.9 million), partially offset by the change in the scope of consolidation.

In fact, following the acquisition of 96% of MISE's share capital and the related line-by-line consolidation of the investment, the item decreased by EUR 85.8 million, equal to the carrying amount as at 31 December 2020, and increased due to the contribution to the consolidation of MISE's investee companies, amounting to EUR 91.3 million; these include the associated companies Autostrada Pedemontana Lombarda S.p.A. (EUR 37.3 million) and Tangenziali Esterne di Milano S.p.A. (EUR 44.1 million) and investments in other companies Autostrade Lombarde S.p.A. (EUR 5.8 million) and S.A.Bro.M. S.p.A. (EUR 3.2 million).

Non-current receivables include contractual assets arising from investments made in the motorway network up to 30 June 2021, but not yet recognised, as well as loans from MISE to investees for EUR 54.5 million.

Provisions include non-current provisions related to cyclical maintenance, the Motorway Infrastructure Renewal Fund and severance pay.

Shareholders' equity decreased as a result of accounting for the MISE acquisition. The Acquisition is an "*under common control*" transaction, i.e. a business combination in which the companies participating in the combination (FNM and MISE) are controlled by the same entity (Lombardy Region) both before and after the combination, and this control is not temporary. These transactions are accounted for by taking into account the provisions of IAS 8, i.e. the concept of reliable and faithful representation of the transaction, and the provisions of OPI 1 (Assirevi preliminary guidelines on IFRS), relating to the "accounting treatment of *business combinations of entities under common control* in the separate and consolidated financial statements". The selection of the accounting standard for the transactions under consideration must be based on the elements described above, which lead to the application of the criterion of continuity of values of the net assets transferred. The net assets must therefore be recognised at the book values resulting from MISE's financial statements prior to the transaction or, if available, at the values resulting from the consolidated financial statements of the common parent company and the difference of EUR 285.4 million between the price paid by FNM to acquire 96% of MISE, equal to EUR 604.8 million, and the corresponding value of MISE's shareholders' equity, equal to EUR 319.4 million, in accordance with the accounting method reported above, is recognised as a reduction in the item "Group equity".

Below is the breakdown of the Group's net financial position at 30 June 2021, compared with 31 December 2020.
In order to better represent the ability to generate cash as well as the Group NFP, an adjusted NFP was calculated, which excludes the effects deriving from adoption of IFRIC 12:

Amounts in millions of euros	30/06/2021	31/12/2020	Change
Liquidity	(251,1)	(126,1)	(125,0)
Current financial debt	791,4	101,2	690,2
Current Net Financial Position (Debt / -Cash)	***540,3***	***(24,9)***	***565,2***
Non-current financial debt	236,5	68,7	167,8
Adjusted Net Financial Position	***776,8***	***43,8***	***733,0***
Net Financial Position for funded investments (cash)	(57,2)	38,0	(95,2)
Net Financial Position	***719,6***	***81,8***	***637,8***

At 30 June 2021, the total net financial position was EUR 719.6 million, compared to a balance of EUR 81.8 million at 31 December 2020.

It should be noted that the total net financial position at 30 June 2021 has been calculated, also for the balance at 31 December 2020, excluding current financial receivables in order to implement the indications of CONSOB Information Notice 5/21 of 29 April 2021, which replaced CONSOB Communication 6064293 of July 2006.

Isolating the amount related to financed investments (EUR 57.2 million), the adjusted net financial position was EUR 776.9 million compared to a balance of EUR 43.8 million as at 31 December 2020, worsening by EUR 733 million, mainly due to the financial debt related to the short-term bridge loan for an amount of EUR 620 million taken out on 28 January 2021 from a pool of banks consisting of Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch. This loan was taken out to finance the acquisition of the majority stake, equal to 82.4% of the share capital, held in MISE by the Lombardy Region for EUR 519.2 million, and to refinance the purchase of the stake held in MISE by the ASTM Group, equal to EUR 85.6 million. The loan is unsecured and the interest rate is equal to EURIBOR plus a margin of 1.25% for the 26 February - 28 April period and 1.50% for the 29 April - 30 June period. The Bridge Loan has a maturity of six months from the date of subscription, which occurred on 28 January 2021, and provides for the possibility of exercising an option to extend the final maturity date for two periods of three months each, therefore until 28 January 2022 at the latest.

The first extension was requested on 22 June 2021, with maturity on 28 October 2021.

The preparatory activities aimed at refinancing have been started and, considering FNM’s investment grade rating (BBB- assigned by Fitch and Baa3 by Moody's, both with a stable outlook), the Company reasonably expects to be able to refinance the Bridge Loan by the due date with medium/long-term debt, including through recourse to the capital market.

At the same time as the signing of the aforementioned short-term credit line, on 29 January 2021, FNM fully settled the loan signed on 7 August 2018, as it was no longer consistent with the Group's financial structure, repaying in advance the entire amount used of EUR 50 million.

The acquisition of the controlling stake in MISE also led to the recognition of a net financial position relating to the latter company of EUR 152.4 million, consisting of bank debt of EUR 257.6 million, financial debt to Finlombarda and for leases of EUR 57.7 million and cash of EUR 162.9 million.

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

Amounts in millions of euros	**30/06/2021**	**30/06/2020**
EBITDA	65,9	36,1
NET WORKING CAPITAL	(28,6)	(31,0)
Tax paid	(2,2)	(7,2)
Financial expenses/income	(1,6)	(0,6)
Free cash flow from operations	***33,5***	***(2,7)***
Net investments paid	(89,2)	(44,8)
Cash flow generation	***(55,7)***	***(47,5)***
Acquisition of equity investments net of cash held	(363,6)	
Dividends cash-in	3,9	3,8
Divestments		32,1
Cash flow	**(415,4)**	**(11,6)**
Adjusted NFP (Debt/-Cash) INITIAL 01/01	**43,8**	**(39,9)**
Cash flow generation	415,4	11,6
Change in scope of consolidation	-	3,1
IFRS 16 Effect	2,3	(6,0)
Financial receivables for uncollected dividends	-	0,9
MISE contribution: payables to banks and financial liabilities	315,3	-
Total change in NFP	***733,0***	***9,6***
Adjusted NFP (Debt/-Cash) FINAL 30/06	**776,8**	**(30,3)**

Cash flow generation in the period was negative for EUR 55.7 million and derives from operations and investments paid. The **operating cash flow** deriving from income management is a positive EUR 33.5 million, due to EBITDA of EUR 65.9 million, in part negatively affected by the change in net working capital, mainly due to the recognition of advances to suppliers for the progress of orders for trains financed by the Lombardy Region.

Net investments of approximately EUR 89.2 million were paid in the first half of the year, compared to EUR 44.8 million paid in the first half of 2020.

In the first half cash flow was greatly influenced by the cash outlay for the purchase of the stake held in MISE by the Lombardy Region, amounting to EUR 519.2 million, as well as the second

tranche for the purchase of the stake held in MISE by the ASTM Group, amounting to EUR 7.3 million, which, net of the cash held by MISE, led to a net outlay of EUR 363.6 million.
The adjusted net financial position also reflects the amounts deriving from the change in the scope of consolidation due to the recognition of bank borrowings and financial liabilities relating to the acquired scope.

5 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

	H1 2021 PRO-FORMA						H1 2020 PRO-FORMA					
Amounts in millions of euros	Railway infrastructure management	Rosco & Services	Road passenger transport	Motorway infrastructure management	*liminatio*	Total	Railway infrastructure management	Rosco & Services	Road passenger transport	Motorway infrastructure management	*liminatio*	Total
Revenues from third parties	60,0	33,1	54,5	106,9		**254,5**	58,4	35,0	42,1	87,8		**223,3**
Intercompany revenues	3,0	6,3	6,2	1,5	*(17,0)*	**0,0**	2,6	6,2	2,6		(11,4)	**0,0**
Grants for funded investments net of costs	1,6	0,0	0,0			**1,6**	2,3					**2,3**
Segment revenues	**64,6**	**39,4**	**60,7**	**108,4**	***(17,0)***	**256,1**	**63,3**	**41,2**	**44,7**	**87,8**	**(11,4)**	**225,6**
Adjusted EBITDA	**3,4**	**23,9**	**6,3**	**44,0**		**77,6**	**5,6**	**26,5**	**4,3**	**27,8**		**64,2**
Adjusted EBITDA %	***4%***	***31%***	***8%***	***57%***			***9%***	***41%***	***7%***	***43%***		
EBITDA	**5,6**	**22,2**	**6,3**	**44,0**		**78,1**	**5,6**	**26,2**	**4,3**	**27,8**		**63,9**
EBITDA %	***7%***	***28%***	***8%***	***56%***			***9%***	***41%***	***7%***	***44%***		
EBIT	**4,4**	**7,5**	**1,8**	**23,7**		**37,4**	**4,4**	**13,0**	**(1,5)**	**7,1**		**23,0**

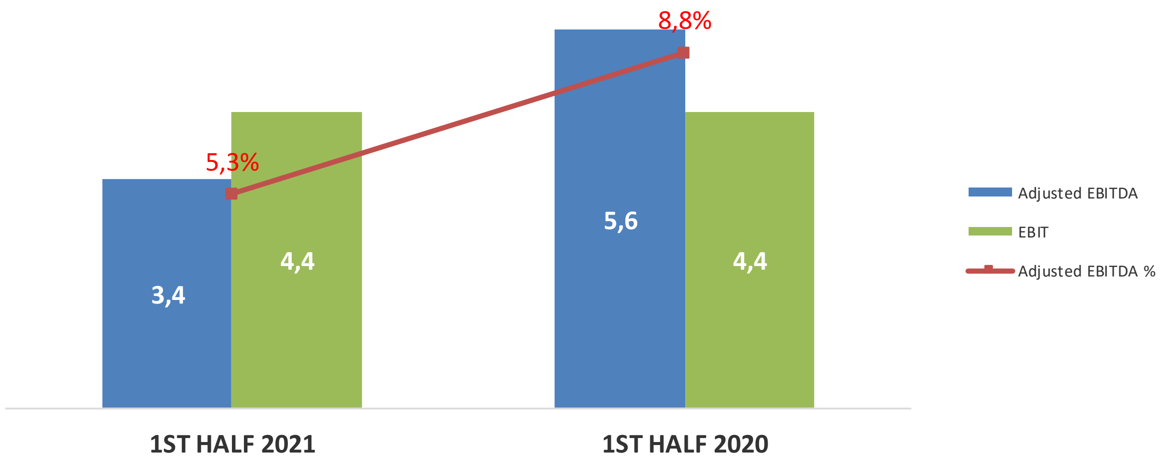
5.1 RAILWAY INFRASTRUCTURE MANAGEMENT

The "Railway infrastructure management" segment includes the management of railway infrastructure of the Milan and Iseo lines, which cover over 330 km of network and include more than 120 stations -, 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 Planning 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.

Terminal management activities are carried out by the subsidiary MALPENSA INTERMODALE which manages the Group-owned Sacconago terminal, in the municipality of Busto Arsizio (VA), as well as by the subsidiary MALPENSA DISTRIPARK, which deals with the real estate development of terminal areas.

Amounts in millions of euros	*1ST HALF 2021*	*1ST HALF 2020*	*Chg*	*Chg %*
Public contracts and grants	50,6	50,7	*(0,1)*	*-0,2%*
Leasing rolling stock	5,5	4,3	*1,2*	*27,9%*
Other revenues	8,5	8,3	*0,2*	*2,4%*
Total revenues	**64,6**	**63,3**	***1,3***	***2,1%***

Adj. EBITDA	**3,4**	**5,6**	***(2,2)***	***-39,3%***
Adj. EBITDA %	**5,3%**	**8,8%**		
EBIT	**4,4**	**4,4**	***0,0***	***0,0%***



Segment revenues amounted to EUR 64.6 million, up EUR 1.3 million (+2.1%) compared to EUR 63.3 million in the first half of 2020.

In particular, revenues deriving from contracts and public grants, which include the consideration deriving from the Service Agreement for the management of infrastructure, remain substantially in line with the first half of 2021, falling from EUR 50.7 million to EUR 50.6 million, as a result of the decrease of EUR 1.2 million, due to both the efficiency-boosting mechanism provided for by the Contract and the rescheduling of railway programming as a result of the reduced mobility caused by the Covid-19 pandemic. This decrease was offset by the income recognised by the Awarding Body for the year 2020 to cover the rescheduling of railway programming due to the measures taken for the COVID-19 emergency.

The higher revenues from the rental of rolling stock (EUR +1.2 million) take into account the increase in the Lombardy Region fleet made available to Trenord.
Other revenues remain substantially in line with the comparative period.

Segment Adjusted EBITDA decreased by EUR 2.2 million, from EUR 5.6 million to EUR 3.4 million. The change, in a context of personnel costs in line with the previous year, takes into account higher costs for infrastructure and maintenance design activities, as well as higher charges for building management (including sanitisation and extraordinary cleaning), for the improvement of IT systems and for the management of the vehicle fleet. Higher provisions are also recorded for cyclical maintenance of the fleet made available to Trenord, in line with higher revenues from the leasing of rolling stock, and there was an increase in bad debt provisions on financed contracts. These effects were partially offset by lower infrastructure and facility costs due to the rescheduling of certain maintenance activities.

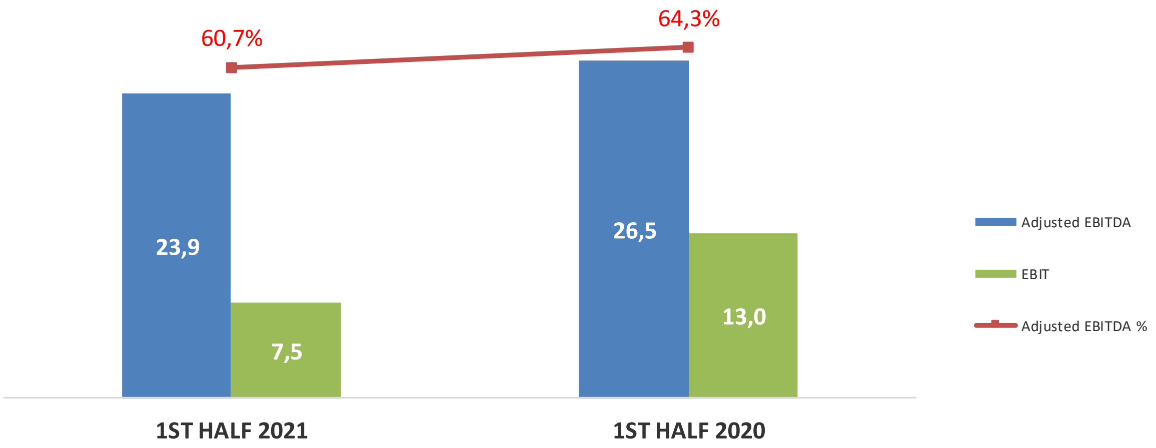
As far as terminal operations are concerned, during the period revenues increased to EUR 0.8 million from EUR 0.7 million, thanks to the increase in cargo traffic. EBITDA, which was negative by EUR 0.3 million in the first half of 2020, stood at EUR -0.2 million at 30 June 2021. It should be noted that the increase in traffic is still penalised by the effects of the pandemic during 2021, although it is aligning with operational forecasts; in fact, in addition to the first figure (+9%) recorded in the initial months of the year, in recent weeks a further connection between the Sacconago terminal and Lazio was started. The terminal therefore now operates 16 train pairs per week compared to 11 pairs under normal circumstances at the end of 2020.

5.2 ROSCO & SERVICES

The segment refers to business sectors in which FNM operates directly and comprises the leasing of rolling stock to investees operating in the local public transport and freight transport[7] sectors as well as the offer of digital payment services with the newly established FNMPAY, a company which is developing a payment institution to primarily provide acquiring services (acceptance of payments with cards on physical/virtual POS). During the first half of 2021, the request was filed with the Bank of Italy to obtain authorisations from the competent authorities.

7 It should be noted that the 2020 results include the subsidiary Locoitalia, sold on 10 March 2020, and until that date included in the scope of consolidation on a line-by-line basis, as well as FNMPay incorporated in October 2020.

Amounts in millions of euros	***1ST HALF 2021***	***1ST HALF 2020***	***Chg***	***Chg %***
Leasing rolling stock	26,0	28,3	*(2,3)*	*-8,1%*
Other revenues	13,4	12,9	*0,5*	*3,9%*
Total revenues	**39,4**	**41,2**	***(1,8)***	***-4,4%***
Adj. EBITDA	**23,9**	**26,5**	***(2,6)***	***-9,8%***
Adj. EBITDA %	**60,7%**	**64,3%**		
EBIT	**7,5**	**13,0**	***(5,5)***	***-42,3%***



Segment revenues, amounting to EUR 39.4 million (EUR -1.8 million compared to the first half of 2020), mainly relate to the leasing of rolling stock, primarily to Trenord, with rents of EUR 26.0 million in the first half of 2021, down by EUR 2.3 million (-8.1%) compared to EUR 28.3 million in the same period of 2020. The change is mainly due to the reduction in the fee following the renewal of the operating lease contract with Trenord for TAF trains, partially offset by higher revenues generated by the locomotives (Effishunter, De520 and E494) and TILO trains leased to Trenord and DB Cargo Italia.

Other revenues include administrative services, i.e. the management of centralised corporate activities through service contracts with investee companies, and property management of owned properties, and rose by EUR 0.5 compared to the first half of 2020, to EUR 13.4 million. The change is attributable to higher revenues for administrative services and IT management, partially offset by a reduction in rents receivable on commercial premises due to the pandemic. It should be noted that in 2021 other income includes a gain of EUR 0.3 million on the sale of a building.

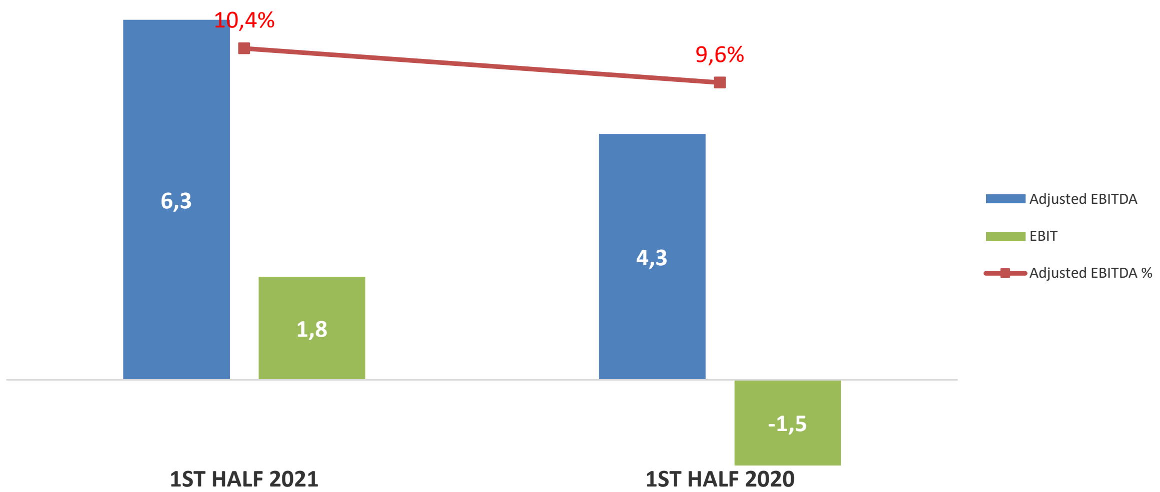
The decrease of EUR 2.6 million in Adjusted EBITDA to EUR 23.9 from EUR 26.5 million in the first half of 2020 reflects, aside from the decline in revenue, also higher communication and IT costs as well as FNM Pay start-up costs, against slightly lower personnel costs.

5.3 Road passenger transport

In the first half of 2021, the "Road passenger transport" segment was heavily impacted by the epidemiological emergency: the first six months of the year were still characterised by the alternation of more or less severe restrictions to limit the spread of the Covid-19 pandemic, resulting in the prolonged interruption of school services and the continuation of high rates of remote working and education. As the vaccination campaign progressed and the spring continued, restrictions were gradually lifted, which had a positive effect on the resumption of mobility. The data for the period compares with the first half of 2020, which instead benefited from regular demand conditions until 22 February, against a March-May period characterised by a lockdown that imposed particularly stringent conditions on movements, with significant repercussions on both transport demand and production. Travel picked up starting in June 2020. With regard to production, it should be noted that, in order to ensure the level of services offered and adequate social distancing, production in the first half of 2021 was at a higher level than in the same period of 2020, although still marginally lower than pre-pandemic standards.

Amounts in millions of euros	*1ST HALF 2021*	*1ST HALF 2020*	*Chg*	*Chg %*
Public contracts and grants	30,6	26,2	*4,4*	*16,8%*
Transport services	26,0	15,0	*11,0*	*73,3%*
Other revenues	4,1	3,5	*0,6*	*17,1%*
Total revenues	**60,7**	**44,7**	***16,0***	***35,8%***

Adj. EBITDA	**6,3**	**4,3**	***2,0***	***46,5%***
Adj. EBITDA %	**10,4%**	**9,6%**		
EBIT	**1,8**	**(1,5)**	***3,3***	***ns***



The revenues for the half amounted to EUR 60.7 million, up by 35.8% compared to the EUR 44.7 million at 30 June 2020, specifically:

- revenues from government contracts and grants increased by EUR 4.4 million (+16.8%) to EUR 30.6 million compared to the first half of the previous year, mainly due to the economic effect of the government measures still in force[8] to compensate for the loss of revenue from ticketing and additional services (estimated at a total of approximately EUR 7.2 million for the first half of 2021, compared to EUR 2.6 million in the same period of 2020). It should be noted that the economic effect of the compensatory measures mentioned above could be subject to adjustments and/or variations, as also provided for by the "Relaunch" Decree. It should also be noted that as a result of Law no. 21 of 26 February 2021 (article 13, paragraph 12, the so-called "Decreto Milleproroghe" (thousand extensions decree)), which extended the provision introduced by the "Cura Italia Decree" to 31 July 2021, the fees will also be paid in 2021 on the basis of contractual planning, despite the reshaping of the offer implemented following the epidemiological emergency;
- revenues from transport services and therefore relating to ticketing, replacement services provided by FNMA on behalf of Trenord, sub-contracted activities and car-sharing by E-VAI, increased by EUR 11.0 million to EUR 26.0 million in the period, thanks to the considerable increase in sub-contracted activities to enhance school service and the recovery in passenger transport following the relaxation of social distancing requirements. Revenues from regional car sharing services also picked up.

The Adjusted EBITDA for the period was EUR 5.9 million, marking EUR 1.6 million growth compared to the first half of 2020. The change can be attributed to the increase in revenues, partially offset by higher costs incurred for personnel, the management of the bus fleets (fuel, maintenance and cleaning services) and by the greater use of subcontracted services, which are necessary to guarantee service levels, in particular with reference to school services, with adequate health safety and social distancing conditions.

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 particular, LPT activities in the provinces of Varese and Brescia are carried out under concession (both extended to 31 December 2021), while those in the province of Como are governed by a service contract, which has also been extended to 31 December 2021. It

8 Law no. 77 of 17 July 2020 (Art. 200 paragraph 1, termed the "Relaunch Decree"), Law no. 126 of 13 October 2020 (Art. 44, termed the "August Decree"), Law no. 176 of 18 December 2020 (Art. 22 ter, termed the "Ristori bis Decree") and Law Decree no. 41 of 22 March 2021 (Art. 29, termed the "Support Decree").

should be noted that on 12 May 2020 the Lombardy Region approved the amendment to art. 60 of Law No. 6 of 2012, postponing by 24 months the deadline for bidding for the renewal of service concessions/contracts.

During the period under analysis, the production of local public transport services rose by 39% compared to the first half of 2020 to 2.3 million bus-km, and was down 2.3% compared to the same period of 2019. Despite recovering in the second quarter of 2021 due to the reopening of schools, the number of travellers in the half-year period fell by 28.0% (to 0.7 from 0.9 million) compared to the same period in 2020 and by around 70% compared to the first half of 2019.

Total revenues, amounting to EUR 10.1 million, increased by EUR 1.3 million in the period (+14.7% compared with the first half of the year), thanks to an increase in the number of supplementary train services and contributions to offset lost revenue and for additional services of approximately EUR 1 million.

- **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.

  During the period under review, production recorded a recovery of 37.5% to 9.6 million bus-km compared to 7.0 million bus-km in the first half 2020, but the figure remained 6.1% below H1 2019 levels. The number of passengers carried rose by 19.3% to 21.0 million from 17.6 million in the same period of 2020, with a more marked recovery on suburban routes and in the segment of ticket and carnet sales compared to season tickets. Despite the recovery in transported passengers observed in the second quarter of the year thanks to the relaxation of social distancing measures and the resumption of school activity, compared to the first half of 2019, the number of transported passengers remains 43.6% lower.

  Total revenue increased by 23.6% to EUR 36.4 million from EUR 29.5 million as at 30 June 2020, in particular thanks to contributions to offset lower ticketing revenue and contributions for additional services (totalling EUR 6.2 million in the first half of 2021 compared to EUR 2.4 million in the same period of 2020), higher ticketing revenue and the above-mentioned contingent assets arising from the release of risk provisions.

- **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 Conam) and/or investees.

  In the half-year, total revenues more than doubled to EUR 9.4 million from EUR 4.0 million, due to the significant increase in subcontracted services (to EUR 8.0 million from

EUR 3.0 million at 30 June 2020), following the expansion of school LPT services requested by the Veneto Region. For the same reasons, Martinibus, whose business was temporarily redefined to offer supplementary services under local public transport sub-contracting, also performed well in the first half of 2021 (revenues increased to EUR 3.0 million compared to EUR 0.6 million in the first half of 2020). Tourism services were still essentially null. During the period under review, La Linea (which already held 50% of the Company's share capital) acquired the remaining 50% of the share capital of CONAM, a company operating local public transport services in Schio and, in June, was awarded, following a tender launched in 2016 by the Municipality of Venice, the management for a period of 9 years of a portion of the urban Local Public Transport services by road in Venice.

- The sharing mobility service carried out by **E-VAI** with electric vehicles complements the Group's traditional offer of public mobility by rail and road, also on a regional scale.
  Revenues amounted to EUR 1.7 million, an increase of 29% compared to the same period of the previous year, thanks in particular to the increase in volumes of activities. It should be noted that the Lombardy ecological car sharing service is entrusted to FERROVIENORD as part 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.

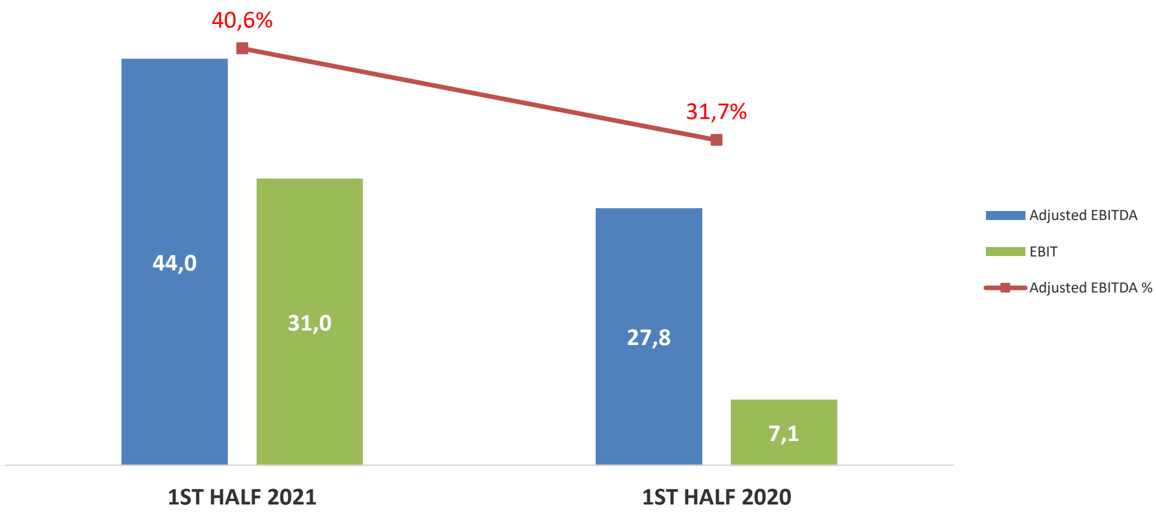
5.4 MOTORWAY INFRASTRUCTURE MANAGEMENT

The FNM Group operates in the motorway infrastructure management sector through MISE, which has been fully consolidated from 26 February 2021.
MISE is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the concession agreement signed on 7 November 2007 and subsequent amendments and additions between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport now the Ministry of Infrastructure and Sustainable Mobility), as the awarding body.
The network, with a total length of 179 km, of which 124 km with three lanes, is interconnected with the main motorway sections in northern Italy.

Amounts in millions of euros	***1ST HALF 2021 PRO-FORMA***	***1ST HALF 2020 PRO-FORMA***	***Chg***	***Chg %***
Toll revenues	100,4	80,8	*19,6*	*24,3%*
Other revenues	8,0	7,0	*1,0*	*14,3%*
Total revenues	**108,4**	**87,8**	***20,6***	***23,5%***

Adj. EBITDA	**44,0**	**27,8**	***16,2***	***58,3%***
Adj. EBITDA %	**40,6%**	**31,7%**		
EBIT	**31,0**	**7,1**	***23,9***	***ns***

*The values consider the consolidation of MISE from 1 January 2021 and 1 January 2020, respectively.



As with local public transport by rail and road, the restrictions imposed on people's movements to counteract the Covid-19 pandemic maintained their effects in the first half of 2021 as well. In particular, in January and February 2021, traffic slowed significantly due to the third wave, compared to the first two months of 2020 during the pre-pandemic period. On the other hand, from March 2021, traffic began to increase again thanks to the launch of the vaccination campaign and the relaxation of travel restrictions based on epidemiological risk zones, which saw, at the end of June 2021, all Italian regions classified as white zones. The first half of 2020, on the other hand, was characterised by a lockdown period with particularly stringent restrictions on mobility in the March-May period, which were then relaxed starting in June. In general, in the first half of 2021, paying traffic recorded a total of 1,133.9 million vehicle-km, an increase of 25.3% compared to the same period in 2020 (904.8 million vehicle-km) and a decrease of 25.7% compared to the same period in 2019.

With regard to the breakdown of traffic between light and heavy vehicles, as of 30 June 2021 there were 836.5 million vehicle-km for light traffic (+26.7%) and 297.4 million vehicle-km for heavy traffic (+21.6%). Similar to 2020, heavy traffic showed a high level of resilience, at 30 June 2021 returning almost to the levels recorded at the end of the first half of 2019 (303.1 million vehicles, -1.9%). In contrast, light traffic remains lower than pre-pandemic levels (-31.6% compared to H1 2019), although with a significant recovery following the easing of restrictive measures.

With regard to tariffs, as provided for by Article 13 of the “Milleproroghe” Decree Law of 31 December 2020, no tariff adjustment was applied with effect from 1 January 2021, similarly to previous years (2020 and 2019). In addition, the Ministry of Infrastructure and Transport ordered the postponement of all tariff awards, including those suspended for past years, until the Economic and Financial Plan is updated, whose equilibrium condition is ensured by the consistency between revenues and costs admitted for the entire residual period of the concession.

MISE's investee companies also include Milano Serravalle Engineering (wholly-owned), which provides design, technical and administrative support for infrastructure investments on the motorway network. MISE also holds a 36.7% interest in APL, valued at equity. The latter is the concessionaire for the construction and management of the motorway between Dalmine (BG), Como, Varese and Valico di Gaggiolo for a total of 72 km, 30 km of which have been in operation since 2015 (Section A and B1).

With regard to the part still to be built, as regards sections B2 and C (for a total length of 26 km), it should be noted that as part of the tender for the selection of the general contractor in March 2021, Webuild Group, in consortium with Pizzarrotti, was declared the best bidder. On the other hand, the tender for the selection of the financing entities for the work is still in progress.

Following the evolution of the situation that occurred in the first half of the year, the Motorway Infrastructure Management segment closed (pro-forma figure for 6 months) with revenues of EUR 108.4 million, up compared to EUR 87.8 million as at 30 June 2020 (EUR +20.6 million, but still lower than pre-pandemic levels), mainly due to the increase in toll revenues (to EUR 100.4 million as at 30 June 2021 from EUR 80.8 million) due to the higher traffic recorded in the period, in the absence of tariff increases. Other revenues also grew thanks to higher income from service area concessions, which benefited from the recovery in mobility.

EBITDA for the period was EUR 44.0 million, an increase of EUR 16.2 million from EUR 27.8 million in the first half of 2020, mainly due to the increase in revenues. EBITDA was affected by higher costs of EUR 4.4 million, related to the increase in labour costs and the recovery of traffic (including collection costs, concession fee, electric utilities), partially offset by lower costs for ordinary maintenance, which were concentrated in the first half of 2020 to benefit from the favourable conditions (for carrying out road works) resulting from reduced traffic.

6 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group, including MISE and its subsidiary MISE Engineering, increased from 2,823 in the first half of 2020 to 2,833 in the first half of 2021.

6.1 INDUSTRIAL RELATIONS

In the first half of 2021, interactions with the trade unions present in the company were focused on monitoring the organisational arrangements to counter the spread of COVID19. In particular, as an exception to current company agreements on smart working, FNM Group white-collar staff were able to work remotely to a greater extent than provided for by their contract.

An analysis was then carried out on the welfare mechanisms present in the Group and on those managed by the bilateral bodies in which the companies participate. This work involved a study of employees' needs, a review of the ways in which welfare tools are managed and a revision of the offer itself.

With regard to the company FNMA, a one-off contribution was made based on the company's performance in 2020. On this occasion, a number of welfare mechanisms were revised, including the contribution to the FNM Pension Fund and the value of meal vouchers.

Finally, the value of meal vouchers was also increased for employees of E-Vai on the basis of the provisions of a specific agreement.

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

In addition, on 17 June 2021 an agreement was signed for the renewal of the national collective labour agreement for road, rail and tram workers, which expired on 31 December 2017, signed by the heads of Asstra, Anav and Agens with Filt-Cgil, Fit-Cisl, Uiltrasporti, Faisa Cisal and Ugl Fna, aimed at defining the economic coverage of the 2018-2020 three-year period through the disbursement of a one-off sum and at the same time the start of a methodical procedure contemplating the priority definition of two contractual issues that are considered appendices to the last contract renewal agreement. The agreement establishes for permanent personnel on staff on the date on which the agreement is signed, that the 2018-2020 three-year period will be covered with the payment of a gross one-off sum of EUR 680 at parameter 175, to be revalued according to the current parametric scale. The disbursement was divided into two tranches, the first of EUR 300 to be paid with the salary of July 2021 and the second of EUR 380 to be paid with the salary of December 2021.

7 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 2021 did not change the risk scenarios set out in the management report attached to the separate and consolidated financial statements at 31 December 2020, to which reference should be made for further details.

Following the consolidation of MISE on 26 February 2021, these risks are joined by those related to the management of highway infrastructure as described in more detail below:

<u>Operational risk</u>

With regard to operational and management risks, the subsidiary has set up preventive procedures and controls that can be traced back to plans for monitoring maintenance operations, as well as an insurance coverage plan to limit the economic impact that may arise as a result of motorway accidents.

<u>Regulatory risk</u>

By offering a public utility service, the subsidiary operates under a concession regime and is subject to specific regulations issued by the Regulatory Body, therefore it is exposed to regulatory provisions that may affect the determination of the motorway toll and turnover in general with consequences on economic and financial balance as well as the implementation of the investment program, without prejudice to the conventional provisions relating to the updating of the Economic and Financial Plan in the presence of extraordinary events or at the end of the regulatory period.

8 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 2020.

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 2020, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparties. The litigation is currently in the third instance.
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 stage in the proceedings currently pending was initiated with the challenge of the Court of Appeal's judgement before the Court of Cassation by Generali Italia S.p.A., which 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 to FERROVIENORD as a guarantee). Subsequently, Cogel also challenged the same judgement requesting with respect to FERROVIENORD the recognition of default interest pursuant to Legislative Decree 231/2002 for an amount of EUR 963,368.99 (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. On 17 June 2021, judgement no. 17453/2021 was issued in which the Court of Cassation: *i)* rejected the demand of Generali Italia S.p.A. seeking an order requiring Ferrovienord to pay EUR 680,406.91; *ii*) rejected the cross-appeal of Cogel seeking an order requiring Ferrovienord to pay EUR 963,638.99; *iii*) upheld the second grounds of Ferrovienord's cross-appeal (relating to the damages suffered due to the higher amount paid to the new contractor for the Saronno-Seregno works); *iv*) referred the case back to the Milan Court of Appeals for the continuation of the proceedings between Ferrovienord and Cogel for the damages referred to in the previous point and for legal costs; *v*) ordered Generali Italia S.p.A. to pay the legal fees in favour of FERROVIENORD, amounting to EUR 11,200.00 plus additional sums as required by law.

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. A court-appointed expert report was ordered at the last hearing on 14 January 2020. The filing of the expert report, originally scheduled for 21 December 2020, was extended to 30 June 2021. On 13 July 2021 a hearing was held to examine the court-appointed expert report, after which the judge adjourned the case to the hearing of 10 May 2022 for the presentation of the concluding arguments. The parties have entered into discussions with a view to reaching a settlement agreement.

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; FERROVIENORD 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. La Lucentissima was declared bankrupt by a judgment dated 28.04.2021 and, consequently, as the declaration of bankruptcy is brought to the attention of the Judge in accordance with procedural formalities, the proceedings still pending will be discontinued. They will therefore need to be resumed by the applicants against the bankruptcy.

Litigation with the Customs Agency

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, the hearing for the discussion of the dispute in question, initially set for 13 September 2018, was postponed various times to 24 September 2020.

In the meantime, discussions continued with the Como Customs Agency to seek to settle the dispute out of court; in this regard, 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.

The Regional Directorate of the Customs Agency, due to the amounts in dispute and the importance of the matter, also referred the matter to the Central Directorate of the Customs Agency.

On 13 February 2021, the Customs and Monopolies Agency - Como Customs Office sent measure Prot. 2162/RU, which states, quite unexpectedly, that “the superior offices did not consider it appropriate to proceed with the requested annulment”. Ferrovienord therefore filed a petition for the prompt handling of the case before the Lombardy Regional Tax Commission. At the hearing of the case, held on 15 April 2021, the Regional Tax Commission, with a ruling filed on 15 May 2021, fully accepted the Company's defence in relation to the tax, stating that Ferrovienord had legitimately paid the VAT on importation through reverse charge, confirming, on this point, the ruling of the Como Provincial Tax Commission. As far as the sanction is concerned, however, the outcome is only partially favourable. In fact, the Regional Tax Commission redetermined the penalty, initially established by the Customs Agency during the assessment for an amount equal to EUR 2,609,475.59, as EUR 1,333,076.44 pursuant to art. 13 of Legislative Decree 471/1997, on the basis of the supposed number of days of delay between the dates of issue of the invoices by Stadler and the dates of issue of the self-invoices by Ferrovienord.

Given the clearly illegitimate quantification of the sanction made by the Commission, FERROVIENORD will take the case to the Court of Cassation, requesting the partial annulment of the Regional Tax Commission's ruling limited to the sanction aspect, obviously accepting the part of the ruling that found that the tax was not due.

On the sidelines of the dispute, the subsidiary will continue to attempt to settle the dispute out of court with the Attorney General's Office, which is responsible for defending the case in the Court of Cassation and, in any case, the "manager" of the case, and which could have a serious interest in settling the matter, considering that the Customs Agency lost the case in both the first and second instances.

9 SIGNIFICANT EVENTS DURING THE PERIOD

Moody's assigns an issuer rating of Baa3 with stable outlook

25 January 2021: FNM obtains a Baa3 long term issuer rating from Moody's, which takes into account the company's business prospects following the acquisition of Milano Serravalle – Milano Tangenziali (MISE) and its balanced financial policy.

FNM's Baa3 rating incorporates the increase of one notch to reflect the strong ties with the Lombardy Region, its majority shareholder.

FNM has obtained investment grade ratings from Fitch Ratings (BBB- with stable outlook - November 2020) and Moody's (Baa3 with stable outlook), which offers the company the possibility of defining its medium/long-term financial structure in the most efficient way to support future strategic development, also through access to the capital market.

Hydrogen trains and H2IseO Project

01 February 2021: Memorandum of understanding signed by FNM and Enel Green Power with the aim of studying, identifying and proposing the best solutions for the supply of green hydrogen - produced using renewable energy only - for rail mobility in Lombardy, as part of the H2IseO project, which aims to decarbonise local public transport services in Valcamonica (Brescia).

06 April 2021 - FNM and ENI signed a letter of intent to define possible collaborations and initiatives regarding the introduction of fuels and energy carriers capable of reducing CO_2 emissions for the thermal engines of means of transport, models for capturing, storing or using CO_2 generated in hydrogen production processes for use in means of transport and hydrogen distribution points for private road mobility.

22 April 2021 - FNM and SAPIO signed a Memorandum of Understanding that provides for the creation of a joint working party that will be responsible for developing one or more operational hypotheses related to the supply of green hydrogen.

Completion of the acquisition of 82.4% of Milano Serravalle-Milano Tangenziali

26 February 2021: FNM completed the acquisition of 82.4% of the share capital of Milano Serravalle - Milano Tangenziali S.p.A. (MISE) from the Lombardy Region in execution of the sale and purchase contract signed and disclosed to the market on 3 November 2020. In consideration of the 13.6% shareholding of the share capital already acquired by FNM on 29 July 2020, FNM has a shareholding representing 96% of the MISE share capital.

The acquisition was completed following the fulfilment of the conditions precedent set out in the sale and purchase contract, including the obtaining of authorisation from the Ministry of Infrastructure and Transport pursuant to the concession agreement to which MISE is a party.

On 26 February 2021, prior to the finalisation of the acquisition, APL – the concessionaire company for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works – exited the MISE scope of consolidation as a result of the subscription and release today by the Lombardy Region of a share capital increase of APL for a total of EUR 350 million and the consequent dilution to 36.7% of the share capital (from 79.3%) of the shareholding held by MISE in APL.

The consideration for the acquisition of the shareholding in MISE, amounting to EUR 519.2 million (or EUR 3.5 per share), was fully settled in cash, using a short-term credit line signed on 28 January 2021 with a pool of banks comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch, as lenders. The loan, for a maximum amount of EUR 650 million of which EUR 620 million used, is unsecured and must be repaid in a single instalment no later than January 2022. The interest rate is equal to EURIBOR plus a margin, in line with current market conditions.

At the same time as the signing of the aforementioned short-term credit line, on 29 January 2021, FNM fully settled the loan signed on 7 August 2018, as it was no longer consistent with the Group's financial structure, repaying in advance the entire amount used of EUR 50 million.

FERROVIENORD and Alstom sign a contract for 20 medium-capacity trains

15 April 2021: FERROVIENORD and Alstom signed the second application contract for the supply of a further 20 medium-capacity “Donizetti” trains for regional rail services, for an amount of EUR 125 million. The delivery of the first trains is scheduled from June 2023; the coaches are intended for the Milan - Sondrio - Tirano route.

This contract is part of a Framework Agreement entered into in November 2019, which was signed at the same time as the first application contract providing for the supply of a further 31 coaches.

The agreement follows what was established by the Lombardy Region which, with a resolution of 17 March 2021, expanded its programme for the purchase of new trains, adding 46 coaches - 26 high-capacity “Caravaggio” and 20 medium-capacity “Donizetti” - to the 176 already planned and thus bringing the total to 222, for a total allocation of EUR 1.958 billion (EUR 1.607 billion of the programme approved in 2017 and updated in 2019, plus EUR 351 million added with the resolution of 17 March 2021).

The Shareholders' Meeting approves the 2020 financial statements.

30 April 2021: the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent Company, examined the consolidated financial statements of the FNM Group as at 31 December 2020 and resolved not to distribute a dividend and therefore to allocate the profit for FY 2020 as follows:

- EUR 1,194,591.22 to the legal reserve;
- EUR 22,697,233.16 to retained earnings;

The Shareholders' Meeting also:

- approved the Report on the remuneration policy and on the compensation paid
- appointed the Board of Directors for the three-year period 2021-2023, after having set the number of members of the new Board as seven;
- appointed the Board of Statutory Auditors for the three-year period 2021-2023;
- and renewed the authorisation for the purchase and disposal of treasury shares, subject to revocation of the authorisation granted by the Meeting on 27 May 2020.

Resignation of Statutory Auditors taken from the list submitted by the Shareholder Ferrovie dello Stato Italiane S.p.A.

21 May 2021 - the Chairman of the Board of Statutory Auditors, Attorney Umberto La Commara, and the Alternate Auditor, Ms. Valentina Lupi, taken from the list submitted by the Shareholder Ferrovie dello Stato Italiane S.p.A., resigned for personal reasons.

Given the impossibility of re-establishing the Control Body with candidates taken from the same list from which they were elected, the resigning Statutory Auditors remained in office until the Shareholders' Meeting held on 19 July.

Agreement between FNM and SEA for the development of rail/air intermodality

21 May 2021 - FNM and SEA have signed a Memorandum of Understanding to develop synergistic initiatives dedicated to the development of rail/air intermodality and sustainable mobility within logistics processes. The study aims to strengthen the position of Malpensa Intermodale S.r.l. and Malpensa Distripark S.r.l. as well as Malpensa Cargo City, where today more than 60% of the total air cargo transported in Italy transits, and expand the range of services offered to customers.

10 SIGNIFICANT EVENTS AFTER 30 JUNE 2021

FILI project: new anthropization of the Milan-Malpensa route

2 July 2021 - FILI, an innovative urban and suburban regeneration project in Europe has been officially presented, aimed at upgrading FERROVIENORD's main connection centres along the Milan-Malpensa route, a key corridor for the 2026 Milan-Cortina Olympics, thanks to urban reconnection interventions with the adoption of cutting-edge solutions in architectural design and environmental sustainability.

The project involves the modernisation, refurbishment and renovation of the stations of Milano Cadorna, Milano Bovisa, Saronno and Busto Arsizio and the areas adjacent to them, with an intervention of over 188,000 square metres, which will involve projects totalling 2 million square metres within Lombardy. FILI also includes the planting of 800,000 trees in approximately 41,000 hectares across 24 municipalities, the creation of a 72.7 km cycle-superhighway between the Milano Cadorna and Malpensa stations and the creation of a Synthetic Hanging Forest at Milano Cadorna station that will produce oxygen for the city of Milan. FILI is promoted by FNM, FERROVIENORD and Trenord together with the Lombardy Region.

Integration of the Board of Statutory Auditors

19 July 2021 - The Ordinary Shareholders' Meeting of FNM S.p.A. convened to resolve on the integration of the Board of Statutory Auditors appointed Prof. Eugenio Pinto as Chairman of the Board of Statutory Auditors and Ms. Marianna Tognoni as Alternate Auditor, both proposed by the Shareholder Ferrovie dello Stato Italiane S.p.A.

11 MANAGEMENT OUTLOOK

In light of the evolution of mobility demand and the traffic volumes recorded in the half-year - overall an improvement over forecasts - the FNM Group is revising upwards its estimates for 2021, while maintaining a cautious attitude, especially with reference to the local public transport sector and the management of motorway infrastructure, which continue to record traffic and passenger transport levels for 2021 that are significantly lower than the pre-pandemic period. Indeed, current estimates take into account the continuing uncertainties about the future development of the COVID-19 pandemic, as well as the positive progress of the vaccination campaign and the relaxation of measures aimed at limiting travel, which have taken place since April 2021.

In consideration of the still rather cautious forecasts concerning demand for local mobility and the need to guarantee adequate service levels which make it possible to maintain social distancing, margins in the road passenger transport segment, net of estimated contributions to compensate for the lower revenues from ticketing and for additional services, are expected to decrease compared to the pre-pandemic scenario and 2020. The relief due for the current year - and the possible introduction of further compensatory measures - the amount of which that may be made available by the government cannot however be currently estimated with certainty, could help mitigate the negative effects on margins.

With regard to the operating performance of the motorway infrastructure, the current epidemiological situation means that a cautious approach must still be taken to forecasts of a recovery in demand for motorway travel, even though the figures for the current year point to growth compared to 2020, particularly starting from the period during which anti-contagion measures have been eased. It should be noted that, as things currently stand, as in 2020, there are no compensatory measures planned in 2021 to support the drop in revenues due to lower motorway traffic compared to the pre-COVID-19 period.

By contrast, rolling stock rental and rail infrastructure management activities will continue to be less exposed to the effects of the epidemic; however, even in the rest of 2021, advertising revenues and revenues related to commercial real estate leases could be reduced compared to a pre-pandemic scenario.

In FY 2021, all Group companies will continue to implement actions to contain the negative impacts of the emergency, by means of actions intended to limit the main cost items.

In light of these considerations, at present, forecasts for the Group on a like-for-like basis (i.e. considering MISE consolidated for all of 2020 and all of 2021), show revenues and EBITDA for 2021 with mid/high single digit growth compared to 2020. The Adjusted EBITDA/Revenues ratio is expected to remain constant with respect to 2020.

On the other hand, comparing reported figures, i.e. taking into account the consolidation of MISE as of 26 February this year, it is reasonable to assume that in 2021, compared to 2020, revenues will increase by approximately 75%, while adjusted EBITDA is expected to more than double, with a

positive effect on the adjusted EBITDA/revenues ratio which is expected to increase by approximately 7 percentage points compared to 2020.
From a financial point of view, the payment of MISE's acquisition price (totalling EUR 604.8 million - of which EUR 78.3 million already paid in 2020), together with the consolidation of MISE's net financial position and investments to renew its fleets and infrastructure, led to an increase in the Group's debt. The Adjusted NFP / Adjusted EBITDA ratio has also increased, while remaining compatible with the parameters established for the current rating levels (Baa3 by Moody's and BBB- by Fitch, both with a positive outlook) and with the financial covenants established by the existing loan agreements.

To date, the Group has liquidity headroom of around EUR 140 million in uncommitted lines, thereby offering sufficient financial flexibility.
The preparatory activities aimed at refinancing have been started and, considering FNM's investment grade rating (BBB- assigned by Fitch and Baa3 by Moody's, both with a stable outlook), the Company reasonably expects to be able to refinance the Bridge Loan by the due date with medium/long-term debt, including through recourse to the capital market.

At present, for Trenord - valued using the equity method - 2021 looks very much like 2020. The continuation of the current situation of uncertainty in health conditions leads to the assumption of a progressive recovery of volumes over a period of a few years. The investee company continues to constantly monitor all the main KPIs, regarding the performance of the service, attendance, receipts and the cost-revenue ratio.

Milan, 30 July 2021

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 significant non-ordinary events and transactions as defined by Consob communication DEM6064293 of 28/07/2006.

With reference to the adjusted EBITDA of the first half of 2021, the following components were excluded from EBITDA:

a) release of a provision for risks following the partial closure of the dispute with the Customs Agency for EUR 2.2 million;
b) non-ordinary expenses deriving from development projects, amounting to EUR 1.7 million.

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

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

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.

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 2021

Consolidated Statement of Financial Position

Consolidated Income Statement

Other Consolidated Comprehensive Income

Changes in Consolidated Shareholders' Equity

Consolidated Statement of Cash Flows

Notes to the consolidated condensed interim financial statements

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2021

Amounts in thousands of euros	Notes	30/06/2021	31/12/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	447.611	443.340
Intangible assets	6	275.840	5.139
Goodwill	7	4.353	4.353
Right of use	8	30.496	15.489
Investments measured with the equity method	9	129.393	76.733
Investments in other companies	9	15.463	91.313
Financial receivables	10	60.663	2
of which: Related Parties	10	54.486	0
Contractual assets	11	131.257	0
Deferred tax assets	41	44.756	24.015
Tax receivables	16	26	0
Other Receivables	15	2.118	213
TOTAL NON-CURRENT ASSETS		**1.141.976**	**660.597**
CURRENT ASSETS			
Inventories	13	9.729	8.702
Trade Receivables	14	128.099	82.640
of which: Related Parties	14	61.672	65.052
Other Receivables	15	113.591	95.834
of which: Related Parties	15	14.665	14.686
Tax receivables	16	3.611	2.968
Financial receivables	10	998	115
of which: Related Parties	10	126	115
Receivables for funded investments	12	50.748	41.511
of which: Related Parties	12	48.751	39.514
Cash and cash equivalents	18	385.465	253.344
TOTAL CURRENT ASSETS		**692.241**	**485.114**
Assets held for sale			
TOTAL ASSETS		**1.834.217**	**1.145.711**
LIABILITIES			
Share capital		230.000	230.000
Other reserves		8.687	7.788
Reserve for indivisible profit		(58.237)	203.387
Reserve for actuarial gains/(losses)		(7.442)	(7.661)
Translation reserve		90	105
Profit/(loss) for the period		(12.465)	24.185
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**160.633**	**457.804**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**34.365**	**19.304**
TOTAL SHAREHOLDERS' EQUITY	**19**	**194.998**	**477.108**
NON-CURRENT LIABILITIES			
Payables to banks	20	188.078	42.441
Financial Payables	21	35.787	13.706
of which: Related Parties	21	4.031	2
Payables for funded investments	22	12.581	12.581
of which: Related Parties	22	6.759	6.079
Other liabilities	24	24.221	24.357
of which: Related Parties	24	9.325	10.156
Deferred tax liabilities	41	5.221	0
Provisions for risks and charges	25	94.372	39.722
Post-employment benefits	26	28.831	21.201
TOTAL NON-CURRENT LIABILITIES		**389.091**	**154.008**
CURRENT LIABILITIES			
Payables to banks	20	725.423	58.619
Financial Payables	21	65.992	42.542
of which: Related Parties	21	34.348	32.278
Payables for funded investments	22	77.209	165.208
of which: Related Parties	22	77.209	165.208
Trade payables	27	267.378	177.538
of which: Related Parties	27	9.015	3.948
Payables for taxes	28	1.849	87
Tax payables	28	7.726	3.315
Other liabilities	29	61.298	46.049
of which: Related Parties	29	15.233	12.740
Provisions for risks and charges	25	43.253	21.237
TOTAL CURRENT LIABILITIES		**1.250.128**	**514.595**
Liabilities related to assets held for sale		0	0
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**1.834.217**	**1.145.711**

CONSOLIDATED INCOME STATEMENT FIRST HALF 2021

Amounts in thousands of euros		Notes	1st Half 2021	1st Half 2020
Revenues from sales and services		30	199.585	118.647
	of which: Related Parties	30	87.538	87.002
Grants		31	12.805	7.886
	of which: Related Parties	31	4.787	4.258
Revenues from construction services - IFRIC 12		32	44.181	17.873
	of which: Related Parties	32	25.787	17.873
Other income		33	12.384	8.962
	of which: Related Parties	33	4.377	3.755
TOTAL REVENUES AND OTHER INCOME			**268.955**	**153.368**
Raw materials, consumables and goods used		34	(11.061)	(8.289)
Service costs		35	(57.193)	(29.455)
	of which: Related Parties	35	(4.518)	(3.946)
	of which: Non Recurring	35	(1.728)	(318)
Personnel costs		36	(75.029)	(57.532)
Depreciation, amortisation and write-downs		37	(34.158)	(20.150)
Write-down of financial assets		38	(1.980)	-
Other operating costs		38	(14.868)	(6.509)
	of which: Related Parties	38	(126)	-
	of which: Non Recurring	38	2.237	-
Costs of construction services - IFRIC 12		32	(42.581)	(15.551)
TOTAL COSTS			**(236.870)**	**(137.486)**
EBIT			**32.085**	**15.882**
Financial income		39	1.636	1.522
	of which: Related Parties	39	1.195	320
Financial expenses		40	(12.103)	(1.202)
	of which: Related Parties	40	(48)	(342)
NET FINANCIAL INCOME			**(10.467)**	**320**
Net profit of companies measured with the equity method		42	(26.866)	(14.133)
EARNINGS BEFORE TAX			**(5.248)**	**2.069**
Income tax		41	(5.553)	(2.806)
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS			**(10.801)**	**(737)**
NET PROFIT FROM DISCONTINUED OPERATIONS			-	-
PROFIT/(LOSS) FOR THE PERIOD			**(10.801)**	**(737)**
Profit/(loss) attributable to NON-CONTROLLING interest			**1.664**	**41**
Profit/(loss) attributable to Parent Company shareholders			**(12.465)**	**(778)**
Profit/(loss) attributable to NCIs for discontinued operations			-	-
Profit/(loss) attributable to Parent Company shareholders for discontinued operations			-	-

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

OTHER CONSOLIDATED COMPREHENSIVE INCOME

Amounts in thousands of euros	Notes	30/06/2021	30/06/2020
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**(10.801)**	**(737)**
Other components of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss)	**28**	375	111
Tax effect	**14**	(106)	(31)
Total components that will not be reclassified in the operating result		**269**	**80**
Change Fair value of derivatives		1.232	
Tax effect		(296)	
Total components that will be reclassified in the operating result		**936**	
Total companies consolidated on a line-by-line basis		**1.205**	**80**
Other components of companies consolidated with the equity method			
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method		40	370
Tax effect		(11)	(108)
Total components that will not be reclassified in the operating result	**10**	**29**	**262**
Gains/(losses) arising from the translation of financial statements of foreign companies		(15)	18
Total components that will be reclassified in the operating result	**10**	**(15)**	**18**
Total companies consolidated with the equity method		**14**	**280**
Total Other Comprehensive Income	**45**	**1.219**	**360**
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**(9.582)**	**(377)**
Comprehensive Profit/(Loss) attributable to non-controlling interest		**1.780**	**58**
Comprehensive Profit/(Loss) attributable to Parent Company shareholders		**(11.362)**	**(435)**

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 year	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
Balance at 01.01.2020	**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)	-		-
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**
Balance at 31.12.2020	**230.000**	**7.788**	**203.387**	**(7.661)**	**105**	**24.185**	**457.804**	**19.304**	**477.108**
Total Comprehensive Income		**899**		**219**	**(15)**	**(12.465)**	**(11.362)**	**1.780**	**(9.582)**
Allocation of 2020 profit			24.185			(24.185)	-		-
Change in the scope of consolidation			(285.809)				(285.809)	13.281	(272.528)
Balance at 30.06.2021	**230.000**	**8.687**	**(58.237)**	**(7.442)**	**90**	**(12.465)**	**160.633**	**34.365**	**194.998**
Notes	19	19	19	45	45	19	19	19	19

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of euros	Notes	30/06/2021	30/06/2020
Cash flow from operating activities		**Total**	**Total**
Profit for the period		(10.801)	(737)
Income tax	41	5.553	2.806
Net profit of companies measured with the equity method	42	26.866	14.133
Amortisation for the period of intangible assets	6	14.154	1.787
Depreciation for the period of property, plant and equipment	5	17.045	16.466
Amortisation of right of use	8	2.957	1.897
Provisions for risks and charges	25	19.460	6.291
Releases of provisions for risks and charges	25	(3.869)	-
Provision for bad debts	14	2.230	56
Gains from disposal of property, plant and equipment	5	(412)	12
Gains from disposal of assets held for sale	39	-	(1.014)
Capital grants for the period	31	(1.903)	(1.882)
Interest income	39	(1.636)	(508)
Interest expense	40	12.103	1.202
Other non-monetary income	12	272	-
Cash flow from income activities		**82.019**	**40.509**
Net change in the provision for post-employment benefit	26	(855)	(1.367)
Net change in provision for risks and charges	25	(14.551)	(1.207)
Increase in trade receivables	14	(4.448)	(13.386)
Decrease in inventories	13	1.464	303
Increase in other receivables	15	(4.084)	(2.677)
(Increase)/Decrease in trade payables	27	659	(9.467)
Increase in other liabilities	29	6.544	1.169
Payment of taxes		(2.221)	(7.019)
Net change in deferred tax assets/liabilities	41	-	35
Total cash flow from operating activities		**64.527**	**6.893**
Cash flow from/(for) investing activities			
Investments in intangible assets with own funds	6	(1.616)	(697)
Investments in property, plant and equipment with own funds	5	(18.790)	(3.624)
Decrease in trade payables for investments with own funds	27	(33.975)	(9.693)
Investments in funded rolling stock net of grants collected		(22.795)	114.394
Financed investments in railway infrastructure net of grants collected		(9.212)	(25.489)
Investments in non-compensated assets for motorway infrastructure	6	(19.386)	-
Disposal value of property, plant and equipment		765	95
Other investments	9	(289)	-
Dividends distributed by investees measured with the equity method	9	3.860	3.796
Other changes in financial receivables	10	(695)	(114)
Interest income collected		926	577
Repayment of finance lease receivables	10	-	487
Bond subscription	10	(1.000)	-
Change in financial receivables from assets sold		-	(3.464)
Collection from the disposal of assets held for sale		-	32.124
Conam acquisition net of cash held		(251)	-
MISE acquisition net of cash held		(363.552)	-
Total cash flow from investing activities		**(466.010)**	**108.392**
Cash flow from/(for) financing activities			
Repayment of finance lease payables	21	(3.021)	(1.239)
Loan repayment	20	(61.000)	-
New loans	20	620.000	9.905
Interest paid	20	(2.912)	(899)
Decrease in payables to banks	20	(9.269)	-
Interest paid on debenture loan	21	-	(301)
Increase/(Decrease) in other financial liabilities	21	(10.194)	595
Total cash flow from financing activities		**533.604**	**8.061**
Liquidity generated (+)/absorbed (-)		**132.121**	**123.346**
Cash and cash equivalents at start of period	18	253.344	228.723
Cash and cash equivalents at end of period	18	385.465	352.069
Liquidity generated (+)/absorbed (-)		**132.121**	**123.346**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2021

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 addition to the management of motorway infrastructure; in particular, section 5 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).

Introduction
These consolidated condensed interim financial statements as at 30 June 2021 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 2020, 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.
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 2021 should be read together with the consolidated financial statements prepared by FNM as at 31 December 2020.

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 2021 are compared with the corresponding definitive data as at 31 December 2020.

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 2021, the accounting standards and measurement criteria used were the same as those employed to prepare the consolidated financial statements as at 31 December 2020, to which reference is made for a detailed analysis.

As set forth in more detail in paragraph 1 of the Management Report and in Note 3 below, the Group's scope of consolidation has changed compared to 31 December 2020 as the acquisition was completed on 26 February 2021 of 96% of the share capital of Milano Serravalle - Milano Tangenziali S.p.A. (hereinafter also referred to as "MISE").

As a result of this change, as of 26 February 2021, IFRIC 12 in the intangible asset model and IFRS 9 for derivative instruments are also applicable, as shown below:

Intangible assets
On the basis of the contractual agreements (concessions) that fall within the scope of application of IFRIC 12, the concessionaire operates as a provider of services relating to (*i*) the construction and/or improvement of the infrastructure used to provide the public service and (*ii*) the management and maintenance of the same, for a specific period of time. It follows that the activity of constructing and improving infrastructure is similar to that of a construction company; therefore, during the period in which these services are provided, revenues and costs from construction are recognised in the income statement in accordance with IFRS 15. As established by IFRIC 12, in exchange for construction and/or improvement services rendered by the concessionaire, the awarding body pays the concessionaire a fee, to be recognised at fair value, which may consist of rights to: *a)* a financial asset (so-called financial asset model), (adopted by the Group for FERROVIENORD's assets); or *b)* an intangible asset (so-called intangible asset model).
In the intangible asset model, the concessionaire, in return for the infrastructure construction and improvement services rendered, acquires the right to charge users for the use of the infrastructure. Therefore, the concessionaire's cash flows are not guaranteed by the awarding body, but are related to the actual use of the infrastructure by users, thus entailing demand risk for the concessionaire. This is the risk that revenues from the exploitation of the right to charge users for the use of the infrastructure will not be sufficient to ensure a reasonable return on the investments made.

"Assets reversible free of charge" represent the Concessionaire's right to use the asset under concession in consideration of the costs incurred to design and construct the asset. The value corresponds to the fair value of the design and construction activities plus financial charges capitalised - in compliance with the requirements of IAS 23 - during the construction phase.

For intangible assets represented by "concession rights", the cost is recovered through the fees paid by users for the use of the infrastructure and may include the fair value of construction and/or improvement services rendered in favour of the Awarding Body, net of the parts represented as financial assets and consisting of: (i) the portions covered in the form of a contribution, (ii) the amount that will be unconditionally paid by the incoming concessionaire on expiry of the concession (so-called "takeover right") and/or (iii) the minimum amount of tolls, the volume of revenues and/or any specific amounts guaranteed by the Awarding Body.
In particular, the following are identified as concession rights of intangible assets:

i. the rights accrued against specific obligations to carry out infrastructure expansion and upgrading construction services, for which no additional economic benefits are expected. These rights are initially calculated and recognised at the fair value of the construction services to be rendered in the future (equal to their present value, net of the portion covered by grants, and excluding any financial charges to be incurred in the construction period) and have as their contra-entry the "provision for commitments from agreements", in the same amount, recognised in the liabilities section of the statement of financial position; the initial value of these rights changes over time, as a result not only of amortisation but also of the periodic recalculation of the fair value of the portion of construction services not yet rendered at year-end close;

ii. the rights accrued against construction and/or improvement services rendered, for which additional economic benefits are expected, represented by specific tariff increases and/or significant increases expected in the number of users as a result of infrastructure extensions/upgrades.

The concession rights are amortised throughout the duration of the relative concession, with an approach reflecting the estimated methods of consumption of the economic benefits incorporated into the right. To this end, taking into account that the concessions owned by MISE concern mature motorway infrastructures that have been in operation for many years and for which traffic trends are substantially contained within a long-term horizon, amortisation is calculated on a straight-line basis.
If the motorway is under construction, the asset is amortised on the basis of the expected development of traffic (kilometres travelled) over the duration of the individual concessions, a method that reflects the way in which it is assumed that the future economic benefits of the asset will be used by the concessionaire.
Amortisation begins when the rights granted begin to produce the relative economic benefits.
With regard to assets reversible free of charge, the amortisation provision and the provision for restoration or replacement expenses, considered as a whole, ensure adequate coverage of the following charges:

- free transfer to the Awarding Body at the expiry of the concession of reversible assets with a useful life exceeding the duration of the concession;
- restoration and replacement of components subject to wear and tear of reversible assets;
- recovery of the investment also in relation to the new works forecast in financial plans.

If events take place making it possible to presume a reduction in the value of intangible assets, the difference between the book value and the related "recovery value" is recognised in the income statement.
The cost of "motorway assets reversible free of charge" includes the value of the sections in operation constructed by third parties and granted under concession to the Group; an equal amount was added to the "provision for capital grants".

<u>Derivative financial instruments</u>
All derivative financial instruments are shown in the financial statements at their fair value, determined at year-end close. Derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, verified initially and periodically, is high.
For cash flow hedge instruments that hedge the risk of changes in cash flows of the hedged assets and liabilities (including prospective and highly probable ones), changes in fair value are recognised in other comprehensive income and any ineffective portion of the hedge is recognised in profit or loss.
For instruments that hedge the risk of changes in the fair value of hedged assets and liabilities (fair value hedges), changes in fair value are recognised in the income statement for the period. Accordingly, the related hedged assets and liabilities are also adjusted to fair value, with an impact on the income statement.
Where an instrument is entered into for the purpose of hedging the risk of changes in the fair value of an asset whose changes in fair value are recognised in other comprehensive income, changes in the fair value of the hedging instrument are also recognised in other comprehensive income. Changes in the fair value of derivatives that do not qualify for hedge accounting under IFRS 9 are recognised in the income statement.
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 impairment.

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 2020.

IFRS accounting standards, amendments and interpretations adopted from 1 January 2021
The following IFRS accounting standards, amendments and interpretations were adopted for the first time by the Group, starting from 1 January 2021:

- 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. The adoption of this amendment did not have any effects on the consolidated condensed interim financial statements of the Group.

- 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 for insurance companies. The adoption of this amendment did not have any effects on the consolidated condensed interim financial statements of the Group.

- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document “Interest Rate Benchmark Reform-Phase 2” which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures.
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All amendments entered into force on 1 January 2021. 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 2021

- On 28 June 2021, 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 the standard.

- **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 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 financial statements of the Group.

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 this standard to have a significant effect on the consolidated 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 2023, but early adoption is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated financial statements of the Group.

- On 12 February 2021, the IASB issued two amendments entitled "Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates-Amendments to IAS 8". The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments apply from 1 January 2023, but early adoption is permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the consolidated financial statements of the Group.

- On 31 March 2021, the IASB issued an amendment entitled "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)", extending by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the recognition of concessions granted to lessees as a result of Covid-19. The amendments apply from 1 April 2021, but early adoption is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated financial statements of the Group.

- On 7 May 2021, the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The paper clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023, but early adoption is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated financial statements of the Group.

Note 3 Scope of consolidation

The scope of consolidation includes the financial statements as at 30 June 2021 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 set forth in paragraph 1 of the Management Report, the Group's scope of consolidation has changed compared to 31 December 2020 as the acquisition was completed on 26 February 2021 of 96% of the share capital of Milano Serravalle - Milano Tangenziali S.p.A. The investment in MISE derives from the acquisition, at the end of July 2020, of the 13.6% stake in MISE's share capital held directly and indirectly by ASTM, and the acquisition of a further 82.6% stake in the share capital held by the Lombardy Region, completed on 26 February 2021.

The Acquisition is an "under common control" transaction, i.e. a business combination in which the companies participating in the combination (FNM and MISE) are controlled by the same entity (Lombardy Region) both before and after the combination, and this control is not temporary. These transactions are accounted for by taking into account the provisions of IAS 8, i.e. the concept of reliable and faithful representation of the transaction, and the provisions of OPI 1 (Assirevi preliminary guidelines on IFRS), relating to the "accounting treatment of *business combinations of entities under common control* in the separate and consolidated financial statements". The selection of the accounting standard for the transactions under consideration must be based on the elements described above, which lead to the application of the criterion of continuity of values of the net assets transferred.

The net assets acquired were therefore recognised at the book values, specifically adjusted to IAS/IFRS, that appeared in MISE's financial statements at the date of the transaction and amounting to EUR 319.4 million, while the difference of EUR 285.4 million with the price paid to acquire 96% of MISE, amounting to EUR 604.8 million, was recognised as a reduction in the item "Shareholders' equity attributable to the Group".

Information is provided below following the definition of the recognition of the above business combination with the identification and measurement of the assets and liabilities acquired:

Amounts in thousands of euros	**Mi-Se IAS 26/02/2021**
Non-current assets	585.635
Current assets	58.473
Cash and cash equivalents	162.940
Payables to banks	(257.590)
Financial Payables	(57.688)
Shareholders' equity attributable to the Group	(319.354)
Shareholders' Equity attributable to Non-Controlling Interest	(13.345)
Equity investment purchase price	604.800
CONSOLIDATION DIFFERENCE	(285.446)

The total consideration paid for the 96% stake in MISE was EUR 604.8 million (or EUR 3.5 per share), of which EUR 526.5 million was paid in the first half of 2021 and EUR 78.3 million in the second half of 2020.
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.), Omnibus Partecipazioni S.r.l. and Conam S.r.l. with the "equity method".
The associated companies DB Cargo Italia S.r.l., Autostrada Pedemontana Lombarda S.p.A. (hereinafter "APL"), Tangenziali Esterne di Milano S.p.A., Tangenziale Esterna S.p.A., ASF Autolinee S.r.l. and BusForFun.com S.r.l. were also accounted for 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 and the investee companies valued at equity.

Note 4 Comprehensive consolidated income statement by sector

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

- <u>management of railway infrastructure</u>: 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;
- <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 68 trains and 31 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;
- <u>passenger road transport</u>: 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;

- management of motorway infrastructure: refers to the activity carried out by the subsidiary MISE, which is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads (for a total of 179 km in length) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the awarding body. MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital. Among its investee companies, the subsidiary also includes a 36.7% equity investment in its associate Autostrada Pedemontana Lombarda, the concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL is measured with the equity method.

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

First half 2021	**Railway infrastructure management**	**Rosco & Services**	**Road passenger transport**	**Motorway infrastructure management**	**Eliminations**	**Total from continuing operations**
Revenues from third parties	60.014	33.059	54.450	77.251		**224.774**
Intersegment sales	2.989	6.321	6.217	1.498	(17.025)	
Grants for funded investments	25.787			18.394		**44.181**
Segment revenues	88.790	39.380	60.667	97.143	(17.025)	**268.955**
Costs to third parties	(57.212)	(25.549)	(52.740)	(58.788)		**(194.289)**
Intersegment purchases	(2.989)	(6.321)	(6.217)	(1.498)	17.025	
Costs for funded investments	(24.187)			(18.394)		**(42.581)**
Segment costs	(84.388)	(31.870)	(58.957)	(78.680)	17.025	**(236.870)**
EBIT	**4.402**	**7.510**	**1.710**	**18.463**		**32.085**
Net financial income	(23)	(8.908)	(56)	(1.480)		**(10.467)**
Net profit of companies measured with the equity method		(24.615)		(2.251)		**(26.866)**
Earnings before tax	4.379	(26.013)	1.654	14.732		**(5.248)**
Taxes						**(5.553)**
Result for the year from continuing operations						**(10.801)**
Result from discontinued operations						
Net profit for the period						**(10.801)**

First half 2020	Railway infrastructure management	Rosco & Services	Road passenger transport	Eliminations	Total from continuing operations
Revenues from third parties	58.359	35.042	42.094		**135.495**
Intersegment sales	2.638	6.178	2.627	(11.443)	
Grants for funded investments	17.873				**17.873**
Segment revenues	78.870	41.220	44.721	(11.443)	**153.368**
Costs to third parties	(51.134)	(27.237)	(43.564)		**(121.935)**
Intersegment purchases	(7.816)	(935)	(2.692)	11.443	
Costs for funded investments	(15.551)				**(15.551)**
Segment costs	(74.501)	(28.172)	(46.256)	11.443	**(137.486)**
EBIT	**4.369**	**13.048**	**(1.535)**		**15.882**
Net financial income	55	360	(95)		**320**
Net profit of companies measured with the equity method		(14.150)	17		**(14.133)**
Earnings before tax	4.424	(742)	(1.613)		**2.069**
Taxes					**(2.806)**
Result for the year from continuing operations					**(737)**
Result from discontinued operations					
Net profit for the period					**(737)**

Transactions between sectors take place at arm's length.
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 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 5 Property, Plant and Equipment

At 1 January 2021, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

	01.01.2021		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	52.507	(18.251)	34.256
Plant and machinery	185.533	(146.811)	38.722
Industrial and commercial equipment	11.577	(10.254)	1.323
Other assets	619.400	(282.131)	337.269
Assets in the course of construction and advances	31.770		31.770
Total property, plant and equipment	**900.787**	**(457.447)**	**443.340**

Changes for the first half of 2021 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 01.01.2021	**34.256**	**38.722**	**1.323**	**337.269**	**31.770**	**443.340**
Investments financed with own funds	9	189	516	14.602	3.474	**18.790**
Transfers gross value		355		2.955	(3.310)	
Divestments: Gross disposals	(95)	(898)		(5)	(316)	**(1.314)**
Divestments: Use of Accumulated Depreciation		890		5		**895**
Depreciation Rates	(487)	(3.513)	(212)	(12.833)		**(17.045)**
Change in the scope of consolidation: historical cost		1.445	4	17		**1.466**
Change in the scope of consolidation: provision		(597)	(3)	(17)		**(617)**
Change in period of MISE consolidation		883	47	1.166		**2.096**
Net Value as at 30.06.2021	**33.683**	**37.476**	**1.675**	**343.159**	**31.618**	**447.611**

Therefore, as at 30 June 2021, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

	30.06.2021		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	52.421	(18.738)	33.683
Plant and machinery	187.507	(150.031)	37.476
Industrial and commercial equipment	12.144	(10.469)	1.675
Other assets	638.135	(294.976)	343.159
Assets in the course of construction and advances	31.618		31.618
Total property, plant and equipment	**921.825**	**(474.214)**	**447.611**

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 189 thousand) pertain mainly to the commissioning of 1 new bus, for EUR 141 thousand (with related on-board equipment).
Transfers from “Assets in the course of construction and advances” to the registration of 2 buses for EUR 355 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.

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, amounting to EUR 14,602 thousand, mainly concerns:
- the entry into service of one FLIRT TILO train, for EUR 8,452 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 2,113 thousand, were transferred from "Assets in the course of construction and advances" to this category;
- 2 Effishunter locomotives for EUR 2,946 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 842 thousand, were transferred from "Assets in the course of construction and advances" to this category;
- the capitalisation of cyclical maintenance on 8 CSA trains for EUR 3,064 thousand.

Assets in the course of construction and advances
The increases refer mainly to the advances paid for revamping work on the DE 520 locomotives (EUR 1,078 thousand), for the supply of 1 diesel - electric locomotive (EUR 842 thousand), for the purchase of a new dump lorry for the maintenance of railway infrastructure (EUR 529 thousand) for the construction of the car park adjacent to the Milano Affori station (EUR 521 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 2021 would have been the following:

30.06.2021	Book value	Grant	Net value less the grant
Land and buildings	33.683	(5.751)	27.932
Plant and machinery	37.476	(15.656)	21.820
Industrial and commercial equipment	1.675		1.675
Other assets	343.159	(1.819)	341.340
Assets in the course of construction and advances	31.618		31.618
Total property, plant and equipment	**447.611**	**(23.226)**	**424.385**

In the first half of 2021, there were no external or internal indicators that would necessitate updating the impairment tests performed as of 31 December 2020.

Note 6 Intangible Assets

At 1 January 2021, intangible assets comprised the following:

	01.01.2021		
Description	Historical cost	Accumulated depreciation	Book value
Assets in the course of construction and advances	1.136		1.136
Other	32.187	(28.299)	3.888
Non-compensated assets	46.140	(46.025)	115
Total intangible assets	**79.463**	**(74.324)**	**5.139**

Changes for the first half of 2021 are shown below:

Description	Assets in the course of construction and advances	Other	Motorway Infrastructure	Non-compensated assets	Total
Net Value as at 01.01.2021	**1.136**	**3.888**		**115**	**5.139**
Acquisitions	441	232	209		**882**
Transfers	(800)	800			
Amortisation Rates		(1.095)	(13.058)	(2)	**(14.155)**
Change in period of MISE consolidation		1.404	282.570		**283.974**
Net Value as at 30.06.2021	**777**	**5.229**	**269.721**	**113**	**275.840**

As at 30 June 2021, intangible assets therefore comprised the following:

	30.06.2021		
Description	Historical cost	Accumulated amortisation	Net Value
Assets in the course of construction and advances	777		777
Other	34.623	(29.394)	5.229
Motorway Infrastructure	282.779	(13.058)	269.721
Non-compensated assets	46.140	(46.027)	113
Total intangible assets	**364.319**	**(88.479)**	**275.840**

Assets in the course of construction and advances

The increases in “Assets under construction and advances”, amounting to Euro 441 thousand, mainly relate to the upgrade of SAP and BPC modules for EUR 233 thousand.

During the half-year, since the design activities had been completed, with the utilisation of the implemented modules, a transfer was made to “Other non-current assets” of the costs incurred in 2020, mainly relating to the upgrade of the SAP BW module, managed by FNM and used by Trenord, for EUR 382 thousand, as well as the activation of other additional SAP modules used by FNM as part of the administrative service for EUR 202 thousand.

Other

The increase of the half, equal to EUR 232 thousand, mainly refers to additional modules for the extension of the SAP management software, managed by FNM and used by Group companies, for EUR 168 thousand.

Assets freely revertible - Railway infrastructure

The adoption of IFRIC 12 requires assets freely revertible (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 Railway infrastructure concession, renewed in 2016 up to 31 October 2060.

Assets freely revertible - Motorway infrastructure

The motorway infrastructure of the subsidiary MISE, as an asset freely revertible, is also classified under “Intangible assets”.
Amortisation charge, equal to EUR 13,058 thousand, is calculated based on the duration of the Infrastructure concession, expiring on 31 October 2028.

In the first half of 2021, there were no external or internal indicators that would necessitate updating the impairment tests performed as of 31 December 2020.

Note 7 Goodwill

Goodwill recognised refers to the subsidiaries indicated below:

Description	01/01/2021	Changes in 2021			30.06.2021
		Increases	(Impairment)	Reclassification	
Azienda Trasporti Verona S.r.l.	3.627				3.627
La Linea S.p.A.	726				726
Total Goodwill	**4.353**				**4.353**

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 thousand, 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). Goodwill was written down by EUR 2,000 thousand in 2020, as a result of the impairment test.

In the first half of 2021, there were no external or internal indicators that would necessitate updating the impairment tests performed as of 31 December 2020.

Note 8 Right of use

At 1 January 2021, the item "Right of use", recognised upon adoption of IFRS 16, was broken down as follows:

	01.01.2021		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Right of use - software	113	(20)	93
Right of use - buildings	7.593	(2.542)	5.051
Right of use - plant and machinery	4.381	(1.166)	3.215
Right of use - other assets	8.883	(1.753)	7.130
Total right of use	**20.970**	**(5.481)**	**15.489**

Changes for the first half of 2021 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 01.01.2021	**93**	**5.051**	**3.215**	**7.130**	**15.489**
Acquisitions			936	1.350	2.286
Depreciation Rates	(30)	(1.428)	(584)	(915)	(2.957)
Closing of contracts Historical Cost	(16)		(70)	(34)	(120)
Closing of contracts Fund	16		70	34	120
Change in the scope of consolidation Historical Cost		18.092		377	18.469
Change in the scope of consolidation Accumulated Amortisation		(2.734)		(57)	(2.791)
Net Value as at 30.06.2021	**63**	**18.981**	**3.567**	**7.885**	**30.496**

Therefore as at 30 June 2021, "Right of use" comprised the following:

Description	30.06.2021		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	97	(34)	63
Right of use - buildings	25.685	(6.704)	18.981
Right of use - plant and machinery	5.247	(1.680)	3.567
Right of use - other assets	10.576	(2.691)	7.885
Total right of use	**41.605**	**(11.109)**	**30.496**

The acquisitions of the period relate to the execution of new contracts and the extension of existing contracts.
The item "Right of use - Buildings" is mainly attributable to the premises leased by the subsidiaries MISE and ATV to carry out their operations.
The item "Right of use - Plant and machinery" is mainly attributable to the vehicles rented by the subsidiary E-Vai to carry out car sharing activities; the increase for the year is attributable to the delivery of such vehicles.
"Right of use - Other assets" comprises, for EUR 6,040 million, the lease of 4 Bombardier TRAXXF140 DC3 locomotives, the contractual expiration on which is planned for 31 December 2025.
The increase in the period is entirely attributable to new contracts signed for vehicles used by the Group as operating vehicles or for fringe benefits.

In the first half of 2021, there were no external or internal indicators that would necessitate updating the impairment tests performed as of 31 December 2020.

Note 9 Equity Investments

The changes in the first half of 2021 are broken down as follows:

Description	01.01.2021 Book Value	Changes				30.06.2021 Book Value
		Increases Decreases	Operating result	Translation reserve	Reserve for actuarial gains/(losses)	
Equity investments in joint ventures:						
Trenord Srl	39.275		(26.245)	(15)	29	13.044
Nord Energia SpA	12.015	(2.860)	921			10.076
NordCom SpA	7.795		153			7.948
Omnibus Partecipazioni Srl	6.394	(1.000)	(306)			5.088
Conam S.r.l.	219	(219)				
Total equity investments in joint ventures	**65.698**	**(4.079)**	**(25.477)**	**(15)**	**29**	**36.156**
Equity investments in associates:						
Tangenziali Esterne Milano		43.427	(1.107)			42.320
Autostrada Pedemontana Lombarda		38.424	(1.144)			37.280
DB Cargo Italia S.r.l.	10.277		872			11.149
Tangenziale Esterna S.p.A.		1.740				1.740
Busforfun.com Srl	492		(10)			482
Autotrasporti Pasqualini S.r.l.	181					181
Servizi Trasporti Interregionali S.p.A.	85					85
Total equity investments in associates	**11.035**	**83.591**	**(1.389)**			**93.237**
Total investments measured with the equity method	**76.733**	**79.512**	**(26.866)**	**(15)**	**29**	**129.393**
Other equity investments:						
Milano Serravalle - Milano Tangenziale S.p.A.	85.841	(85.841)				
Autostrade Lombarde S.p.A.		5.801				5.801
Azienda Trasporti Veneto Orientale S.p.A.	5.272					5.272
S.A.Bro.M. S.p.A.		3.199				3.199
CIV S.p.A.		673				673
Società progetto Brebemi SpA		301				301
Fondazione ATV	99					99
Aeroporto Valerio Catullo di Verona Villafranca	40					40
Fap SpA	39					39
Confed.Autostrade Ital.Energia		13				13
Cosmo Scarl	7					7
Consorzio ELIO (ELIS Consortium)	4					4
Trasporti Brescia Nord	3					3
Cons.Autostr.Italiane Energia		2				2
Consorzio Tangenziale Engineering		2				2
ATAP	2					2
STECAV	2					2
Sviluppo Artigiano	2					2
Imprese Artigiane Soc. Coop.	2					2
Total equity investments in other companies	**91.313**	**(75.850)**				**15.463**
Total equity investments	**168.046**	**3.662**	**(26.866)**	**(15)**	**29**	**144.856**

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”, negative for EUR 15 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 1.09427) to income statement items, and the spot exchange rate at 30 June (1.09800) to assets and liabilities.
The impact of COVID-19 affects the operations and economic performance of the investee Trenord and therefore the Directors carried out an impairment test at 31 December 2020 in accordance with IAS 36 to verify the recoverability of the carrying amount of the investment, which did not reveal any impairment situations, recording a test cover.
In the first half of 2021, there were no external or internal indicators that would necessitate updating the impairment test performed as of 31 December 2020.

The half-year results only partially take into account the resources allocated by the “Support Decree”, since the sum allocated, amounting to EUR 800 million, is intended to cover, as a priority, the loss of revenues for 2020 and on a residual basis those for 2021, a residual share that will only be disclosed following full verification of the loss of traffic revenues suffered by the sector in 2020. The amount recognised by the investee at 30 June 2021 as a contribution for loss of revenue was EUR 23,800 thousand.
It is also confirmed that the contractual obligations provided for in the current and extended Service Contract, also with specific reference to the provisions of European Regulation no. 1370/2007, require the economic-financial balance of the overall Service Contract entrusted to the investee to be guaranteed.
Moreover, the Parent Company FNM S.p.A. has undertaken to support the investee’s capital and finances.

NORD ENERGIA S.p.A.
The decrease in the investment, equal to EUR 2,861 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 5,088 thousand in the consolidated statement of financial position at 30 June 2021.
The decrease in the investment, equal to EUR 1,000 thousand, was due to the distribution of the dividend resolved by the investee.

The overall change in investments in associates and other investments relates to the inclusion of MISE in the Group's scope of consolidation.
In fact, following the acquisition of 96% of MISE's share capital and the related line-by-line consolidation of the investment, the item decreased by EUR 85.8 million, equal to the carrying amount as at 31 December 2020, and increased due to the contribution to the consolidation of MISE's investee companies, shown below:

Equity investments held through Milano Serravalle - Milano Tangenziali S.p.A.	% of ownership	Carrying amount at the consolidation date	Carrying amount at 30.06.2021
Equity investments in associates:		**83.591**	**81.340**
Tangenziali Esterne Milano	18,8006%	43.427	42.320
Autostrada Pedemontana Lombarda	36,66%	38.424	37.280
Tangenziale Esterna S.p.A.	0,3864%	1.740	1.740
Equity investments in other companies:		**9.991**	**9.991**
Autostrade Lombarde S.p.A.	2,7794%	5.801	5.801
S.A.Bro.M. S.p.A.	12,9746%	3.199	3.199
CIV S.p.A.	5%	673	673
Società progetto Brebemi SpA	0,4129%	301	301
Confederazione Autostrade S.p.A.	16,6670%	13	13
Consorzio Autostrade Italiane Energia	1,45%	2	2
Consorzio Tangenziale Engineering	10%	2	2

Note 10 Current and non-current financial receivables

This item is broken down as follows:

Description	30.06.2021		
	Non Current	Current	Total
Severance indemnities provision policies	5.175		5.175
Bonds	1.000		1.000
Collection of tolls in transit		872	872
Others	2		2
Financial receivables	**6.177**	**872**	**7.049**
APL interest-bearing loan	51.112		51.112
Sabrom interest-bearing loan	2.616		2.616
TE interest-bearing loan	758		758
Financial receivables for interest to related parties		172	172
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 44)	**54.486**	**126**	**54.612**
Total	**60.663**	**998**	**61.661**

Description	31.12.2020		
	Non Current	Current	Total
Others	2		2
Financial receivables	**2**	**-**	**2**
Financial receivables for interest to related parties		161	161
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 44)	**-**	**115**	**115**
Total	**2**	**115**	**117**

The item “Severance indemnities provision policies” concerns the policies taken out by the subsidiary MISE for the “Employee severance indemnities”. The carrying amount represents the total receivable at 30 June 2021 from the insurance companies Allianz (formerly Ras) and Assicurazioni Generali (formerly Ina Assitalia).

The item “Bonds” refers to the subscription of the Unicredit EMTN programme (ISIN XS2305029196 2021/2026) by the subsidiary ATV on 19 March 2021. The bonds mature on 19 July 2026 and carry interest at a rate of 0.60%.

The item “Collection of tolls in transit” is attributable to the receivable from electronic card operators for the collection of motorway tolls.

The item “APL interest-bearing loan” refers to the two interest-bearing loans granted to the associated company Autostrada Pedemontana Lombarda S.p.A. for a total amount of EUR 150 million; a first loan of EUR 100 million granted in 2014 and a second loan of EUR 50 million granted in February 2016.
This loan has been recorded in continuity of values with respect to MISE's separate financial statements in accordance with the provisions of IFRS 1, i.e. at its present value determined on the basis of a discount rate, equal to 6.68%, which reflects the characteristics of the loan and which differs from the contractual interest rate (equal to the 3-month Euribor plus a spread of 357 bps stating from 1 January 2021).

The Interest-bearing loan to S.A.Bro.M. S.p.A. refers to two interest-bearing loans: a first for EUR 2,336 thousand maturing on 31 October 2019 with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 October 2021; a second for EUR 156 thousand, under the same conditions as the previous one. The total amount of EUR 2,615 thousand also includes the interest accrued as of 30 June 2021, calculated at an interest rate of 2.75%, as provided for in the agreement.

The Interest-bearing loan to Tangenziale Esterna S.p.A. refers to the interest-bearing loan, as provided for in the contribution agreement to the project loan - Equity Contribution and Subordination Agreement - renewed by the Company on 2 August 2018, under the same economic conditions as the previous one, following the signing of the new loan agreement of the investee. The total amount of EUR 758 thousand also includes the interest accrued from the date on which the quotas were called up to 30 June 2021, calculated at an interest rate of 12.06%, as provided for in the agreement.

Note 11 Contractual assets

This item, amounting to EUR 131,398 thousand, includes the balance of the investments made until 30 June 2021 by the subsidiary MISE within the scope of the existing concession agreement with ANAS S.p.A. These amounts will be reclassified to "Intangible assets - Motorway infrastructure" when the Group is entitled to recognise the investment when determining the tariff to be applied to end users.

The increase in the half-year for investments made was EUR 24,286 thousand.
The most significant changes relate to:
- Sector quality standard modernisation works for approximately EUR 5,233 thousand;
- Redevelopment work on SP 46 Rho-Monza for approximately EUR 12,026 thousand, with this production reaching 72% of the economic framework of the work;
- Completion of the access road to the intermodal centre of Segrate for EUR 6,749 thousand.

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 01.01.2021	**41.511**
Contributions collected during the period	(10.143)
Use of advances	(2.555)
Write-downs during the period	(2.252)
Receivables for costs incurred in the period and not collected - Infrastructure (Note 34)	24.187
Receivables for funded investments 30.06.2021	**50.748**

As at 30 June 2021, the item is entirely due to infrastructure modernisation interventions.

Note 13 Inventories

The next table shows how this item is broken down:

Description	30.06.2021	31.12.2020
Permanent way material	5.264	5.890
Bus Spare Parts	2.993	3.120
Spare parts for contact lines, apparatuses, control units and telephones	2.045	2.059
Motorway infrastructure maintenance material	1.628	
Gasoil and lubricants	374	456
Other auxiliary materials	550	506
(LESS: Provision for stock obsolescence)	(3.125)	(3.329)
Total	**9.729**	**8.702**

The item increased by EUR 1,027 thousand due to the contribution of MISE, amounting to EUR 1,628 thousand, partially offset by procurement for the maintenance operations planned on the railway infrastructure.

Note 14 Trade Receivables

Description	Current	
	30.06.2021	31.12.2020
Receivables from others - gross	70.899	20.392
(LESS) Provision for bad debts	(4.471)	(2.805)
Trade receivables from third parties	**66.428**	**17.587**
Receivables from related parties - gross	61.740	65.122
(LESS) IFRS 9 Impairment Provision	(69)	(69)
Trade receivables from related parties (Note 44)	**61.671**	**65.053**
Total	**128.099**	**82.640**

Trade receivables from third parties
The change in the item “Trade receivables from third parties”, amounting to EUR 48,841 thousand, is mainly related to the contribution to the consolidation of MISE, amounting to EUR 47,298 thousand, of which EUR 42,564 thousand is attributable to credit relationships with interconnected motorway companies, of which the main one is Autostrade per l'Italia S.p.A., and represents the receivable from users for deferred tolls.

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 2021 and 31 December 2020.

Trade receivables from related parties
The decrease in gross trade receivables from related parties, amounting to EUR 3,382 thousand compared to 31 December 2020, was determined by the lower receivable from Trenord, amounting to EUR 10,536 thousand, in relation to higher collections in the half-year, partially offset by the higher receivable from the Lombardy Region, amounting to EUR 5,526 thousand, for the last 2020 monthly payment of the Service Contract relating to the railway infrastructure, which will be settled following the signing of the 2020 year-end report.

Note 15 Other current and non-current receivables

This item is broken down as follows:

Description	30.06.2021		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		60.017	60.017
Tax receivables		8.891	8.891
Receivables for advances to suppliers on work in progress on railway infrastructure		7.271	7.271
Receivables for advances to suppliers on work in progress on motorway infrastructure		3.902	3.902
Receivables from INPS illness costs		1.719	1.719
Receivables for grants		3.322	3.322
Receivables for Government grants		102	102
Receivable for contractual advance		70	70
Sundry receivables	2.118	13.878	15.996
(LESS) Provision for bad debts		(246)	(246)
Other receivables from third parties	**2.118**	**98.926**	**101.044**
Receivables from related parties		14.702	14.702
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other receivables from related parties (Note 44)		**14.665**	**14.665**
Total	**2.118**	**113.591**	**115.709**

Description	31.12.2020		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		51.726	51.726
Tax receivables		9.051	9.051
Receivables for advances to suppliers on work in progress on Infrastructure		8.348	8.348
Receivables from INPS illness costs		2.485	2.485
Receivables for grants		709	709
Receivables for Government grants		102	102
Receivable for contractual advance		70	70
Sundry receivables	213	9.326	9.539
(LESS) Provision for bad debts		(669)	(669)
Other receivables from third parties	**213**	**81.148**	**81.361**
Receivables from related parties		14.723	14.723
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other receivables from related parties (Note 44)		**14.686**	**14.686**
Total	**213**	**95.834**	**96.047**

"Receivables for advances to suppliers on work in progress on financed Trains", amounting to EUR 60,017 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, amounting to EUR 8,291 thousand, related to the start of a new work order, partially offset by utilisations in the period following progress on work orders. The percentage of progress on work orders accrued in relation to the percentage of completion in the half-year period was EUR 140,612 thousand.

Current tax receivables refer mainly to VAT receivables for which a refund has already been requested for EUR 7,736 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 984 thousand (EUR 1,532 thousand as at 31 December 2019).
The VAT receivable for which a refund has already been requested refers to:

- for EUR 7,223 thousand, to the 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;
- for EUR 513 thousand, to receivables recognised by the subsidiary MISE for VAT refund applications for the years 2003, 2004, 2005 and 2006 following notification by the Supreme Court of Cassation of the orders sentencing the Italian Revenue Agency to make payments on those applications.

"Receivables for advances to suppliers on work in progress on railway infrastructure", amounting to EUR 7,271 thousand, are entirely due to the advance portion on the progress (SAL) of the orders relating to the maintenance of the Railway infrastructure under Concession.

Receivables from INPS, amounting to EUR 1,719 thousand (EUR 2,485 thousand at 31 December 2020), are attributable to receivables from social security institutions for the recovery of costs incurred for the provision of sickness benefits to employees and decreased in relation to the compensation granted for the reimbursement of higher sickness costs for the year 2014 in February 2021.

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.

“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.

The item “Current sundry receivables” includes:

- EUR 5,332 thousand (EUR 1,064 thousand as at 31 December 2020) as deferrals on insurance premiums;
- EUR 2,346 thousand (EUR 1,218 thousand as at 31 December 2020) as advances to suppliers;
- EUR 1,703 thousand (not present as at 31 December 2020) 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 1,288 thousand (EUR 1,986 thousand at 31 December 2020).

Note 16 Current tax receivable

Description	30.06.2021		
	Non Current	Current	Total
Tax receivables	**26**	**3.611**	**3.637**

Description	31.12.2020		
	Non Current	Current	Total
Tax receivables		**2.968**	**2.968**

The item includes receivables from the Revenue Agency for corporate income tax (IRES) and regional production tax (IRAP), for EUR 3,372 thousand and EUR 239 thousand respectively (EUR 2,571 thousand and EUR 397 thousand at 31 December 2020 respectively) arising with the payment of the advance made in June 2021 by the parent company as part of the Group tax consolidation.

Note 18 Cash and Cash Equivalents

The next table shows how this item is broken down:

Description	30.06.2021	31.12.2020
Bank and postal deposits	384.370	253.983
(LESS) Impairment IFRS 9	(693)	(693)
Cash on hand	1.788	54
Total	**385.465**	**253.344**

The breakdown of bank and postal deposits is shown below:

Bank and postal deposits	30.06.2021	31.12.2020	Change
Bank and postal deposits in cash pooling	79.015	102.674	(23.659)
ATV (and its subsidiary La Linea 80)	17.704	24.091	(6.387)
MISE (and its subsidiary Milano Serravalle Engineering)	153.228		153.228
Ferrovienord (accounts dedicated to RL investments)	134.423	127.218	7.205
Total	**384.370**	**253.983**	**130.387**

The FNM Group manages cash through cash pooling with the exception of the consolidated companies ATV (including its subsidiary La Linea 80) and MISE (including its subsidiary Milano Serravalle Engineering). On a daily basis the balances of current bank accounts of individual companies 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 in cash pooling of EUR 79,015 thousand, the Group has payables in giro accounts - inclusive of interest - of EUR 31,279 thousand (EUR 37,246 thousand at 31 December 2020), represented below:

Payables in giro account	30.06.2021	31.12.2020	Change
Nord Energia	16.688	20.188	(3.500)
NordCom	8.183	10.231	(2.048)
Trenord	30	13	17
Corporate bodies	6.378	6.814	(436)
Total (Note 21)	**31.279**	**37.246**	**(5.967)**

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 2021 amounts to EUR 94,304 thousand (EUR 87,099 thousand as at 31 December 2020). These amounts may be used by the Group exclusively for the execution of the train purchase program described above.

In addition, the item “Bank and postal deposits” includes an amount of EUR 40,119 thousand related to the reimbursement obtained from the “CONFEMI” consortium. These sums may be used by the Group, subject to authorisation by the Lombardy Region, to make specific investments to modernise the railway infrastructure.

The change in cash and cash equivalents 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 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	Reserve Fair Value Changes in derivatives	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the year			
Balance at 01.01.2020	**230.000**	**7.788**	**0**	**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)	-		-
Change in the scope of consolidation				67	-			67	(1.903)	(1.836)
Balance at 30.06.2020	**230.000**	**7.788**	**0**	**203.318**	**(7.220)**	**114**	**(778)**	**433.222**	**18.866**	**452.088**
Balance at 31.12.2020	**230.000**	**7.788**	**0**	**203.387**	**(7.661)**	**105**	**24.185**	**457.804**	**19.304**	**477.108**
Total Comprehensive Income			**899**		**219**	**(15)**	**(12.465)**	**(11.362)**	**1.780**	**(9.582)**
Allocation of 2020 profit				24.185			(24.185)	-		-
Change in the scope of consolidation				(285.809)				(285.809)	13.281	(272.528)
Balance at 30.06.2021	**230.000**	**7.788**	**899**	**(58.237)**	**(7.442)**	**90**	**(12.465)**	**160.633**	**34.365**	**194.998**

On 30 April 2021, the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent Company for the year 2020, and resolved to allocate profit for the year of the Parent Company as follows:

- EUR 1,195 thousand to legal reserve;
- EUR 22,697 thousand to retained earnings.

The item included in change in scope of consolidation is attributable to the acquisition of MISE on 26 February 2021.
As already commented in Note 3, the acquisition is an "under common control" transaction, i.e. a business combination in which the companies participating in the combination (FNM and MISE) are controlled by the same entity (Lombardy Region) both before and after the combination, and this control is not temporary. These transactions are accounted for by taking into account the provisions of IAS 8, i.e. the concept of reliable and faithful representation of the transaction, and the provisions of OPI 1 (Assirevi preliminary guidelines on IFRS), relating to the "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements". The selection of the accounting standard for the transactions under consideration must be based on the elements described above, which lead to the application of the criterion of continuity of values of the net assets transferred.
The net assets acquired were therefore recognised at the book values, specifically adjusted to IAS/IFRS, that appeared in MISE's financial statements at the date of the transaction and amounting to EUR 319.4 million, while the difference of EUR 285.4 million with the price paid to acquire 96% of MISE, amounting to EUR 604.8 million, was recognised as a reduction in the item "Shareholders' equity attributable to the Group".

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

	Milano Serravalle - Milano Tangenziali	La Linea	ATV	Total
	4%	*49%*	*50,00%*	
Balance at 01.01.2021		**3.200**	**16.104**	**19.304**
Change in the scope of consolidation	13.345	(64)		13.281
Operating result	380	320	964	1.664
Reserve for Actuarial Gains/(Losses)	(1)	3	77	79
Reserve Fair Value Changes	37			37
Balance at 30.06.2021	**13.761**	**3.459**	**17.145**	**34.365**

The change in the scope of consolidation mainly relates to the consolidation of MISE on 26 February 2021 following the completion of the purchase transaction.

Note 20 Current and non-current payables to banks

Payables to banks are broken down as follows:

Description	30.06.2021		
	Non Current	Current	Total
Bridge Loan		617.048	617.048
BEI Funding		48.292	48.292
UBI Banca-Banco BPM 2010	26.005	7.432	33.437
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	43.135	12.331	55.466
Banca Carige (BEI intermediation) 2012	6.600	1.888	8.488
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	111.694	38.088	149.782
Other payables to banks for loans	644	344	988
Payables to banks	**188.078**	**725.423**	**913.501**

Description	31.12.2020		
	Non Current	Current	Total
Term Loan Facility		50.000	50.000
BEI Funding	41.688	8.244	49.932
Other payables to banks for loans	752	375	1.127
Payables to banks	**42.441**	**58.619**	**101.060**

The item “Bridge Loan” is entirely attributable to the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks including Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch. This loan was taken out to acquire the majority stake, equal to 82.4% of the share capital, held in MISE by the Lombardy Region for EUR 519.2 million, and to refinance the purchase of the stake held in MISE by the ASTM Group, equal to EUR 85.6 million. The loan is unsecured and the interest rate is equal to EURIBOR plus a margin of 1.25% for the 26 February - 28 April period and 1.50% for the 29 April - 30 June period.
The *Bridge* Loan has a maturity of six months from the date of subscription, which occurred on 28 January 2021, and provides for the possibility of exercising an option to extend the final maturity date for two periods of three months each, therefore until 28 January 2022 at the latest. The first extension was requested on 22 June 2021, with maturity on 28 October 2021.
The preparatory activities aimed at refinancing have been started and, considering FNM’s investment grade rating (BBB- assigned by Fitch and Baa3 by Moody's, both with a stable outlook), the Company reasonably expects to be able to refinance the Bridge Loan by the due date with medium/long-term debt, including through recourse to the capital market.

The loan provides the following financial covenants calculated on the consolidated financial statements of FNM (annual and half-yearly):

- NFP/Shareholders’ equity: not above 2.25
- NFP/EBITDA: not above 5.85
- EBITDA/Net financial expenses: not below 5.77.

At the same time as the signing of the aforementioned short-term credit line, on 29 January 2021, FNM fully settled the loan signed on 7 August 2018, the Term Loan Facility, as it was no longer consistent with the Group's financial structure, repaying in advance the entire amount used of EUR 50 million.

“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% on the first tranche of EUR 10 million and 0.446% on the second tranche of EUR 40 million, with a 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 2.25
- NFP/EBITDA: not above 5.85
- EBITDA/Net financial expenses: not below 5.77.

As a result of the consolidation of MISE in accordance with the provisions of OPI 1 (Assirevi preliminary guidelines on IFRS), relating to the "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements", the difference between the price paid by FNM to acquire 96% of MISE, equal to EUR 604.8 million, and the corresponding value of MISE's shareholders' equity, equal to EUR 319.4 million, is not recognised in the Group's fixed assets but as a reduction of the Group's shareholders' equity for an amount equal to EUR 285.4 million (Note 19).
This reduction in shareholders' equity resulted in the failure to comply with the NFP/SE covenant and consequently the "EIB loan" was classified under current payables to banks in compliance with international accounting standards. It is not believed that this aspect generates liquidity problems in view of the fact that the Parent Company has taken steps with the lending institutions to agree on a change in the definition of the covenant that takes into account this specific consequence of the accounting treatment described above.

Please also note that, aside from the above-mentioned refinancing, the Group has liquidity headroom of around EUR 140 million in uncommitted lines, thereby offering sufficient financial flexibility.

Other payables represented consist of MISE's bank debt recorded at amortised cost.
The following table summarises MISE's bank loans with an indication of the respective interest rates and covenants:

Funding	**Nominal Amount**	**Expiration**	**Interest rate**	***Covenants***
INTESA (formerly UBI) - BANCO BPM	33,750	31/12/2025	6-month Euribor (no floor) + margin 2%	NFP/EBITDA ≤ 5 NFP/SE< 2
MPS - BNL	56,250	31/12/2025	6-month Euribor (no floor) + margin 2.25%	NFP/EBITDA ≤ 5 NFP/SE< 2
CARIGE	9,000	31/12/2025	Fixed rate 3.617%	N/A
INTESA - - BANCO BPM-UNICREDIT-BNL- INTESA (formerly UBI)	137,500	31/12/2026 -	6-month Euribor (no floor) + margin 1.80%	NFP/EBITDA ≤ 4 NFP/SE< 2

As of the closing date of 30 June 2021, based on preliminary data available, these covenants have been met.

Note 21 Current and non-current financial payables

Financial payables are broken down as follows:

Description	30.06.2021		
	Non Current	Current	Total
Payables for lease agreements IFRS 16	25.195	7.048	32.243
Payables to other non-controlling shareholders		19.440	19.440
Giro account		4.989	4.989
Derivative instruments payable	4.474		4.474
Financial Payable Put Option La Linea	2.087		2.087
Other financial payables		167	167
Financial Payables	**31.756**	**31.644**	**63.400**
Giro account		26.290	26.290
FINLOMBARDA financing	4.008	8.041	12.049
Financial income for finance lease agreements	23	17	40
Financial payables to related parties (Note 44)	**4.031**	**34.348**	**38.379**
Total	**35.787**	**65.992**	**101.779**

Description	31.12.2020		
	Non Current	Current	Total
Payables for lease agreements IFRS 16	11.643	4.875	16.518
Giro account		5.058	5.058
Financial Payable Put Option La Linea	2.061		2.061
Other financial payables		331	331
Financial Payables	**13.704**	**10.264**	**23.968**
Giro account		32.188	32.188
Financial income for finance lease agreements	2	90	92
Financial payables to related parties (Note 44)	**2**	**32.278**	**32.280**
Total	**13.706**	**42.542**	**56.248**

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.

Payables to other non-controlling interests are the estimate of the payable, with the information currently available on the basis of the court-appointed expert's report dated 23 July 2019, relating to the liquidation of the shareholding held by the non-controlling shareholder of the subsidiary MISE, which pursuant to Article 24 paragraph 5 of Legislative Decree 175/2016, requested the liquidation on 19 November 2018.

The item "Derivative instruments payable" represents the derivatives in place as at 30 June 2021 relating to interest rate swap hedging contracts entered into by the subsidiary MISE during 2011 with Banco BPM, Banca Intesa (formerly UBI Banca), Banca Nazionale del Lavoro and Monte dei Paschi di Siena in order to prevent the risk of changes in interest rates, the fair value of which is negative. The total notional value amounts to EUR 120,000 thousand. The qualitative analysis has shown an exact correspondence between the supporting elements of the loan and those of the IRS and furthermore, no particular problems are identified regarding the creditworthiness of the counterparty of the hedging instrument.

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 "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 3,500 thousand, and to NordCom S.p.A., equal to EUR 2,048 thousand.

The "Finlombarda financing" payable refers to the loan taken out in December 2017 by the subsidiary MISE from Finlombarda S.p.A. of EUR 40 million with a duration of five years.

The loan provides for an interest rate equal to the 6-month Euribor (zero floor) plus a margin of 2.50% and includes the following financial covenants :

- NFP/Shareholders' equity: not above 2
- NFP/EBITDA: not above 5

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

Description	30.06.2021	31.12.2020
Between 1 and 2 years	10.143	3.225
Between 2 and 5 years	19.877	10.344
Over 5 years	5.767	137
Total	**35.787**	**13.706**

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

Description	30.06.2021	31.12.2020
Payables for leases IFRS 16	1.47% - 2.18%	1,47%
Payables for cash pooling	0,001%	0,001%
Payable to Finlombarda	2,500%	-
Payables to Bondholders	-	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	30.06.2021	31.12.2020
Less than 1 year	8.002	5.764
2 - 5 years	20.552	11.631
Over 5 years	5.907	157
Total	**34.461**	**17.552**
Future interest expense	(2.178)	(942)
Present value of payables related to finance leases	**32.283**	**16.610**

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	30.06.2021	31.12.2020
Less than 1 year	7.101	4.957
2 - 5 years	19.415	11.516
Over 5 years	5.767	137
Total	**32.283**	**16.610**

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	30.06.2021	31.12.2020
Payables to Lombardy Region - Planning Agreement	54.003	55.583
Payables to Lombardy Region - Purchase of rolling stock	23.206	109.625
Payables for funded investments to related parties (Note 44)	**77.209**	**165.208**
Total payables for funded investments	**77.209**	**165.208**

The decrease compared to 31 December 2020 is mainly related to utilisations during the half-year for progress on work orders, amounting to EUR 140,612 thousand, partially offset by the collections of an expected milestone portion relating to the "Programme for the purchase of rolling stock for the regional railway service for the years 2017 - 2032", amounting to EUR 54,193 thousand.

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

Payables for funded investments	30.06.2021	31.12.2020
Payables to the Ministry of Transport	5.822	5.821
Other financial payables		681
Payables for funded investments	**5.822**	**6.502**
Payables to the Lombardy Region	6.759	6.079
Payables for funded investments to related parties (Note 44)	**6.759**	**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.

Note 23 Net financial position

The item net financial position is broken down below, according to CONSOB information notice 5/21 of 29 April 2021, which replaces CONSOB notice no. 6064293 of July 2006 and related notices which refer data in the table to data in the Statement of Financial Position:

Descrizione	30.06.2021	di cui parti correlate	31.12.2020	di cui parti correlate	Note
A. Disponibilità Liquide	385.465		253.344		18
B. Mezzi equivalenti a disponibilità liquide	-		-		0
C. Altre attività finanziarie correnti	-		-		0
D. Liquidità (A+B+C)	**385.465**	**-**	**253.344**	**-**	18
E. Debito finanziario corrente	(793.435)	(103.499)	(252.785)	(197.396)	20 - 21 - 22
F. Parte corrente del debito finanziario non corrente	(75.189)	(26.307)	(13.584)	(90)	20 - 21 - 22
G. Indebitamento finanziario corrente (E+F)	**(868.624)**	**(129.806)**	**(266.369)**	**(197.486)**	
H. Indebitamento finanziario corrente netto (G -D)	**(483.159)**	**(129.806)**	**(13.025)**	**(197.486)**	
I. Debiti finanziario non corrente	(236.446)	(10.790)	(68.728)	(6.081)	20 - 21 - 22
L. Indebitamento finanziario non corrente (I+J+K)	**(236.446)**	**(10.790)**	**(68.728)**	**(6.081)**	
M. Totale Indebitamento finanziario (H+L)	**(719.605)**	**(140.596)**	**(81.753)**	**(203.567)**	

Current financial payables include current payables to banks and other lenders and therefore in detail the Bridge Loan, amounting to EUR 617,048 thousand (Note 20), payables arising from advances paid by the Lombardy Region for financed investments relating to the purchase of rolling stock and the modernisation of railway infrastructure, amounting to EUR 77,209 thousand (Note 22), the balance of the cash pooling giro accounts with joint ventures and corporate bodies for a total of EUR 31,279 thousand (EUR 37,246 thousand at 31 December 2020), and the payable to non-controlling shareholders of the subsidiary MISE (Note 22), amounting to EUR 19,440 thousand.

The current portion of non-current financial payables includes payables to banks of EUR 68,333 thousand (Note 20), of which EUR 59,739 thousand deriving from the consolidation of MISE, as well as lease payables of EUR 7,065 thousand (Note 21).

Non-current financial payables includes EUR 228,120 thousand in non-current payables to banks (Note 20), of which EUR 187,434 arising from the consolidation of MISE, as well as EUR 25,218 thousand in lease payables (Note 21).
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	30.06.2021	of which related parties	31.12.2020	of which related parties	Notes
A. Cash and cash equivalents	251.043		126.126		18
D. Liquidity (A+B)	**251.043**	**-**	**126.126**	**-**	
E. Current financial payables	(716.226)	(26.290)	(87.577)	(32.188)	20 - 21 - 22
F. Current portion of non-current financial payables	(75.189)	(26.307)	(13.584)	(90)	20 - 21 - 22
G. Current financial debt (E+F)	**(791.415)**	**(52.597)**	**(101.161)**	**(32.278)**	
H. Net current financial debt (G -D)	**(540.372)**	**(52.597)**	**24.965**	**(32.278)**	
I. Non-current financial payables	(236.446)	(10.790)	(68.728)	(6.081)	20 - 21 - 22
L. Non-current financial debt (I+J+K)	**(236.446)**	**(10.790)**	**(68.728)**	**(6.081)**	
M. Total financial debt (H+L) adjusted	**(776.818)**	**(63.387)**	**(43.763)**	**(38.359)**	
IFRIC 12 Impacts					
of which - D. Liquidity	94.303		87.099		17
of which - D. Liquidity	40.119		40.119		17
of which - E. Current financial payables - Payables for funded investments	(77.209)	(77.209)	(165.208)	(165.208)	22
N. Total IFRIC 12 financial debt	**57.213**	**(77.209)**	**(37.990)**	**(165.208)**	
Net financial debt (M+N)	**(719.605)**	**(140.596)**	**(81.753)**	**(203.567)**	

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) was excluded from the adjusted NFP and reclassified among IFRIC 12 impacts, as was the cash at bank deriving from the release of the time deposit established with the CONFEMI provisions (Note 17) and the payables deriving from the advances paid by the Lombardy Region for financed investments related to the purchase of rolling stock and the modernisation of the railway infrastructure (Note 22).

In addition to the financial debt, please refer to Note 25 for the provisions recognised in the financial statements.

Again with reference to indirect financial debt, the final commitments as at 30 June 2021 that oblige the Group to acquire or build an asset in the next 12 months are shown below:

Description	Amount
Investments in funded rolling stock	298.941
Funded railway infrastructure investments	157.522
Motorway infrastructure investments	125.428
Investments in rolling stock with own funds	73.653
Investments in buses	2.124
Other investments	440

Note 24 Other non-current liabilities

Other non-current liabilities are broken down as follows:

Description	30.06.2021	31.12.2020
Capital grants	10.763	11.533
Other liabilities	4.133	2.668
Non-current liabilities	**14.896**	**14.201**
Capital grants from the Lombardy Region	9.199	10.016
Other liabilities	126	140
Other non-current liabilities to related parties (Note 44)	**9.325**	**10.156**
Total	**24.221**	**24.357**

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 9,501 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 1,079 thousand).
The item “Other liabilities” of EUR 1,564 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 702 thousand, for the renovation of property in piazza Cadorna in Milan for EUR 4,005 thousand, as well as for the purchase of buses for EUR 3,307 thousand and for the development of the “La civiltà di Golasecca” (The Golasecca Civilisation) museum equal to EUR 98 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.

Note 25 Provisions for risks and charges

Provisions for risks and charges comprise the following:

Description	Cyclical maintenance	Motorway Infrastructure Renewal provisions	Personnel	Ancillary charges for the Affori Redevelopment Programme	Other risks	Total
Balance at 01.01.2021	**40.297**		**8.811**	**1.940**	**9.911**	**60.959**
Increases	5.475	12.396	1.381		208	**19.460**
Uses		(12.273)	(1.808)		(2.015)	**(16.096)**
Change in scope of consolidation		54.527			22.644	**77.171**
Releases			(1.436)		(2.433)	**(3.869)**
Balance at 30.06.2021	**45.772**	**54.650**	**6.948**	**1.940**	**28.315**	**137.625**

Provisions for risks and charges have the following dates:

Description	30.06.2021	31.12.2020
Current	43.253	21.237
Non current	94.372	39.722
Total	**137.625**	**60.959**

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 5,475 thousand.

Motorway infrastructure renewal provision
The value of the renewal provision, equal to EUR 42,768 thousand (provision for restoration or replacement of assets freely revertible) refers to the coverage of costs for future maintenance and has the

function of maintaining and/or restoring the original productive capacity of the "assets freely revertible to the awarding body" both to maintain unchanged the production capacity and to transfer them, on expiry of the concession, to the Awarding Body in good working order, in view of the contractual obligations set out in the Consolidated Agreement signed by MISE with ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Sustainable Mobility).
The item also includes the provision equal to the present value of planned investments for which no tariff increases are expected. The amount of EUR 11,882 thousand was estimated on the basis of information from the business plan available at the date of this document. The provision for risks and charges is used to offset the cash outlays that the Group will incur to finance these investments.

Personnel
During the half-year, allocations of EUR 1,381 thousand were made as an estimate of the contractual increases for the year 2021 for employees under the National Collective Bargaining Agreement for the Railway/Tram sector.
On 17 June 2021 an agreement was signed for the renewal of the national collective labour agreement for road, rail and tram workers, which expired on 31 December 2017, signed by the heads of Asstra, Anav and Agens with Filt-Cgil, Fit-Cisl, Uiltrasporti, Faisa Cisal and Ugl Fna, aimed at defining the economic coverage of the 2018-2020 three-year period through the disbursement of a one-off sum and at the same time starting a methodical procedure contemplating the priority definition of two contractual issues that are considered appendices to the last contract renewal agreement. The agreement establishes for permanent personnel on staff on the date on which the agreement is signed, that the 2018-2020 three-year period will be covered with the payment of a gross one-off sum of EUR 680 at parameter 175, to be revalued according to the current parametric scale. The disbursement was divided into two tranches, the first of EUR 300 to be paid with the salary of July 2021 and the second of EUR 380 to be paid with the salary of December 2021. As a result of this agreement, the provision was utilised for EUR 1,808 thousand and the excess amount of EUR 1,437 thousand was released.

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 2021 included:
- EUR 21,328 thousand relating to the difference between expenses for maintenance carried out with respect to the corresponding provisions of the current MISE Economic and Financial Plan;
- EUR 1,457 thousand, allocated in the previous years, as the risk estimate from the dispute with the Customs Agency described in paragraph 8 of the Management Report, to which reference is made, following the ruling on appeal of the Milan Regional Tax Commission No. 1815/2021, EUR 2,237 thousand was released from the provision;
- EUR 5,530 thousand, as a risk estimate of losing litigation ongoing with third parties; EUR 2,015 thousand of the fund was used in the period, and EUR 196 thousand was released due to litigation that had been settled.

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 2021 are, in this context, deemed commensurate with the risks of loss referenced in the Management Report.

Note 26 Post-employment benefit

Description	30.06.2021	31.12.2020
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial assumptions	28.831	21.201
Total	**28.831**	**21.201**

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

Description	30.06.2021	31.12.2020
Service costs	158	215
Interest (Note 40)	44	118
Total	**202**	**333**

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 45).

The change in the payable related to post-employment benefit is shown below:

Description	30.06.2021	31.12.2020
Debt at the start of the year	**21.201**	**23.931**
Service costs	158	215
Actuarial gain	(375)	(153)
Interest cost	44	118
Uses	(1.042)	(2.913)
Transfers	3	3
Change in scope of consolidation	8.842	
Debt at the end of the year	**28.831**	**21.201**

The following main actuarial assumptions were used:

Description	30.06.2021	31.12.2020
Discount rate	0,70	0,35
Annual rate of compensation increase	1,50	1,50
Annual rate of inflation	1,00	1,00
Annual rate of post-employment benefit increase	2,25	2,25

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 2021), 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 benefits	31.794	30.514

Note 27 Trade payables

Trade payables are broken down as follows:

Description	30.06.2021	31.12.2020
Payables for invoices received	100.464	63.268
Payables for invoices to be received	157.899	110.322
Trade payables	**258.363**	**173.590**
Trade payables to related parties	9.015	3.948
Trade payables to related parties (Note 44)	**9.015**	**3.948**
Total	**267.378**	**177.538**

Trade payables, net of the MISE contribution of EUR 52,390 thousand, increased by EUR 37,757 thousand mainly due to the progress of rolling stock renewal and railway infrastructure modernisation projects.
In particular, concerning the renewal of the rolling stock, it is noted that the balance includes payables for invoices received for EUR 36,147 thousand (EUR 30,404 thousand at 31 December 2020) and payables for invoices to be received for EUR 94,600 thousand (EUR 28,429 thousand as at 31 December 2020).

The item includes payables to Cogel S.p.A. (equal to EUR 1,696 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

Payables for taxes and duties are broken down as follows:

Description	30.06.2021	31.12.2020
IRES (CORPORATE INCOME TAX)	1.062	
IRAP (REGIONAL BUSINESS TAX)	787	87
Payables for taxes	**1.849**	**87**
IRPEF and withholdings	4.612	3.298
VAT	3.102	
Other	12	17
Tax payables	**7.726**	**3.315**

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).

The increase in the first half of the year mainly relates to the contribution of MISE of EUR 1,193 thousand to the item “IRPEF and withholdings”, of EUR 2,772 thousand to the item “VAT” and of EUR 1,287 thousand to the item “Payables for taxes”.

Note 29 Other current liabilities

Other current liabilities are broken down as follows:

Description	30.06.2021	31.12.2020
Payables to personnel	23.174	13.906
Payables to social security agencies	8.625	3.164
Deferred income	5.307	3.872
Capital grants	1.544	1.754
Advances from customers	771	797
Agencies	1.513	84
Payables to the Ministry of Infrastructures and Transport	85	85
Other liabilities	5.046	2.306
Payables for the purchase of equity investment		7.341
Current liabilities	**46.065**	**33.309**
Payables to Joint Ventures/Associates	12.717	10.337
Capital grants from the Lombardy Region	1.801	1.827
Payable to the Pension Fund	715	442
Payables to the Lombardy Region	-	134
Current liabilities to related parties (Note 44)	**15.233**	**12.740**
Total	**61.298**	**46.049**

“Payables to personnel” increased by EUR 9,268 thousand with respect to 31 December 2020, as it includes the monthly wages and bonuses to be paid during the second half-year, as well as due to the contribution of MISE amounting to EUR 4,627 thousand. For the same reason, the item “Payables to social security agencies” increased; the contribution of MISE is equal to EUR 3,170 thousand.

The item “Deferred income” increased in relation to the contribution of MISE, amounting to EUR 3,187 thousand.

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

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 515 thousand).

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

CONSOLIDATED INCOME STATEMENT

For a better understanding of the changes in the period, reference should be made to the pro-forma statements included in the Management Report prepared following the acquisition of MISE described in the previous paragraphs.

Note 30 Revenues from sales and services

The next table shows the breakdown of this item:

Description	First half 2021	First half 2020
Income from motorway tolls	72.036	
Revenues from service agreement for automotive sector	19.528	19.856
Products of automotive traffic	14.242	9.514
Income from Service Areas concessions	1.321	
Terminal movements revenues	756	306
Car sharing revenues	431	25
Property income	198	707
Services invoiced	3.535	951
Hire of rolling stock		286
Revenues from sales and services	**112.047**	**31.645**
Infrastructure management service agreement	44.796	44.878
Hire of rolling stock	31.443	32.251
Services invoiced	5.349	6.138
Train replacements	2.814	2.195
Infrastructure maintenance services invoiced	1.443	
Car Sharing	900	900
Revenues from network access	566	640
Property income	227	
Revenues from sales and services to related parties (Note 44)	**87.538**	**87.002**
Total	**199.585**	**118.647**

Revenues from sales and services to third parties increased by EUR 80,402 thousand primarily due to the contribution of MISE, equal to EUR 74,232 thousand, compared to the comparative half-year of 2020, in relation to the following changes:

- revenues from ticketing on public road transport increased by EUR 4.6 million due to higher sales, in relation to the measures taken for the COVID-19 emergency, going from EUR 9.6 million in the first half of 2020 to EUR 14.2 million in the period;
- services invoiced increased by EUR 2,584 thousand in relation to the increase in road passenger transport services.

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

Railway infrastructure management service agreement
The consideration deriving from the Service Contract for the management of the railway infrastructure remains substantially in line with the previous year, falling from EUR 44,878 thousand to EUR 44,796 thousand, as a result of the decrease of EUR 1,244 thousand, due to both the efficiency-boosting mechanism provided for by the Contract and the rescheduling of railway programming as a result of the reduced mobility caused by the Covid-19 pandemic. This decrease was offset by the income recognised by the Concessionaire for the year 2020 to cover the rescheduling of railway programming due to the measures taken for the COVID-19 emergency.

Hire of rolling stock
Revenues from leasing of rolling stock decreased by EUR 808 thousand mainly due to the reduction of the consideration following the renewal of the operating lease with Trenord of TAF trains, partially offset

by higher revenues on DE 520 locomotives, TILO, ROCK, POP and Caravaggio trains leased to Trenord and E494 ETRAXX DC locomotives to DB Cargo Italia.

Services invoiced
The item includes revenues for the performance of services rendered to investees of the Parent Company, which decreased by EUR 789 thousand.
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 2,814 thousand compared to EUR 2,195 thousand in the first half of 2020, due to the increase in extraordinary transit thanks to the evolution of the pandemic, which made it possible to ease the measures adopted by the Authorities to handle the Covid-19 epidemic.

Note 31 Grants

The next table shows the breakdown of this item:

Description	First half 2021	First half 2020
Compensatory measures for loss of traffic revenues	6.166	2.326
Capital grants	339	191
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	270	155
Other grants	1.243	956
Grants	**8.018**	**3.628**
Capital grants Lombardy Region	1.779	2.301
Grants for the renewal of the National Collective Bargaining Agreement, Lombardy Region	1.449	806
Compensatory measures for loss of traffic revenues	1.036	228
Other grants, Lombardy Region	523	923
Grants to related parties (Note 44)	**4.787**	**4.258**
Total	**12.805**	**7.886**

Grants increased by EUR 4,919 thousand in relation to the recognition of the offsetting measures introduced by Law no. 77 of 17 July 2020 (Art. 200, paragraph 1, the “Relaunch Decree”), Law no. 126 of 13 October 2020 (Art. 44, termed the “August Decree”), Law no. 176 of 18 December 2020 (Art. 22 ter, termed the “Ristori bis Decree”) and Law Decree no. 41 of 22 March 2021 (Art. 29, termed the “Support Decree”), equal to EUR 7,202 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 Revenues from construction services - IFRIC 12

The adoption of IFRIC 12 meant that investments made in railway and motorway 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 2021, was EUR 44,181 thousand, versus EUR 17,873 thousand of the previous year, and refers to railway infrastructure modernisation and enhancement work for EUR 24,187 thousand and motorway infrastructure work for EUR 18,394 thousand.

The item also includes income deriving from the recovery of overhead costs for work orders for both the modernisation of the railway infrastructure and the renewal of rolling stock, respectively for EUR 689 thousand and EUR 911 thousand (EUR 737 thousand and EUR 1,586 thousand in the first half of 2020).

The share of the consideration accrued in relation to the percent of completion of the contracts related to the renewal of the rolling stock is recognised net of the costs incurred, in accordance with IFRS 15 (B36), equal to EUR 140,614 thousand.

Note 33 Other income

The next table shows the breakdown of this item:

Description	First half 2021	First half 2020
Motorway infrastructure management income	1.428	
Sale of warehouse materials	1.311	604
Performance of services	1.170	495
Recovery of costs	1.052	529
Lease payments	954	1.143
Recovery of gasoil excise	495	753
Non-recurring income	481	1.340
Capital gain on property, plant and equipment	439	20
Fines and penalties	259	204
Insurance pay-outs	212	119
Release of provisions for risks and charges	196	
Other income	10	
Other income	**8.007**	**5.207**
Sundry income with related parties	4.377	3.755
Other income from related parties (Note 44)	**4.377**	**3.755**
Total	**12.384**	**8.962**

“Other income” from third parties increased by EUR 2,800 thousand; the main changes were as follows:

- MISE's contribution to the consolidation, amounting to EUR 3,019 thousand;
- “sale of inventory materials”, relating to the sale of obsolete material no longer usable for maintenance, increased by EUR 707 thousand;

“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.

Note 34 Raw materials, consumables and goods used

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

Description	First half 2021	First half 2020
ATV S.r.l.	5.224	3.790
FERROVIENORD S.p.A.	2.751	2.827
FNM Autoservizi S.p.A.	1.606	1.175
La Linea S.p.A.	987	430
Milano Serravalle - Milano Tangenziali S.p.A.	426	
Malpensa Intermodale	67	67
Total	**11.061**	**8.289**

The item increased 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 increase in services performed.

In particular, as regards the costs of ATV S.p.A., automotive diesel costs, amounting to EUR 2,693 thousand, rose by EUR 1,434 thousand with respect to those of the first half-year 2020 (EUR 1,840 thousand) by effect of the increased production volumes, partially offset by the decrease of the average cost (amounting to 1.038 EUR/litre versus 1.044 EUR/litre of 2020).

In particular, as regards the costs of FNM Autoservizi S.p.A., automotive diesel costs, amounting to EUR 1,064 thousand, increased by EUR 263 thousand with respect to those of the first half-year 2020 (EUR 801 thousand) by effect of the increased production volumes (from 2,013 bus Km to 2,625) and of the increase of the average cost (amounting to 1.082 EUR/litre versus 1.0323 EUR/litre of 2020) partially offset by the average consumption (2.47 km/litre versus 2.51 km/litre in 2020).

Note 35 Service costs

"Service costs" are broken down as follows:

Description	First half 2021	First half 2020
Motorway infrastructure maintenance	12.630	0
Costs for subcontracting of LPT road services	6.153	1.199
Third-party services - Maintenance	5.910	7.880
Utilities	3.694	2.718
Sundry third-party services	3.245	1.164
Expenses for employees	2.889	1.996
Motorway infrastructure management	2.358	0
Insurance	2.117	1.519
Cleaning expenses	2.094	2.168
Costs for non-ordinary consulting services	1.728	318
Supervision expenses	1.626	991
Third-party services - Bus maintenance	1.370	930
Consulting	1.267	1.138
Commercial expenses	972	467
Motor vehicles management	798	524
IT costs	701	385
Coordinated and continuative services	331	216
Legal and notary fees	324	348
Real estate management	229	220
Third-party services - Maintenance of rolling stock	177	237
Provisions for risks and charges	13	
Other charges	2.049	1.091
Service costs	**52.675**	**25.509**
Service costs - related parties	4.518	3.946
Service costs - related parties (Note 44)	**4.518**	**3.946**
Total	**57.193**	**29.455**

"Service costs with third parties" show a net increase of EUR 27,166 thousand compared to the first half of 2020, mainly due to the contribution of MISE, amounting to EUR 20,447 thousand, as well as what is described below:

- increase by EUR 4,954 thousand for subcontracting of automotive services to third parties;
- increase in costs for non-ordinary consulting services of EUR 1,410 thousand, mainly attributable to costs incurred for the MISE acquisition.

"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

The item personnel costs is broken down as follows:

Description	First half 2021	First half 2020
Wages and salaries	52.368	40.257
Social security contributions	15.105	11.959
Allocation to supplementary pension fund	3.501	2.745
Allocation to National Collective Labour Agreement provision	1.632	1.291
Pension liabilities	202	305
Allocation for post-employment benefit payable	157	143
Other costs	2.064	832
Total	**75.029**	**57.532**

Personnel costs show an overall net increase of EUR 17,497 thousand, mainly due to the contribution of MISE, amounting to EUR 15,137 thousand, as well as the effect of the lower use of residual holidays and the fact that no recourse was made to income support instruments (General Lay-off Fund and Public Transport Fund).
The item includes the provision for EUR 1,020 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 MISE employees, for whom the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia applies, 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 2021	First half 2020
Depreciation	17.045	16.465
Amortisation	14.156	1.787
Amortisation of right of use	2.957	1.898
Depreciation, amortisation and write-downs	**34.158**	**20.150**
Total Depreciation, amortisation and write-downs	**34.158**	**20.150**

Amortisation of intangible assets increased in relation to the amortisation of the motorway infrastructure, which, being a revertible asset, is reclassified under intangible assets.

The depreciation of the right of use increased as a result of the recognition of the building of the subsidiary MISE's operating headquarters.

Note 38 Other operating costs

The next table shows the breakdown of this item:

Description	First half 2021	First half 2020
Concession fee	8.104	
Allocations to the provision for risks and charges	5.605	4.431
Impairment of receivables	250	56
Releases of non-recurring provisions for risks and charges	(2.237)	
Non-recurring expenses	1.051	401
Taxes and duties	864	711
Fines, penalties and settlements	115	
Capital losses on property, plant and equipment	38	32
Losses on receivables	31	137
Other charges	921	741
Other operating costs	**14.742**	**6.509**
Other operating costs	126	
Other operating costs to related parties (Note 44)	**126**	
Total	**14.868**	**6.509**

This item "Concession fees" refers to motorway concession fees, changes in which are influenced by toll revenues and traffic trends.
"Allocation to the provision for risks and charges" concerns the allocations made to the rolling stock cyclical maintenance provision (Note 25) and remains substantially unchanged relative to the comparative period.
The release of the provision for non-recurring risks and charges is entirely attributable to the release of the provision set aside in previous years for the dispute with the Customs Agency described in paragraph 8 of the Management Report, to which reference should be made.

Note 39 Financial income

Financial income accrued on:

Description	First half 2021	First half 2020
Capital gains from sale of equity investments		1.014
Current bank accounts and deposits	37	188
Other financial income	404	
Financial income	**441**	**1.202**
Financial income from the special treasury management contract		283
Finance lease agreements as lessor		37
Other financial income	1.195	0
Financial income from related parties (Note 44)	**1.195**	**320**
Total	**1.636**	**1.522**

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
Financial income on current bank accounts and deposits decreased by EUR 151 thousand in relation to the lower quantity of cash and the lower average remuneration rate, which declined from 0.012% to 0.0005% in 2021.

Other financial income
This item relates to the financial income resulting from the loan agreements between MISE and the investee companies APL, S.A.Bro.M. and Tangenziale Esterna.

Financial income from the special treasury management contract
Financial income referred to interest income on financial resources granted to Finlombarda S.p.A. and regulated in the "Special treasury management contract" which expired on 21 July 2020.

Note 40 Financial expenses

Financial expenses are accrued on:

Description	First half 2021	First half 2020
Financial expenses on loans	11.528	464
Fees and charges for not using loans	18	169
Lease agreement as lessee	178	124
Post-employment benefit (Note 28)	44	81
Others	287	22
Financial expenses	**12.055**	**860**
Financial expenses on the corporate bond		342
Financial expenses on giro account	1	
Lease agreement as lessee	47	
Financial expenses to related parties (Note 44)	**48**	**342**
Total	**12.103**	**1.202**

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

- the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks including Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch, calculated at an interest rate equal to EURIBOR plus a margin of 1.25% for the 26 February - 28 April period and 1.50% for the 29 April - 30 June period, for a total of EUR 8,623 thousand, of which EUR 4,567 thousand for the upfront fee and EUR 930 thousand for the extension fee;
- loan taken out by the Parent Company from the European Investment Bank on 21 December 2017 for EUR 50 million, and calculated at the contractual interest rate equal to a fixed rate of 0.377% on the first tranche of EUR 10 million and 0.446% on the second tranche of EUR 40 million, for a total of EUR 117 thousand;
- 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 contractual interest rate equal to 6-month Euribor + 1.3% spread, equal to a total of EUR 71 thousand, of which EUR 18 thousand for non-use commissions. When the bridge loan was taken out, on 29 January 2021 FNM paid off that loan in full, as it was no longer consistent with the Group's financial structure, repaying in advance the entire amount used of EUR 50 million;
- loans taken out by MISE, for a total of EUR 2,735 thousand.

Financial expenses on the corporate bond
The item included financial expenses for the corporate bond, issued by the Parent Company on 21 July 2015 and fully subscribed by the associate Finlombarda S.p.A., repaid in full on 2 July 2020.

Note 41 Taxes and duties

The next table shows the breakdown of this item:

Description	First half 2021	First half 2020
Current	(5.883)	(3.575)
Prepaid/Deferred	330	769
Total	**(5.553)**	**(2.806)**

The taxes estimated for the first half of 2021 amount to EUR 5,883 thousand versus EUR 3,575 thousand of the first half of 2020.
The amount includes taxes of the subsidiary MISE for EUR 4,245 thousand. Net of this increase, there was a decrease of EUR 1,937 thousand in relation to FNM's lower taxable income due to the deduction of financial expenses through the use of surplus EBITDA.
Reference is made to the notes to the 2020 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 330 thousand.
Deferred tax assets recognised directly in equity in relation to the recognition of actuarial gains/losses amount to EUR 106 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 2021 and 30 June 2020 are reported below:

Description	**First half 2021**	**First half 2020**	**Change**
Trenord Srl *	(26.245)	(15.927)	(10.318)
Autostrada Pedemontana Lombarda	(1.144)		(1.144)
Tangenziali Esterne di Milano S.p.A. **	(1.107)		(1.107)
NORD ENERGIA SpA **	921	1.213	(292)
DB Cargo Italia Srl	872	800	72
Omnibus Partecipazioni Srl ***	(306)	110	(416)
NordCom SpA	153	(399)	552
Busforfun.Com S.r.l.	(10)		(10)
Conam S.r.l.		17	(17)
SeMS Srl in liquidation		53	(53)
Result of companies valued at equity	**(26.866)**	**(14.133)**	**(12.733)**

* includes the result of TILO SA
** includes the result of Tangenziale Esterna S.p.A.
*** includes the result of CMC MeSta SA
*** includes the result of ASF Autolinee Srl

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	**30/06/2021**	**30/06/2020**
Profit attributable to parent company shareholders in Euro	- 12.465.000,00	- 778.000,00
Weighted average number of shares	434.902.568	434.902.568
Basic earnings per share in Euro	- 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	30/06/2021			31/12/2020		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
BALANCE SHEET							
Non-current financial receivables	10	60.663	54.486	89,8%	2		0,0%
Trade receivables	14	128.099	61.672	48,1%	82.640	65.052	78,7%
Other current receivables	15	113.591	14.665	12,9%	95.834	14.686	15,3%
Current financial receivables	10	998	126	12,6%	115	115	100,0%
Receivables for funded investments	12	50.748	48.751	96,1%	41.511	39.514	95,2%
Non-current financial payables	20	35.787	4.031	11,3%	13.706	2	0,0%
Payables for funded investments	21	12.581	6.759	53,7%	12.581	6.079	48,3%
Other non-current liabilities	22	24.221	9.325	38,5%	24.357	10.156	41,7%
Current financial payables	20	65.992	34.348	52,0%	42.542	32.278	75,9%
Payables for funded investments	21	77.209	77.209	100,0%	165.208	165.208	100,0%
Trade payables	22	267.378	9.015	3,4%	177.538	3.948	2,2%
Other current liabilities	28	61.298	15.233	24,9%	46.049	12.740	27,7%

Description	Notes	First half 2021			First half 2020		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
INCOME STATEMENT							
Revenues from sales and services	30	199.585	87.538	43,9%	118.647	87.002	73,3%
Grants	31	12.805	4.787	37,4%	7.886	4.258	54,0%
Grants for funded investments	32	44.181	25.787	58,4%	17.873	17.873	100,0%
Other income	33	12.384	4.377	35,3%	8.962	3.755	41,9%
Service costs	35	(57.193)	(4.518)	7,9%	(29.455)	(3.946)	13,4%
Other operating costs	35	(4.518)	(126)	2,8%	(6.509)		0,0%
Financial income	39	1.636	1.195	73,0%	1.522	320	21,0%
Financial expenses	40	(12.103)	(48)	0,4%	(1.202)	(342)	28,5%

The increase in “Non-current financial receivables” is mainly due to the interest-bearing loans held by MISE with respect to the investee companies APL, S.A.Bro.M. and Tangenziale Esterna.

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).

“Non-current financial payables” refer to the non-current portion of the loan taken out in December 2017 by the subsidiary MISE from Finlombarda S.p.A.

“Current financial payables to related parties” remain substantially unchanged and comprise the balance of the debt to 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 2021 and 30 June 2020 are reported below:

Description	First half 2021			First half 2020		
	Gross value	Tax (Charge)/Benefit	Net Value	Gross value	Tax (Charge)/Benefit	Net Value
Post-employment benefit actuarial gain/(loss)	375	(106)	269	111	(31)	80
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	40	(11)	29	370	(108)	262
Reserve for fair value changes in derivatives	1.232	(296)	936			
Gains/(losses) arising from the translation of financial statements of foreign companies	(15)		(15)	18		18
Total	**1.632**	**(413)**	**1.219**	**499**	**(139)**	**360**

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.

Reserve for changes in fair value of derivatives
Reference is made to Note 21.

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 significant impacts of the COVID-19 epidemic on the income statement of the half-year are set out below.

Revenue from sales and services from the motorway sector decreased by EUR 25,206 thousand compared to the same period in 2019 due to the continuation of the pandemic. These lower revenues were partially offset by lower costs incurred for motorway concession fees and collection charges, amounting to EUR 1,287 thousand.

The Group recorded "Grants", for the recognition of compensatory measures for the loss of LPT road traffic revenues, introduced by Law no. 77 of 17 July 2020 (art. 200 paragraph 1, 3
the "Relaunch Decree"), Law no. 126 of 13 October 2020 (Art. 44, termed the "August Decree"), Law no. 176 of 18 December 2020 (Art. 22 ter, termed the "Ristori bis Decree") and Law Decree no. 41 of 22 March 2021 (Art. 29, termed the "Support Decree"), equal to EUR 7,797 thousand.

Lastly, note that there was a significance change in “Net profit of companies measured with the equity method”, 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 as a result 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 above-mentioned decrees of EUR 23.8 million.

Note 47 Significant non-recurrent events and transactions

During the year, the item “Other non-recurring operating costs” includes the non-recurring income deriving from the release, amounting to EUR 2,237 thousand, of the provision allocated in previous years for the dispute with the Customs Agency described in paragraph 8 of the Management Report, to which reference should be made.
In addition, in relation to development projects, relating to the transaction described in Note 3, a non-recurring expense of EUR 1,728 thousand was recognised, EUR 318 thousand in the comparative period in 2020.

Note 48 Subsequent events

Concerning significant data and events occurred after 30 June 2021, the following is pointed out:

- on **2 July 2021** FILI, an innovative urban and suburban regeneration project in Europe has been officially presented, aimed at upgrading FERROVIENORD's main connection centres along the Milan-Malpensa route, a key corridor for the 2026 Milan-Cortina Olympics, thanks to urban reconnection interventions with the adoption of cutting-edge solutions in architectural design and environmental sustainability.
  The project involves the modernisation, refurbishment and renovation of the stations of Milano Cadorna, Milano Bovisa, Saronno and Busto Arsizio and the areas adjacent to them, with an intervention of over 188,000 square metres, which will involve projects totalling 2 million square metres within Lombardy. FILI also includes the planting of 800,000 trees in approximately 41,000 hectares across 24 municipalities, the creation of a 72.7 km cycle-superhighway between the Milano Cadorna and Malpensa stations and the creation of a Synthetic Hanging Forest at Milano Cadorna station that will produce oxygen for the city of Milan. FILI is promoted by FNM, FERROVIENORD and Trenord together with the Lombardy Region.

- on **19 July 2021** the Ordinary Shareholders' Meeting of FNM S.p.A. convened to resolve on the integration of the Board of Statutory Auditors appointed Prof. Eugenio Pinto as Chairman of the Board of Statutory Auditors and Ms. Marianna Tognoni as Alternate Auditor, both proposed by the Shareholder Ferrovie dello Stato Italiane S.p.A.

Milan, 30 July 2021

The Board of Directors

ATTACHMENT 1 TO THE NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2021

Denominazione	Sede Legale	Natura del Controllo	Metodo di consolidamento	Percentuale di possesso	Tipo di Controllo
FERROVIENORD S.p.A.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
NORD_ING S.r.l.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Indiretto
FNM Autoservizi S.p.A.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
E-Vai S.r.l.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
Nuovo Trasporto Triveneto S.r.l.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
Malpensa Intermodale S.r.l.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
Malpensa Distripark S.r.l.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
FNMPAY S.p.A.	Milano - p.le Cadorna 14	Controllata	Consolidamento Integrale	100%	Diretto
Milano Serravalle - Milano Tangenziali S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Controllata	Consolidamento Integrale	96%	Diretto
Milano Serravalle Engineering S.r.l.	Assago - Via del Bosco Rinnovato 4/b	Controllata	Consolidamento Integrale	96%	Indiretto
Autostrada Pedemontana Lombarda S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Collegata	Valutata con il metodo del Patrimonio Netto	37%	Indiretto
Azienda Trasporti Verona S.r.l.	Verona - Lungadige Galtarossa 5	Controllata	Consolidamento Integrale	50%	Diretto
La Linea 80 Scarl	Belluno - via Garibaldi 77	Controllata	Consolidamento Integrale	50%	Indiretto
La Linea S.p.A.	Venezia - Via della Fisica 30	Controllata	Consolidamento Integrale	51%	Diretto
Martini Bus S.r.l.	Venezia - Via Mutinelli 11	Controllata	Consolidamento Integrale	51%	Indiretto
Conam S.r.l.	Schio VI - Via Enrico Fermi 13	Controllata	Consolidamento Integrale	51%	Indiretto
Trenord S.r.l.	Milano - p.le Cadorna 14	Joint Venture	Valutata con il metodo del Patrimonio Netto	50%	Diretto
NordCom S.p.A.	Milano - p.le Cadorna 14	Joint Venture	Valutata con il metodo del Patrimonio Netto	58%	Diretto
NORD ENERGIA S.p.A.	Milano - p.le Cadorna 14	Joint Venture	Valutata con il metodo del Patrimonio Netto	60%	Diretto
CMC MeSta SA	Bellinzona CH - Viale Officina 10	Joint Venture	Valutata con il metodo del Patrimonio Netto	60%	Indiretto
Omnibus Partecipazioni S.r.l.	Milano - p.le Cadorna 14	Joint Venture	Valutata con il metodo del Patrimonio Netto	50%	Diretto
TILO SA	Bellinzona CH - Via Portaccia 1a	Joint Venture	Valutata con il metodo del Patrimonio Netto	25%	Indiretto
ASF Autolinee S.r.l.	Como - via Asiago 16/18	Joint Venture	Valutata con il metodo del Patrimonio Netto	25%	Indiretto
DB Cargo Italia S.r.l.	Milano - p.le Cadorna 14	Collegata	Valutata con il metodo del Patrimonio Netto	40%	Diretto
BusForFun.com S.r.l.	Venezia - via Botteghino 217	Collegata	Valutata con il metodo del Patrimonio Netto	25%	Diretto

CERTIFICATION
of the Consolidated condensed interim financial statements pursuant to art. 154-bis of Legislative Decree 58/98 and art. 81 ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned, Andrea Gibelli as "Chairman of the Board of Directors" and Valentina Montanari as "Executive in charge of financial reporting" of FNM S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, No. 58, attest to:
   a) the adequacy in relation to the characteristics of the company and
   b) the effective application of the administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements during the first half of 2021.

2. No major issues have arisen in this respect

3. They also attest that:
   a) The Consolidated condensed interim financial statements:
      - were prepared in accordance with the International Accounting Standards (IAS/IFRS) applicable in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 - Interim financial reporting;
      - correspond with the results of the accounting books and records;
      - provide a true and fair view of the economic and financial position of the issuer and of the group of companies included in the consolidation.
   b) The management report to the condensed consolidated interim financial statements includes a reliable analysis of the references to significant events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also includes a reliable analysis of information on significant transactions with related parties.

Milan, 30 July 2021

The Chairman
of the Board of Directors
Andrea Gibelli

The Executive in charge of
financial reporting
Valentina Montanari

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 2021, 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.

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 2021 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 2021

PricewaterhouseCoopers SpA

Signed by

Alessandro Turris
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.