



*Joint Stock Company*

*Registered Office in Milan - Piazzale Cadorna 14*

*Share capital EUR 230,000,000.00 fully paid up*

***Interim Management Report***

***as of 31 March 2021***

---

---

---

## CORPORATE BODIES

---

### *Board of Directors*

<b>Chairman</b>	Andrea Gibelli
<b>Deputy Chairman</b>	Gianantonio Battista Arnoldi
<b>Directors</b>	Tiziana Bortot
	Barbara Lilla Boschetti
	Marcella Caradonna
	Ivo Roberto Cassetta
	Mauro Miccio

---

### *Board of Statutory Auditors*

<b>Chairman</b>	Umberto La Commara
<b>Statutory Auditors</b>	Roberta Eldangela Benedetti
	Massimo Codari

---

<b>General Manager</b>	Marco Piuri
------------------------	-------------

---

<b>Executive in charge of financial reporting</b>	Valentina Montanari
---	---------------------

---

---

<b>Independent Auditor</b>	PricewaterhouseCoopers S.p.A.
----------------------------	-------------------------------

---

---

---

## **CONTENTS**

### *Corporate bodies*

Introduction	<i>page</i>	1
1. Group structure and business segments	<i>page</i>	1
2. Summary indicators of FNM Group consolidated result	<i>page</i>	6
3. Consolidated operating and financial performance	<i>page</i>	7
4. Operating performance of business segments	<i>page</i>	17
5. Human resources	<i>page</i>	27
6. Significant events during the period	<i>page</i>	27
7. Significant events after 31 March 2021	<i>page</i>	29
8. Management outlook	<i>page</i>	30
Glossary of terms and alternative performance indicators used	<i>page</i>	33

---

---

# INTERIM MANAGEMENT REPORT

as of 31 March 2021

## INTRODUCTION

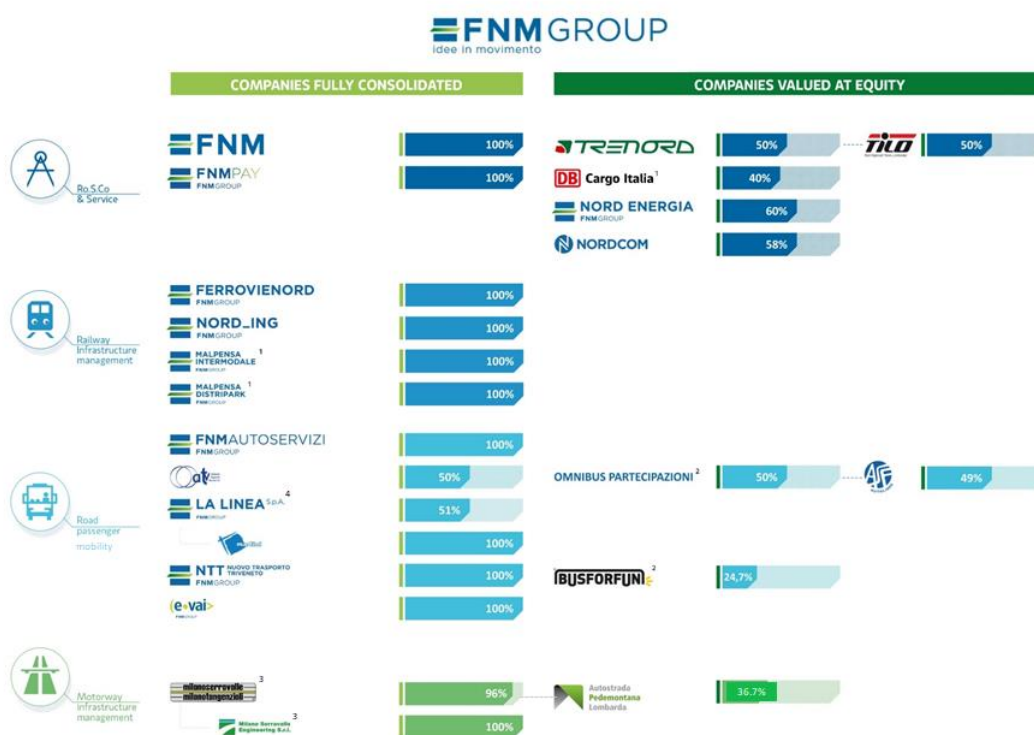
With reference to the three-month period ended 31 March 2021 (hereinafter the “First quarter of 2021” or “period”), the quantitative data contained in this Report and the comments therein are intended to provide an overview of the Group's economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period.

Also the first quarter 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, which had economic repercussions on the regional and national production system in particular, on mobility and specifically on local public transport, 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.

On the other hand, the results for the period take 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 entry into the motorway infrastructure management sector.

## 1 GROUP STRUCTURE AND BUSINESS SEGMENTS

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 Regione Lombardia, which holds 57.57% of the share capital.



<sup>1</sup> Companies operating in the freight logistics sector, in the start-up phase, included respectively in the Railway Infrastructure Management and in Ro.S.Co. & Services segments

<sup>2</sup> Companies operating in the Road Passenger Mobility but considered in the Ro.S.Co. Segment for the purposes of preparing the financial statements

<sup>3</sup> Companies fully consolidated since February 25, 2021

<sup>4</sup> Since February 2021 La Linea holds 100% of the share capital of Conam, which since then is fully consolidated

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 Regione Lombardia 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 DISTRI PARK 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 ROAD PASSENGER MOBILITY

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<sup>1</sup> - 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;
- 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.<sup>1</sup> - an innovative start-up in tourism and commuting technologies, in which FNM S.p.A. acquired a 24.7% Stake in November 2020.

## 1.3 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). (50% owned by Trenord). The railway service is managed under a Service Contract with Regione Lombardia 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 consolidated using the equity method.

---

<sup>1</sup> - 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.

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.

#### **1.4 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 Regione Lombardia 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 grantor.

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 consolidated using the equity method since 26 February 2021, by virtue of the subscription and release by Regione Lombardia of an increase in APL's share capital of EUR 350 million. More details are provided in the section “Significant events during the period”.

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

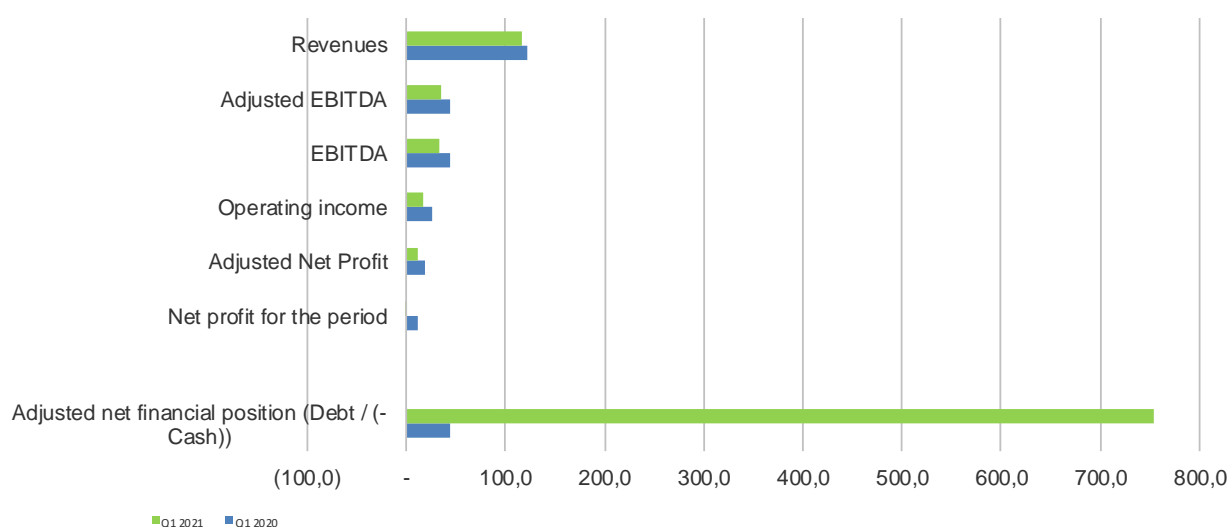
Amounts in millions of euros	Q1 2021	Q1 2020	Change	Change %
Revenues*	116,7	121,4	(4,7)	-3,9%
Adjusted EBITDA*	35,4	44,0	(8,6)	-19,5%
EBITDA*	33,9	43,8	(9,9)	-22,6%
Operating income*	17,8	26,2	(8,4)	-32,1%
Earnings Before Tax*	13,7	24,8	(11,1)	-44,8%
Adjusted net profit*	11,3	18,3	(7,0)	-38,3%
Net profit for the period*	(1,9)	11,2	(13,1)	N/A
Shareholders' equity (A)**	271,5	477,1	(205,6)	-43,1%
Net financial position (B)**	718,2	40,2	678,0	1686,6%
Adjusted net financial position **	753,4	43,7	709,7	1624,0%
Net Invested Capital (A+B)**	989,7	517,3	472,4	91,3%
Market capitalisation at 31.03	273,1	202,2	70,9	35,1%
Investments*	85,2	26,8	58,4	218,1%

\*Values in Q1 2021 and Q1 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 31.03.2021: EUR 273.1 million

### AS AT 31.03.2020: EUR 202.0 million



### Credit Ratings

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

### 3 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

#### 3.1 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 funded investments” and “grants for funded investments,” 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.” As indicated in paragraph 1.4, the first quarter 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.

<i>Amounts in millions of euros</i>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Change</b>	<b>Change %</b>
Revenues from sales and services	81,8	65,8	16,0	24,3%
Other revenues and income	5,2	5,9	(0,7)	-11,9%
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>87,0</b>	<b>71,7</b>	<b>15,3</b>	<b>21,3%</b>
Operating costs	(30,8)	(21,7)	(9,1)	41,9%
Personnel costs	(32,6)	(30,1)	(2,5)	8,3%
<b>ADJUSTED EBITDA</b>	<b>23,6</b>	<b>19,9</b>	<b>3,7</b>	<b>18,6%</b>
Non-ordinary Income and Expenses	(1,5)	(0,2)	(1,3)	N/A
<b>EBITDA</b>	<b>22,1</b>	<b>19,7</b>	<b>2,4</b>	<b>12,2%</b>
Depreciation, amortisation and write-downs	(11,8)	(10,1)	(1,7)	16,8%
<b>EBIT</b>	<b>10,3</b>	<b>9,6</b>	<b>0,7</b>	<b>7,3%</b>
Net financial income	(2,9)	0,5	(3,4)	N/A
<i>of which gains on divestments</i>	-	1,1	(1,1)	N/A
<b>EARNINGS BEFORE TAX</b>	<b>7,4</b>	<b>10,1</b>	<b>(2,7)</b>	<b>N/A</b>
Income tax	(1,4)	(2,4)	1,0	N/A
<b>ADJUSTED COMPREHENSIVE RESULT</b>	<b>6,0</b>	<b>7,7</b>	<b>(1,7)</b>	<b>N/A</b>
Profit of companies measured with the Equity method	(12,3)	(7,5)	(4,8)	N/A
<b>COMPREHENSIVE RESULT</b>	<b>(6,3)</b>	<b>0,2</b>	<b>(6,5)</b>	<b>N/A</b>
<b>RESULT ATTRIBUTABLE TO NCIs</b>	<b>0,6</b>	<b>(0,4)</b>	<b>1,0</b>	<b>N/A</b>
<b>COMPREHENSIVE GROUP RESULT</b>	<b>(6,9)</b>	<b>0,6</b>	<b>(7,5)</b>	<b>N/A</b>

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 quarter 2020 comparison period was similarly pro-rated as if MISE's consolidation had occurred on 1 January 2020.

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

<i>Amounts in millions of euros</i>	<b>Q1 2021 PRO-FORMA</b>	<b>Q1 2020 PRO-FORMA</b>	<b>Change</b>	<b>Change %</b>
Revenues from sales and services	110,2	113,7	(3,5)	-3,1%
Other revenues and income	6,5	7,7	(1,2)	-15,6%
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>116,7</b>	<b>121,4</b>	<b>(4,7)</b>	<b>-3,9%</b>
Operating costs	(41,2)	(37,0)	(4,2)	11,4%
Personnel costs	(40,1)	(40,4)	0,3	-0,7%
<b>ADJUSTED EBITDA</b>	<b>35,4</b>	<b>44,0</b>	<b>(8,6)</b>	<b>-19,5%</b>
Non-ordinary Income and Expenses	(1,5)	(0,2)	(1,3)	N/A
<b>EBITDA</b>	<b>33,9</b>	<b>43,8</b>	<b>(9,9)</b>	<b>-22,6%</b>
Depreciation, amortisation and write-downs	(16,1)	(17,6)	1,5	-8,5%
<b>EBIT</b>	<b>17,8</b>	<b>26,2</b>	<b>(8,4)</b>	<b>-32,1%</b>
Net financial income	(4,1)	(1,4)	(2,7)	N/A
<i>of which gains on divestments</i>	-	1,1	(1,1)	N/A
<b>EARNINGS BEFORE TAX</b>	<b>13,7</b>	<b>24,8</b>	<b>(11,1)</b>	<b>N/A</b>
Income tax	(2,4)	(6,5)	4,1	N/A
<b>ADJUSTED COMPREHENSIVE RESULT</b>	<b>11,3</b>	<b>18,3</b>	<b>(7,0)</b>	<b>N/A</b>
Profit of companies measured with the Equity method	(13,2)	(7,1)	(6,1)	N/A
<b>COMPREHENSIVE RESULT</b>	<b>(1,9)</b>	<b>11,2</b>	<b>(13,1)</b>	<b>N/A</b>
<b>RESULT ATTRIBUTABLE TO NCIs</b>	<b>0,8</b>	<b>(0,4)</b>	<b>1,2</b>	<b>N/A</b>
<b>COMPREHENSIVE GROUP RESULT</b>	<b>(2,7)</b>	<b>11,6</b>	<b>(14,3)</b>	<b>N/A</b>

The **revenues from sales and services** recorded a net decrease of EUR 4.7 million, i.e. approximately 3.9%, for the following reasons:

- motorway toll revenues of EUR 43.2 million (EUR 47.9 million in the first quarter of 2020) decreased by EUR 4.7 million, equal to 9.8% compared to those of the first quarter of 2020, due to the reduction in traffic (-12.8%) as a result of the persistence of the health emergency and the consequent adoption of government measures to contain it, which led to a regression in traffic performance in the first two months of the year compared to the same period in 2020, in which the health emergency had only affected the month of March;
- revenues from ticketing on public road transport decreased by EUR 1.1 million due to lower sales, in relation to the measures taken for the COVID-19 emergency, going from EUR 7.4 million in the first quarter of 2020 to EUR 6.3 million in the period;
- the consideration deriving from the Service Contract for the management of the infrastructure went from EUR 22.4 million to EUR 21.5 million, recording a decrease of EUR 0.9 million, both as a result of the efficiency-boosting mechanism provided for by the Contract, and of the rescheduling of the railway programming, following the reduced mobility caused by the Covid-19 pandemic;
- revenues from public contracts and grants related to the public road transport service increased by EUR 3.6 million compared to the same period of the previous year, mainly as a result of compensatory measures (equal to approximately EUR 3.4 million, to compensate for the loss of

ticketing revenues as mentioned above), introduced by Law no. 77 of 17 July 2020 (art. 200 paragraph 1, so-called “Relaunch Decree”)<sup>2</sup>, by Law no. 126 of 13 October 2020 (art. 44, so-called “August Decree”)<sup>3</sup>, by Law no. 176 of 18 December 2020 (art. 22-ter, so-called “Ristori Bis Decree”)<sup>4</sup> and by Decree Law no. 41 of 22 March 2021 (art. 29, so-called “Support Decree”)<sup>5</sup>;

- revenues from leasing of rolling stock decreased by EUR 0.8 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** rose by EUR 1.2 million compared to the first quarter of 2020; the main changes are as follows:

- the recovery of general expenses on investments financed by the Planning Agreement decreased by EUR 1.0 million, in relation to the lower percentage on funded investments for modernisation of the infrastructure carried out with respect to the comparative period;
- in the period under review, no sales of inventory materials were recorded, relating to the sale of obsolete material no longer usable for maintenance, amounting to EUR 0.4 million in the comparative period.

2 “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...”

3 “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...”

4 “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...”

5 “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.”

**Total revenues and other income** thus fell by 4.7% and can be broken down into the four business areas as follows:

<i>Amounts in millions of euros</i>	<b>Q1 2021 PRO-FORMA</b>	<b>Q1 2020 PRO-FORMA</b>	<i>Change</i>	<i>Chg %</i>
Railway infrastructure management	30,3	32,3	(2,0)	-6,2%
Rosco & Services	19,5	20,3	(0,8)	-3,9%
Road passenger mobility	28,6	25,1	3,5	13,9%
Motorway infrastructure management	46,0	49,7	(3,7)	-7,4%
Intercompany eliminations	(7,7)	(6,0)	(1,7)	28,3%
<b>Total consolidated revenues</b>	<b>116,7</b>	<b>121,4</b>	<b>(4,7)</b>	<b>-3,9%</b>

**Operating costs** recorded a net increase of EUR 4.2 million (11.5%) for the following main reasons:

- increase in costs for the maintenance of the motorway infrastructure, in particular for works on structures and safety, for EUR 1.5 million;
- increase in subcontracting to third parties in the road segment by EUR 1.4 million;
- an increase in railway infrastructure maintenance costs of EUR 0.5 million.

**Personnel costs** are essentially in line with the 2020 comparative period.

Due to the above-mentioned changes, **adjusted EBITDA** (excluding non-ordinary items), amounting to EUR 35.4 million, fell by 19.6% and is broken down into the four business segments as follows:

<i>Amounts in millions of euros</i>	<b>Q1 2021 PRO-FORMA</b>	<b>Q1 2020 PRO-FORMA</b>	<i>Change</i>	<i>Chg %</i>
Railway infrastructure management	2,2	4,7	(2,5)	-53,2%
Rosco & Services	12,5	13,3	(0,8)	-6,3%
Road passenger mobility	2,7	1,9	0,8	42,1%
Motorway infrastructure management	18,0	24,1	(6,1)	-25,3%
<b>Total adjusted EBITDA</b>	<b>35,4</b>	<b>44,0</b>	<b>(8,6)</b>	<b>-19,6%</b>

**Non-ordinary costs** amounted to EUR 1.5 million and are attributable to development project costs, while in the comparative period the item, also attributable to development project costs, amounted to EUR 0.2 million.

The item **amortisation, depreciation and impairment** show a net decrease of EUR 1.5 million, due to lower depreciation of the motorway infrastructure for EUR 0.9 million, as well as to the effect of the full amortisation, in the previous year, of the intangibles related to the ATV service contract, recognised upon first-time consolidation and allocated with the Purchase Price Allocation completed, for an amount of EUR 0.6 million.

**Comprehensive operating income** amounted to EUR 17.8 million, versus EUR 26.2 million in the first quarter of 2020, a net decrease of EUR 8.4 million.



The **overall result of financial operations** in the first quarter of 2021 was a loss of EUR 4.1 million compared to a loss of EUR 1.4 million in the first quarter of 2020, in particular due to higher financial expenses connected to the Bridge loan, relating to the acquisition of MISE, amounting to EUR 1.9 million, including the share of the upfront fee. The first quarter of 2020 also included a capital gain of EUR 1.0 million from the sale of the investment in Locoitalia.

**Earnings before taxes** amounted to EUR 13.7 million, down compared to EUR 24.8 million in the first quarter of 2020.

**Income taxes**, amounting to EUR 2.4 million, decreased by EUR 4.1 million compared to the first quarter of 2020 due to lower taxable income in the period.

The **adjusted comprehensive result** therefore amounted to EUR 6 million, a decrease compared to EUR 7.7 million in the first quarter of 2020.

The **profit/(loss) of companies measured at equity** recorded a loss of EUR 13.2 million, versus a loss of EUR 7.1 million in the first quarter 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	Q1 2021 PRO-FORMA	Q1 2020 PRO-FORMA	Change
Trenord Srl *	(12.777)	(8.325)	(4.452)
NORD ENERGIA SpA **	516	737	(221)
DB Cargo Italia Srl	163	12	151
Omnibus Partecipazioni Srl ***	(62)	56	(118)
NordCom SpA	71	10	61
Conam Srl	-	3	(3)
Busforfun.Com S.r.l.	(78)	-	(78)
Autostrada Pedemontana Lombarda	(1.007)	407	(1.414)
Tangenziali Esterne di Milano S.p.A.	-	-	-
<b>Result of companies valued at equity</b>	<b>(13.174)</b>	<b>(7.100)</b>	<b>(6.074)</b>

\* includes the result of TILO SA

\*\* 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:

- a drop in revenues of 7.9% (EUR 158.9 million from EUR 172.6 million in the first quarter 2020) attributable to the effects of the pandemic which, also throughout the first quarter of 2021, has forced the authorities to place a series of restrictions on people's movements and the use of means of transport. Revenues, however, include the benefits deriving from the compensatory measures made available by the State to the Local Public Transport Authorities with the Rilancio, Agosto, Ristori Bis and Sostegni decrees, for a total of EUR 21.8 million;
- a drop in EBITDA from -EUR 7.6 million in the first quarter of 2020 to -EUR 22.1 million. The change with respect to the value is due, for EUR 13.7 million, to the reduction in operating revenues and for EUR 0.9 million to the increase in operating costs. This increase is attributable for EUR 0.7 million to the increase in personnel costs, in particular due to the

effect of higher holidays allocated, partially offset by the lower number of FTEs (-18) and lower fixed and accessory fees;

- an overall net result of -EUR 24.9 million, down by EUR 8.9 million compared to 2020.

Consolidated **comprehensive income** for the first quarter of 2021 amounted to -EUR 1.9 million, down by EUR 13.1 million, compared to a profit of EUR 11.2 million in the first quarter of 2020, due to the above-described effects arising essentially from the epidemiological emergency.

### 3.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 31 March 2021, compared with that as at 31 December 2020. Balances at 31 December 2020 are attributable to the scope of consolidation prior to the MISE acquisition.

Amounts in millions of euros	31/03/2021	31/12/2020	Change
Inventories	10,4	8,7	1,7
Trade receivables	112,7	82,6	30,1
Other current receivables	132,1	99,0	33,1
Trade payables	(216,3)	(177,5)	(38,8)
Other current payables and current provisions	(109,8)	(70,7)	(39,1)
<b>Net Working Capital</b>	<b>(70,9)</b>	<b>(57,9)</b>	<b>(13,0)</b>
Fixed assets	983,9	468,3	515,6
Equity investments	162,4	168,0	(5,6)
Non-current receivables	98,2	24,2	74,0
Non-current liabilities	(36,5)	(24,4)	(12,1)
Provisions	(147,4)	(60,9)	(86,5)
<b>NET INVESTED CAPITAL</b>	<b>989,7</b>	<b>517,3</b>	<b>472,4</b>
<i>Equity</i>	271,5	477,1	(205,6)
<b>Adjusted Net Financial Position</b>	<b>753,4</b>	<b>43,7</b>	<b>709,7</b>
Net Financial Position for funded investments (cash)	(35,2)	(3,5)	(31,7)
<i>Total net financial position</i>	718,2	40,2	678,0
<b>TOTAL SOURCES</b>	<b>989,7</b>	<b>517,3</b>	<b>472,4</b>

The **net working capital** decreased by EUR 13.0 million as a result of the following changes:

- **trade receivables** increased by EUR 30.1 million, mainly due to the contribution of EUR 31.3 million to the consolidation of MISE;
- **other current receivables** increased as a result of the advance recognised, amounting to EUR 17.2 million, in relation to the launch of a new work contract for the renewal of the rolling stock with borrowed funds, for the contribution to the consolidation of MISE, amounting to EUR 11.9 million, as well as for the higher receivables for taxes in the period of EUR 1

million;

- **trade payables**, net of the contribution of MISE, amounting to EUR 38.7 million, remain in line with the value at the end of the previous year. During the period, payments were made to suppliers for investments with financed and own funds, for EUR 40.0 million and EUR 41.6 million respectively. It should be stressed that the investments paid with borrowed funds pertain, for EUR 25.3 million, to the renewal of rolling stock and hence paid with the funds allocated by Regione Lombardia 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**, net of the contribution of MISE, amounting to EUR 41.7 million, fell due to the payment on 28 January 2021 of the payable due to the ASTM Group, equal to EUR 7.3 million, relating to the second tranche of the fee agreed for 13.6% of the share capital of MISE.

The item **fixed assets** comprises mainly tangible assets of EUR 450.6 million, of which EUR 343.0 million pertain to rolling stock, intangible assets for EUR 498.6 million, of which EUR 492.0 million relating to the motorway infrastructure freely revertible to the granting body (Ministry of Infrastructure and Transport), goodwill of EUR 4.3 million and EUR 30.4 million for rights of use.

The value of **equity investments** decreased by EUR 5.6 million, mainly due to the lower result contributed by the companies carried at equity (EUR 12.3 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 92.6 million; these include the associated companies Autostrada Pedemontana Lombarda S.p.A. (EUR 38.3 million) and Tangenziali Esterne di Milano S.p.A. (EUR 37.1 million) and investments in other companies Autostrade Lombarde S.p.A. (EUR 13.3 million) and S.A.Bro.M. S.p.A. (EUR 3.4 million)

**Non-current receivables** include MISE loans to investee companies for EUR 53.6 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 215.7 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 389.1 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 31 March 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	31/03/2021	31/12/2020	Change
Liquidity	(322,5)	(126,1)	(196,4)
Current financial receivables	(0,5)	(0,1)	(0,4)
Current financial debt	771,6	101,2	670,4
<b>Current Net Financial Position (Debt / -Cash)</b>	<b>448,6</b>	<b>(25,0)</b>	<b>473,6</b>
Non-current financial debt	304,8	68,7	236,1
<b>Adjusted Net Financial Position</b>	<b>753,4</b>	<b>43,7</b>	<b>709,7</b>
Net Financial Position for funded investments (cash)	(35,2)	(3,5)	(31,7)
<b>Net Financial Position</b>	<b>718,2</b>	<b>40,2</b>	<b>678,0</b>

At 31 March 2021, the total net financial position was EUR 718.2 million, compared to a balance of EUR 40.2 million at 31 December 2020. Isolating the amount related to financed investments (EUR 35.2 million), the adjusted net financial position was EUR 753.4 million compared to a balance of

EUR 43.7 million as at 31 December 2020, worsening by EUR 709.7 million, mainly due to the financial debt related to the short-term bridge loan for an amount of EUR 620 million signed on 28 January 2021 with a pool of banks composed of 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 Regione Lombardia 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 not secured by guarantees and the interest rate is equal to the EURIBOR plus a margin, in line with current market conditions.

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.

Thanks to FNM obtaining an investment grade rating (BBB- from Fitch and Baa3 from Moody's, both with a stable outlook), the Company is reasonably certain that it will be able to refinance this loan by maturity with medium/long-term debt, including through access to the capital markets.

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 133.0 million, consisting of bank debt of EUR 257.6 million, financial debt of EUR 38.3 million and cash of EUR 162.9 million.

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

Amounts in millions of euros	31/03/2021	31/03/2020
EBITDA	22,2	19,7
NET WORKING CAPITAL	(12,0)	(19,1)
Financial expenses/income	(1,4)	(0,6)
<b>Free cash flow from operations</b>	<b>8,8</b>	<b>(0,0)</b>
Net investments paid	(59,0)	(22,4)
<b>Cash flow generation</b>	<b>(50,2)</b>	<b>(22,4)</b>
Acquisition of equity investments net of cash held	(363,6)	
Divestments		32,1
<b>Cash flow</b>	<b>(413,8)</b>	<b>9,7</b>
<b>Adjusted NFP (Debt/-Cash) INITIAL 01/01</b>	<b>43,7</b>	<b>(39,9)</b>
Cash flow generation	413,8	(9,7)
Change in scope of consolidation	-	3,1
MISE contribution: payables to banks and financial liabilities	295,9	-
<b>Total change in NFP</b>	<b>709,7</b>	<b>(6,6)</b>
<b>Adjusted NFP (Debt/-Cash) FINAL 31/03</b>	<b>753,4</b>	<b>(46,5)</b>

The **operating cash flow** deriving from income management was 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 Regione Lombardia.

Investments of approximately EUR 59.0 million were paid in the first quarter, compared to EUR 22.4 million paid in the first quarter of 2020.

**Cash flow generation** in the period was therefore negative for EUR 50.2 million and derives from operations and investments paid.

In the first quarter cash flow was greatly influenced by the cash outlay for the purchase of the stake held in MISE by Regione Lombardia, 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 effects of the change in the scope of consolidation due to the recognition of bank borrowings and financial liabilities.

### 3.3 INVESTMENTS

Investments accrued during the first quarter 2021 amounted to a total of EUR 85.2 million, versus EUR 26.8 million in the first quarter of 2020.

In particular:

- **investments with public funds** were made for a total of EUR 59.2 million (EUR 17.0 million in the comparative period), relating to the renewal of rolling stock for EUR 48.7 million and the modernisation and upgrading of infrastructure for EUR 10.5 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 12.9 million (EUR 1.2 million in the 2020 comparative period) were made, primarily relating to the entry into service of a TILO train (EUR 8.5 million) and two E744 Effishunter locomotives (EUR 2.9 million);
- **investments** were made **in the motorway infrastructure** for EUR 13.1 million (EUR 8.6 million in the comparative quarter of 2020), of which EUR 5.4 million in March 2021.

## 4 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

The following table shows the economic performance of the consolidated business segments in the two years in question, before intercompany eliminations:

Amounts in millions of euros	Q1 2021 PRO-FORMA						Q1 2020 PRO-FORMA					
	Railway infrastructure management	Rosco & Services	Road passenger mobility	Motorway infrastructure management	limination	Total	Railway infrastructure management	Rosco & Services	Road passenger mobility	Motorway infrastructure management	limination	Total
Revenues from third parties	28,2	16,4	25,8	45,5		115,9	29,1	17,2	23,6	49,7		119,6
Intercompany revenues	1,3	3,1	2,8	0,5	(7,7)	0,0	1,4	3,1	1,5	(6,0)		0,0
Grants for funded investments net of costs	0,8	0,0	0,0			0,8	1,8					1,8
<b>Segment revenues</b>	<b>30,3</b>	<b>19,5</b>	<b>28,6</b>	<b>46,0</b>	<b>(7,7)</b>	<b>116,7</b>	<b>32,3</b>	<b>20,3</b>	<b>25,1</b>	<b>49,7</b>	<b>(6,0)</b>	<b>121,4</b>
<b>Adjusted EBITDA</b>	<b>2,2</b>	<b>12,5</b>	<b>2,7</b>	<b>18,0</b>		<b>35,4</b>	<b>4,7</b>	<b>13,3</b>	<b>1,9</b>	<b>24,1</b>		<b>44,0</b>
<b>Adjusted EBITDA %</b>	<b>6%</b>	<b>35%</b>	<b>8%</b>	<b>51%</b>			<b>11%</b>	<b>30%</b>	<b>4%</b>	<b>55%</b>		
<b>EBITDA</b>	<b>2,2</b>	<b>11,0</b>	<b>2,7</b>	<b>18,0</b>		<b>33,9</b>	<b>4,7</b>	<b>13,1</b>	<b>1,9</b>	<b>24,1</b>		<b>43,8</b>
<b>EBITDA %</b>	<b>6%</b>	<b>32%</b>	<b>8%</b>				<b>11%</b>	<b>30%</b>	<b>4%</b>	<b>55%</b>		
<b>Operating income</b>	<b>1,7</b>	<b>4,2</b>	<b>,5</b>	<b>11,4</b>		<b>17,8</b>	<b>4,1</b>	<b>6,5</b>	<b>(1,0)</b>	<b>16,5</b>		<b>26,1</b>

#### 4.1 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, Regione Lombardia 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.

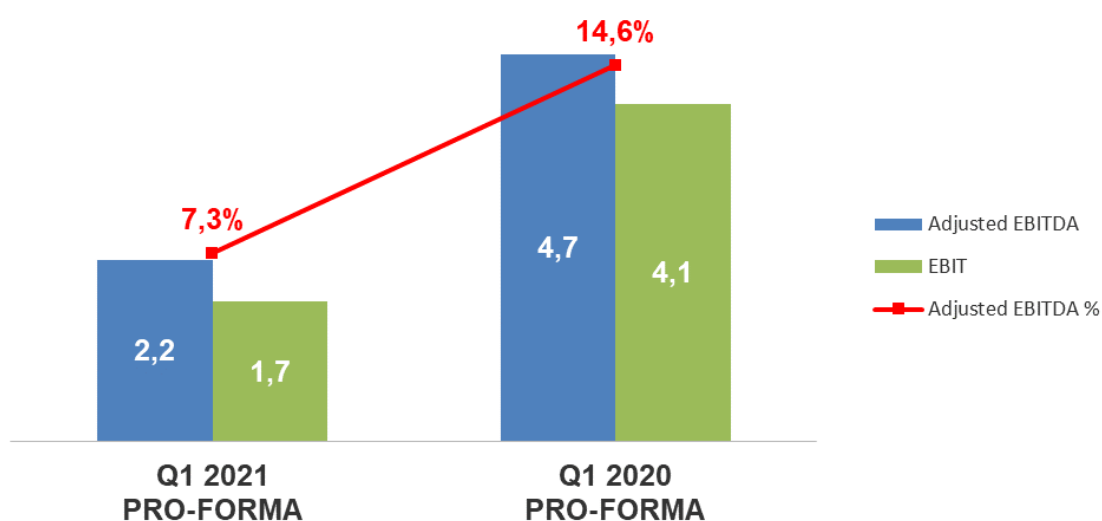
The concession agreement includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire also has the role of acquiring and managing, on a non-exclusive basis, the 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 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.

<i>Amounts in millions of euros</i>	<i>Q1 2021 PRO-FORMA</i>	<i>Q1 2020 PRO-FORMA</i>	<i>Chg</i>	<i>Chg %</i>
Public contracts and grants	24,1	26,1	(2,0)	-7,7%
Leasing rolling stock	2,6	2,1	0,5	23,8%
Other revenues	3,6	4,1	(0,5)	-12,2%
<b>Total revenues</b>	<b>30,3</b>	<b>32,3</b>	<b>(2,0)</b>	<b>-6,2%</b>

<b>Adj. EBITDA</b>	<b>2,2</b>	<b>4,7</b>	<b>(2,5)</b>	<b>-53,2%</b>
<b>Adj. EBITDA %</b>	<b>7,3%</b>	<b>14,6%</b>		
<b>EBIT</b>	<b>1,7</b>	<b>4,1</b>	<b>(2,4)</b>	<b>-58,5%</b>



Segment revenues amounted to EUR 30.3 million, down EUR 2.0 million (-6.2%) compared to EUR 32.3 million in the first quarter of 2020 and broadly in line with the same period in 2019.

In particular, revenues from public contracts and grants decreased by EUR 2.0 million, due to two main effects: *i*) lower income from the recovery of expenses on contracts relating to financed investments; and *ii*) the reduction in the fee deriving from the Infrastructure Management Service Contract following the efficiency-boosting mechanism provided for in the Contract, as well as the rescheduling of railway programming, as a result of the reduced mobility caused by the COVID-19 pandemic.

The higher revenues from the rental of rolling stock take into account the increase in the fleet made available to Trenord.

Other revenues decreased by EUR 0.5 million due to lower income from commercial activities and the sale of some inventories in 2020.



Segment Adjusted EBITDA decreased by EUR 2.5 million, from EUR 4.7 million to EUR 2.2 million (EUR 2.5 million in Q1 2019). The change takes into account higher costs for infrastructure and maintenance design activities, as well as higher charges for building management (including sanitisation and extraordinary cleaning) and for the improvement of IT systems; 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. These effects were partially offset by lower labour costs resulting from the reduction in the average workforce (-6 employees), with substantially unchanged average costs, as well as variable compensation.

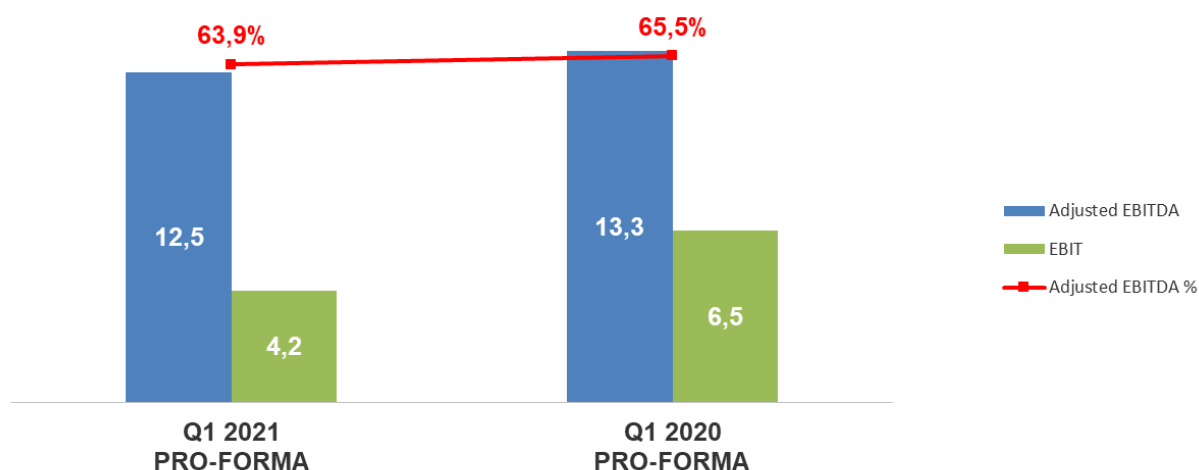
Revenues and EBITDA from terminal operations recorded a performance in line with the same period of the previous year. In particular, revenues fell from EUR 0.3 million to EUR 0.4 million and EBITDA was negative for EUR 0.1 million in both periods.

## 4.2 RO.S.CO & 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 sectors<sup>6</sup>.

<i>Amounts in millions of euros</i>	<i>Q1 2021</i> <i>PRO-FORMA</i>	<i>Q1 2020</i> <i>PRO-FORMA</i>	<i>Chg</i>	<i>Chg %</i>
Leasing rolling stock	12,9	14,1	(1,2)	-8,5%
Other revenues	6,6	6,2	0,4	6,5%
<b>Total revenues</b>	<b>19,5</b>	<b>20,3</b>	<b>(0,8)</b>	<b>(0,0)</b>
<b>Adj. EBITDA</b>	<b>12,5</b>	<b>13,3</b>	<b>(0,8)</b>	<b>(0,1)</b>
<b>Adj. EBITDA %</b>	<b>63,9%</b>	<b>65,5%</b>		
<b>EBIT</b>	<b>4,2</b>	<b>6,5</b>	<b>(2,3)</b>	<b>(0,4)</b>

<sup>6</sup> 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.



Segment revenues, amounting to EUR 19.5 million (-EUR 0.8 million compared to the first quarter of 2020 and substantially in line with the same period of 2019) mainly relate to the leasing of rolling stock, primarily to Trenord, with rents of EUR 12.9 million in the first quarter of 2021, down by EUR 1.2 million (-8.5%) compared to EUR 14.1 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 on DE 520 locomotives and TILO trains leased to Trenord and E494 locomotives to 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, such as the building in Piazzale Cadorna, commercial premises of the lobby of Milan Cadorna Station, the buildings in Iseo, the parking area in Novate and the Solbiate Comasco depot, and rose by EUR 0.4 compared to the first quarter of 2020, to EUR 6.6 million. The change is attributable to higher revenues for administrative services and IT management, against a reduction in rents on commercial premises due to the pandemic. It should be noted that in 2021 other income includes a gain of EUR 0.2 million on the sale of a building.

The decrease of EUR 0.8 million in Adjusted EBITDA to EUR 12.5 from EUR 13.3 million in the first quarter of 2020 substantially reflects the movement in revenue.

### 4.3 ROAD PASSENGER MOBILITY

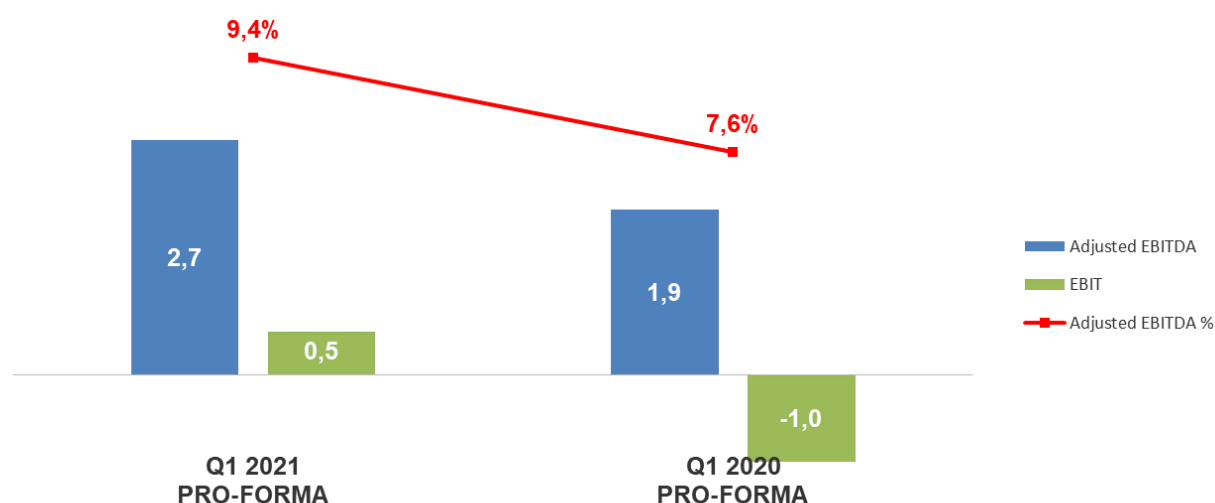
In the first quarter of 2021, the “Road passenger mobility” segment was also heavily impacted by the epidemiological emergency, due to the alternation of more or less severe restrictions to limit the spread of the Covid-19 pandemic and resulting in the prolonged interruption of school services. The data for the period compares with the first quarter of 2020, which benefited from regular traffic

conditions until 22 February, compared to the month of March characterised by a lockdown that imposed particularly stringent conditions on movements, with significant repercussions on both transport demand and production. With regard to the latter, it should be noted that, in order to ensure the level of services offered and adequate social distancing, production in the first quarter of 2021 was at a higher level than in the same period of 2020.

Revenues increased by EUR 3.5 million (+13.9%) from EUR 25.1 million to EUR 28.6 million in the first quarter of 2021, returning substantially to the levels of the comparative 2019 quarter.

<i>Amounts in millions of euros</i>	<i>Q1 2021 PRO-FORMA</i>	<i>Q1 2020 PRO-FORMA</i>	<i>Chg</i>	<i>Chg %</i>
Public contracts and grants	15,3	12,3	3,0	24,4%
Transport services	11,5	11,0	0,5	4,5%
Other revenues	1,8	1,8	0,0	0,0%
<b>Total revenues</b>	<b>28,6</b>	<b>25,1</b>	<b>3,5</b>	<b>13,9%</b>

<b>Adj. EBITDA</b>	<b>2,7</b>	<b>1,9</b>	<b>0,8</b>	<b>0,4</b>
<b>Adj. EBITDA %</b>	<b>9,4%</b>	<b>7,6%</b>		
<b>EBIT</b>	<b>0,5</b>	<b>(1,0)</b>	<b>1,5</b>	<b>ns</b>



In particular:

- revenues from government contracts and grants increased by EUR 3.0 million (+24.4%) to EUR 15.3 million compared to the first quarter of the previous year, mainly due to the

economic effect of the government measures in force<sup>7</sup> to compensate for the loss of revenue from ticketing and additional services (totalling approximately EUR 3.5 million), applicable for the period 23 February 2020 - 31 July 2021. 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 Cura Italia (“Cure Italy”) 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 “Decreto Cura Italia” to 30 April 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 0.5 million to EUR 11.5 million in the period, thanks to the increase in sub-contracted activities to enhance school services, which more than offset the reduction in revenues from transport services caused by the reduction in demand for mobility. Compared to the first quarter of 2019, transport service revenues decreased by more than 22% (or -EUR 3.3 million).

Adjusted EBITDA for the period was EUR 2.7 million, an increase of EUR 0.8 million compared to the first quarter of 2020 (and EUR 0.6 million compared to the same period in 2019). The increase in revenues is partially offset by higher costs incurred for the management of the bus fleets 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 or the date on which the new operator took charge of the service), while in the province of Como they are governed by a service contract,

<sup>7</sup> 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”).

with duration extended until 31 December 2021 or the date of acceptance of the service by the new operator.

During the period under analysis, the production of local public transport services remained essentially stable compared to the first quarter of 2020 (at 1.3 million bus-km, +1.4%) and down 17.2% compared to the first quarter of 2019. The number of travellers decreased by 65.5% (to 0.3 from 0.8 million) compared to the first quarter 2020 and 78.6% against the same period in 2019.

Total revenues of EUR 4.7 million decreased by EUR 0.2 million in the period (-4.6% compared to the first quarter 2020 and -13.0% versus the same period in 2019).

- **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 8.3% to 4.9 million bus-km compared to 4.6 million bus-km in the first quarter 2020, the figure however remained 7.7% below Q1 2019 levels. The number of passengers carried also contracted by 20.5% to 10.3 million from 12.9 million in the same period of 2020, with a more marked reduction on urban routes and in the segment of ticket and carnet sales to occasional customers compared to season tickets. Compared to the first quarter of 2019, the number of passengers carried remains 45.6% lower.

Total revenue increased by 8.6% to EUR 17.3 million from EUR 16.0 million as at 31 March 2020, mainly due to the compensation for lower tariff revenue allocated for the period 23 February 2020-31 January 2021 and not yet recognised in the 2020 financial statements (amounting to EUR 2 million), which more than offset the decrease in traffic revenue (-EUR 1.2 million compared to the first quarter of 2020).

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

Total revenues increased by 55% to EUR 4.1 million, due to the significant increase in subcontracted services (+66.3%), following the expansion of school LPT services requested by the Veneto Region and managed in particular by ATV. Also in the period under review, the tourist services provided by MartiniBus were substantially reduced to zero, while its activities were temporarily redefined to offer supplementary services under sub-contract to the local public transport service. During the period under review, La Linea (which already owned 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.

- The sharing mobility service carried out by **E-VAI** with electric and bimodal vehicles aims to finalise the completion of public mobility and, in particular, railway mobility, according to traditional, innovative and sustainable business models.

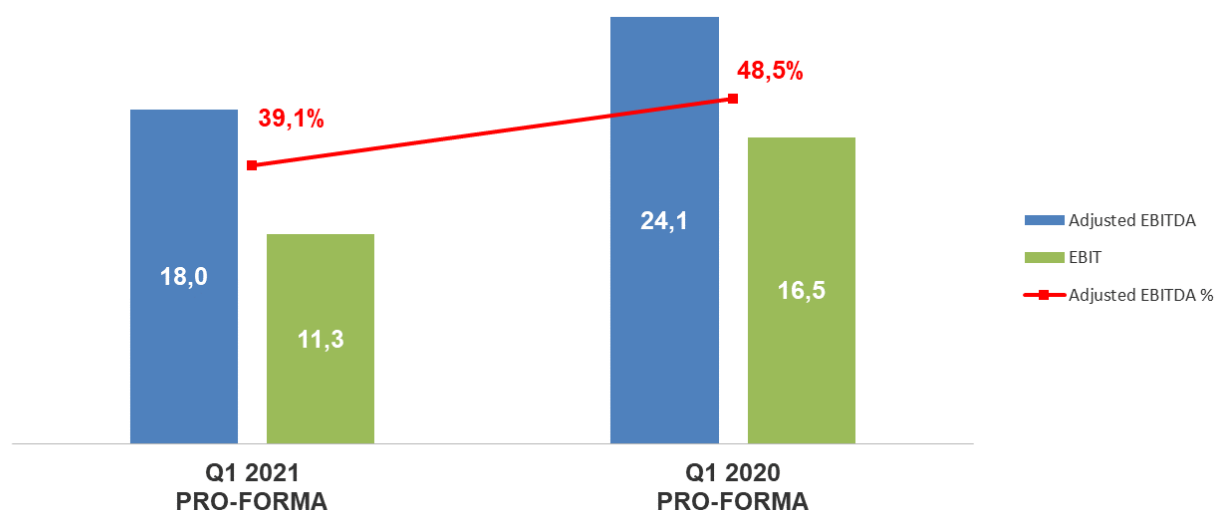
Revenues amounted to EUR 0.8 million, a significant increase (+23.4%) compared to the same period of the previous year, thanks in particular to the increase in volumes of *car sharing* activities on the Public and Corporate business lines. It should be noted that the Lombardy ecological car sharing service is entrusted to FERROVIENORD as part of the commitment with Regione Lombardia 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.

#### 4.4 MOTORWAY INFRASTRUCTURE MANAGEMENT

<i>Amounts in millions of euros</i>	<i>Q1 2021 PRO-FORMA*</i>	<i>Q1 2020 PRO-FORMA*</i>	<i>Chg</i>	<i>Chg %</i>
Toll revenues	43,6	47,9	(4,3)	-9,0%
Other revenues	2,4	1,8	0,6	33,3%
<b>Total revenues</b>	<b>46,0</b>	<b>49,7</b>	<b>(3,7)</b>	<b>-7,4%</b>

<b>Adj. EBITDA</b>	<b>18,0</b>	<b>24,1</b>	<b>(6,1)</b>	<b>-25,3%</b>
<b>Adj. EBITDA %</b>	<b>39,1%</b>	<b>48,5%</b>		
<b>EBIT</b>	<b>11,3</b>	<b>16,5</b>	<b>(5,2)</b>	<b>-31,5%</b>

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



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 grantor.

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.

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 quarter of 2021, particularly in January and February, months in which the pandemic had not yet taken hold in 2020. Conversely, in March, with the easing of restrictive measures and the start of the vaccination campaign, traffic trends began to pick up somewhat, although still below 2019 levels. Overall, in the first quarter of 2021, paying traffic recorded a total of 469.4 million vehicle-km, a decrease of 12.8% compared to the same period in 2020 (538.6 million vehicle-km) and 33.4% compared to the same period in 2019. Regarding the breakdown of traffic between light and heavy vehicles, as in 2020, it is noted that heavy traffic was less affected by the Covid-19 pandemic than light vehicle traffic, due to fewer restrictions on the movement of goods than on the movement of people. In fact, in the first quarter of 2021, heavy vehicle traffic - 140.5 million vehicle-km. - increased by 7.5% compared to the same quarter of the previous year, while traffic for light vehicles - amounting to 328.9 million vehicle-km. - decreased by 19.4%.

With regard to tariffs, as provided for by article 13 of the “Milleproroghe” Decree Law of 31 December 2020, it did not provide for any tariff adjustment to be applied with effect from 1 January 2021. 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 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.

In view of the situation that arose in the first quarter of the year, the Motorway Infrastructure Management segment ended the first quarter of 2021 with revenues of EUR 46.0 million, down by EUR 3.7 million compared to the same period in 2020 (EUR 49.7 million), mainly due to the reduction in toll revenues (to EUR 43.6 million as at 31 March 2021 from EUR 47.9 million) due to the lower traffic recorded in the period. The reduction in other revenues is attributable, among other things, to lower revenues from service area concessions due to reduced mobility.

EBITDA for the period amounted to EUR 18.0 million, down by EUR 6.2 million from EUR 24.1 million in the first quarter of 2020, due to lower traffic flows and higher costs for ordinary maintenance work, particularly for buildings and security, as well as higher labour costs. The latter change is due to the allocation of a portion of the performance bonus, a provision that had not been made at 31 March 2020 due to the uncertain conditions caused by the pandemic.

## **5 FNM GROUP HUMAN RESOURCES**

The average number of employees of the FNM Group at 31 March 2021 was 2,833, compared with 2,838 in 2020, inclusive of the company MISE and its subsidiary MISE Engineering, which constituted the average headcount of the same period in the previous year.

## **6 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 Regione Lombardia, 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: FNM and Enel Green Power sign agreement for the development of hydrogen mobility**

**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).

## **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.<sup>8</sup> (MISE) from Regione Lombardia 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<sup>9</sup>, 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.

At the same time as completion 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 Regione Lombardia 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 of the shareholding held by MISE in APL.<sup>10</sup>

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.

---

<sup>8</sup> 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 (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 grantor.

<sup>9</sup> This shareholding was sold to FNM by ASTM S.p.A. and other companies controlled by it.

<sup>10</sup> Previously 79.3% owned by MISE.

MISE will be fully consolidated in the FNM financial statements starting 26 February 2021.

## **7 SIGNIFICANT EVENTS AFTER 31 March 2021**

### **Hydrogen trains and H2IseO Project**

**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<sub>2</sub> emissions for the thermal engines of means of transport, models for capturing, storing or using CO<sub>2</sub> 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.

### **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 Regione Lombardia 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.

## **8 MANAGEMENT OUTLOOK**

In light of the results achieved in the quarter, in line with or, in some cases, even slightly better than the forecasts made during the last quarter of 2020 with regard to the evolution of mobility demand and traffic volumes, and the continuing uncertainties in the coming months on the developments of the COVID-19 pandemic and the spread of the new variants, although taking into account the actual course of the vaccination campaign and the gradual relaxation of the measures aimed at limiting travel that occurred in April 2021, the FNM Group confirms its prudent forecasts for 2021, especially with reference to the local public transport sector and the motorway infrastructure management.

In particular, it is expected that traffic revenues in the road passenger mobility segment will continue to be penalised by weak demand due to travel restrictions resulting from lock-downs, which may be envisaged from time to time depending on the evolution of the epidemiological emergency. On the other hand, a lower reduction in production than that recorded in the first half of 2020 in particular is forecast, with a subsequent lower reduction in direct operating costs. On the basis of the government support measures known to date (extended until 31 July 2021, despite the continued uncertainty for the second half of the year), the segment's revenues and margins are therefore expected to contract compared to a pre-pandemic scenario and to 2020, a year that has benefited from important compensatory measures by the government. The introduction of additional relief during the current year or the extension of the measures currently in place until the end of 2021 could help mitigate the negative effects on revenues and margins.

Also in relation to the performance of the motorway infrastructure, the current epidemiological situation means that cautious forecasts must be made about the demand for motorway travel, although

in 2021 the figures for the period of relaxation of the anti-contagion measures show some growth compared to 2020. Of note during the period, as was also the case in 2020, is the greater resilience of freight traffic compared to light traffic, which will gradually recover as the measures to combat the epidemic are eased. It should be noted that, at present, as in 2020, there are no government 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 companies will continue to implement actions to contain the negative impacts of the emergency, by reducing the main cost items.

In light of these considerations, at present, the comparison of forecasts for the Group on a like-for-like basis (i.e. considering MISE consolidated in FNM for all of 2020 and all of 2021), shows revenues for 2021 in line with 2020 and a slightly growing EBITDA (low single digit). The Adjusted EBITDA/Revenues ratio is expected to remain constant.

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 70%, while adjusted EBITDA will double, with a positive effect on the adjusted EBITDA/revenues ratio which is expected to increase by approximately 7 percentage points. From a financial point of view, the payment of the purchase price (a total of EUR 604.8 million - of which EUR 78.3 million already paid in 2020), combined with the consolidation of MISE's net financial position and the investments planned for the renewal of the fleets have resulted in an increase in the Group's debt, which in turn will result in an increase in the Adjusted NFP/Adjusted EBITDA ratio, compatible with the parameters set for the current rating levels (Baa3 by Moody's and BBB- by Fitch, both with positive outlook) and the financial covenants established in the existing loan agreements.

To date, the Group has liquidity headroom of around EUR 140 million in uncommitted lines, thereby offering sufficient financial flexibility.

During the course of the year, FNM will define its medium/long-term financial structure as it sees fit, to increase efficiency in offering support to future strategic development, including through access to the capital market.

At present, for Trenord - valued using the equity method - 2021 looks very much like 2020. The persistence of the current situation of continuous variability of the overall conditions, however complex and difficult, leads to the hypothesis 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, 13 May 2021

The Board of Directors

The undersigned Valentina Montanari, in her capacity as “ Executive in charge of financial reporting” of FNM S.p.A., hereby certifies, in compliance with the provisions of Article 154-bis of Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this interim management report corresponds to the documented results in the company's books and records.

The Executive in charge of financial reporting  
Valentina Montanari

## 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 quarter of 2021, the following components were excluded from EBITDA:

- a) non-ordinary expenses deriving from development projects, amounting to EUR 1.5 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 0.2 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*

***Interim Management Report as at 31 March 2021***

*Consolidated Statement of Financial Position*

*Consolidated Income Statement*

*Other Consolidated Comprehensive Income*

*Changes in Consolidated Shareholders' Equity*

*Consolidated Statement of Cash Flows*



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31.03.2021

Amounts in thousands of euros	31/03/2021	31/12/2020	Change
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	450.626	443.340	7.286
Intangible assets	498.574	5.139	493.435
Goodwill	4.353	4.353	0
Right of use	30.352	15.489	14.863
Investments measured with the equity method	139.802	76.733	63.069
Investments in other companies	22.627	91.313	(68.686)
Financial receivables	54.597	2	54.595
Financial Receivables measured at Fair Value in profit or loss	0	0	0
Deferred tax assets	37.100	24.015	13.085
Tax receivables	26	0	26
Other Receivables	6.499	213	6.286
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1.244.556</b>	<b>660.597</b>	<b>583.959</b>
<b>CURRENT ASSETS</b>			
Inventories	10.419	8.702	1.717
Trade Receivables	112.650	82.640	30.010
Other Receivables	128.131	95.834	32.297
Tax receivables	3.953	2.968	985
Financial receivables	521	115	406
Financial Receivables measured at Fair Value in profit or loss	0	0	0
Receivables for funded investments	49.080	41.511	7.569
Cash and cash equivalents	424.287	253.344	170.943
<b>TOTAL CURRENT ASSETS</b>	<b>729.041</b>	<b>485.114</b>	<b>243.927</b>
Assets held for sale	0	0	0
<b>TOTAL ASSETS</b>	<b>1.973.597</b>	<b>1.145.711</b>	<b>827.886</b>
<b>LIABILITIES</b>			
Share capital	230.000	230.000	0
Other reserves	7.788	7.788	0
Reserve for indivisible profit	11.829	203.387	(191.558)
Reserve for actuarial gains/(losses)	(7.465)	(7.661)	196
Translation reserve	83	105	(22)
Profit/(loss) for the period	(6.907)	24.185	(31.092)
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP</b>	<b>235.328</b>	<b>457.804</b>	<b>(222.476)</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTE</b>	<b>36.199</b>	<b>19.304</b>	<b>16.895</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>271.527</b>	<b>477.108</b>	<b>(205.581)</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables to banks	251.094	42.441	208.653
Financial Payables	41.153	13.706	27.447
Payables for funded investments	12.581	12.581	0
Other liabilities	24.169	24.357	(188)
Deferred tax liabilities	12.270	0	12.270
Provisions for risks and charges	118.985	39.722	79.263
Post-employment benefits	28.366	21.201	7.165
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>488.618</b>	<b>154.008</b>	<b>334.610</b>
<b>CURRENT LIABILITIES</b>			
Payables to banks	720.280	58.619	661.661
Financial Payables	51.277	42.542	8.735
Payables for funded investments	115.702	165.208	(49.506)
Trade payables	216.280	177.538	38.742
Payables for taxes	7.514	87	7.427
Tax payables	130	3.315	(3.185)
Other liabilities	53.412	46.049	7.363
Provisions for risks and charges	48.857	21.237	27.620
<b>TOTAL CURRENT LIABILITIES</b>	<b>1.213.452</b>	<b>514.595</b>	<b>698.857</b>
Liabilities related to assets held for sale	0	0	-
<b>TOT. LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.973.597</b>	<b>1.145.711</b>	<b>827.886</b>

## Q1 2021 CONSOLIDATED INCOME STATEMENT

<i>Amounts in thousands of euros</i>	Q1 2021	Q1 2020
Revenues from sales and services	75.605	63.182
Grants	6.227	2.660
Grants for funded investments	16.731	9.356
Other income	4.549	4.118
of which: Non Recurring	-	-
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>103.112</b>	<b>79.316</b>
Raw materials, consumables and goods used	(5.322)	(4.392)
Service costs	(21.933)	(14.578)
of which: Non Recurring	(1.539)	(186)
Personnel costs	(32.619)	(30.090)
Depreciation, amortisation and write-downs	(11.783)	(10.144)
Other operating costs	(5.125)	(2.933)
Costs for funded investments	(15.948)	(7.566)
<b>TOTAL COSTS</b>	<b>(92.730)</b>	<b>(69.703)</b>
<b>EBIT</b>	<b>10.382</b>	<b>9.613</b>
Financial income	347	1.281
of which: Non Recurring	-	-
Financial expenses	(3.274)	(745)
of which: Non Recurring	-	-
<b>NET FINANCIAL INCOME</b>	<b>(2.927)</b>	<b>536</b>
Net profit of companies measured with the equity method	(12.302)	(7.507)
<b>EARNINGS BEFORE TAX</b>	<b>(4.847)</b>	<b>2.642</b>
Income tax	(1.419)	(2.362)
of which: Non Recurring	-	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>(6.266)</b>	<b>280</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(6.266)</b>	<b>280</b>
<b>Profit/(loss) attributable to NON-CONTROLLING interest</b>	<b>641</b>	<b>(372)</b>
<b>Profit/(loss) attributable to Parent Company shareholders</b>	<b>(6.907)</b>	<b>652</b>
<b>Profit/(loss) attributable to NCIs for discontinued operations</b>	-	-
<b>Profit/(loss) attributable to Parent Company shareholders for discontinued operations</b>	-	-
<b>Earnings per share attributable to Group shareholders</b>		
Basic earnings per share (euro)	(0,02)	0,00
Diluted earnings per share (euro)	(0,02)	0,00
<b>Earnings per share attributable to Group shareholders for discontinued operations</b>		
Basic earnings per share (euro)	-	-
Diluted earnings per share (euro)	-	-

## OTHER CONSOLIDATED COMPREHENSIVE INCOME

<i>Amounts in thousands of euros</i>	Q1 2021	Q1 2020
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(6.266)</b>	<b>280</b>
<b>Other components of companies consolidated on a line-by-line basis</b>		
Post-employment benefit actuarial gain/(loss)	423	1.434
Tax effect	(118)	(401)
<b>Total components that will not be reclassified in the operating result</b>	<b>305</b>	<b>1.033</b>
<b>Total components that will be reclassified in the operating result</b>	<b>-</b>	<b>-</b>
<b>Total companies consolidated on a line-by-line basis</b>	<b>305</b>	<b>1.033</b>
<b>Other components of companies consolidated on a line-by-line basis</b>		
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	(1)	12
Tax effect		(3)
<b>Total components that will not be reclassified in the operating result</b>	<b>(1)</b>	<b>9</b>
Gains/(losses) arising from the translation of financial statements of foreign companies	(22)	46
<b>Total components that will be reclassified in the operating result</b>	<b>(22)</b>	<b>46</b>
<b>Total companies consolidated with the equity method</b>	<b>(23)</b>	<b>55</b>
<b>Total Other Comprehensive Income</b>	<b>282</b>	<b>1.088</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS)</b>	<b>(5.984)</b>	<b>1.368</b>
Comprehensive Profit/(Loss) attributable to non-controlling interest	749	(100)
Comprehensive Profit/(Loss) attributable to Parent Company shareholders	(6.733)	1.468

## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>Amounts in thousands of euros</i>	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
<b>Balance at 01.01.2020</b>	<b>230.000</b>	<b>7.788</b>	<b>172.970</b>	<b>(7.545)</b>	<b>96</b>	<b>30.281</b>	<b>433.590</b>	<b>20.711</b>	<b>454.301</b>
<b>Total Comprehensive Income</b>				<b>770</b>	<b>46</b>	<b>652</b>	<b>1.468</b>	<b>(100)</b>	<b>1.368</b>
Allocation of 2019 profit			30.281			(30.281)	-		-
Change in the scope of consolidation			49				49	(1.902)	(1.853)
<b>Balance at 31.03.2020</b>	<b>230.000</b>	<b>7.788</b>	<b>203.300</b>	<b>(6.775)</b>	<b>142</b>	<b>652</b>	<b>435.107</b>	<b>18.709</b>	<b>453.816</b>
<b>Balance at 31.12.2020</b>	<b>230.000</b>	<b>7.788</b>	<b>203.387</b>	<b>(7.661)</b>	<b>105</b>	<b>24.185</b>	<b>457.804</b>	<b>19.304</b>	<b>477.108</b>
<b>Total Comprehensive Income</b>				<b>196</b>	<b>(22)</b>	<b>(6.907)</b>	<b>(6.733)</b>	<b>749</b>	<b>(5.984)</b>
Allocation of 2020 profit			24.185			(24.185)	-		-
Change in the scope of consolidation			(215.743)				(215.743)	16.146	(199.597)
<b>Balance at 31.03.2021</b>	<b>230.000</b>	<b>7.788</b>	<b>11.829</b>	<b>(7.465)</b>	<b>83</b>	<b>(6.907)</b>	<b>235.328</b>	<b>36.199</b>	<b>271.527</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS AT 31.03.2021

<i>Amounts in thousands of euros</i>	<b>31/03/2021</b>	<b>31/03/2020</b>
<b>Cash flow from operating activities</b>	<b>Total</b>	<b>Total</b>
Operating result	(6.266)	280
Income tax	1.419	2.362
Net profit of companies measured with the equity method	12.302	7.507
Amortisation for the period of intangible assets	2.297	887
Depreciation for the period of property, plant and equipment	8.280	8.336
Amortisation of right of use	1.206	921
Provisions for risks and charges	5.148	2.864
Releases of provisions for risks and charges	(3.040)	-
Provision for bad debts	48	-
Gains from disposal of property, plant and equipment	(404)	-
Capital grants for the period	(961)	(949)
Interest income	(347)	(267)
Interest expense	3.274	745
<b>Cash flow from income activities</b>	<b>22.956</b>	<b>22.686</b>
Net change in the provision for post-employment benefit	(440)	(966)
Net change in provision for risks and charges	7.918	197
(Increase)/Decrease in trade receivables	11.263	(6.000)
(Increase)/Decrease in inventories	774	(13)
Increase in other receivables	(2.569)	(7.500)
Decrease in trade receivables	(16.710)	(6.011)
Increase/(Decrease) in other liabilities	(12.949)	1.943
Net change in deferred tax assets/liabilities	(64)	-
<b>Total cash flow from operating activities</b>	<b>10.179</b>	<b>4.336</b>
<b>Cash flow from/(for) investing activities</b>		
Investments in intangible assets	(5.749)	(201)
Investments in owned property, plant and equipment	(12.938)	(965)
Increase in trade payables for investments	(52.604)	(20.898)
Investments in funded rolling stock net of grants collected	(6.757)	117.532
Increase in receivables for funded investments	(10.645)	(7.567)
Decrease in financial receivables for funded investments - collections received	2.125	771
Disposal value of property, plant and equipment	655	6
Other changes in equity investments	192	-
Other changes in financial receivables	(1.145)	(113)
Interest income collected	347	126
Repayment of finance lease receivables	-	240
Change in financial receivables from assets sold	-	3.464
Collection from the disposal of assets held for sale	-	28.660
CONAM acquisition net of cash held	(251)	-
MISE acquisition net of cash held	(363.552)	-
<b>Total cash flow from investing activities</b>	<b>(450.322)</b>	<b>121.055</b>
<b>Cash flow from/(for) financing activities</b>		
Interest paid	(2.065)	(411)
Increase in payables to banks	615.586	9.963
Interest paid on debenture loan	-	(340)
Increase/(Decrease) in other financial liabilities	(2.435)	1.425
<b>Total cash flow from financing activities</b>	<b>611.086</b>	<b>10.637</b>
<b>Liquidity generated (+)/absorbed (-)</b>	<b>170.943</b>	<b>136.028</b>
Cash and cash equivalents at start of period	253.344	228.723
Cash and cash equivalents at end of period	424.287	364.751
<b>Liquidity generated (+)/absorbed (-)</b>	<b>170.943</b>	<b>136.028</b>