



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 30 September 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 Piuri
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Executive in charge of financial reporting	Valentina Montanari
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Independent Auditor	PricewaterhouseCoopers S.p.A.
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INTERIM MANAGEMENT REPORT

as of 30 September 2021

INTRODUCTION

With reference to the nine-month period ended on 30 September 2021 (hereinafter the “Third quarter of 2021” or “nine months 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.

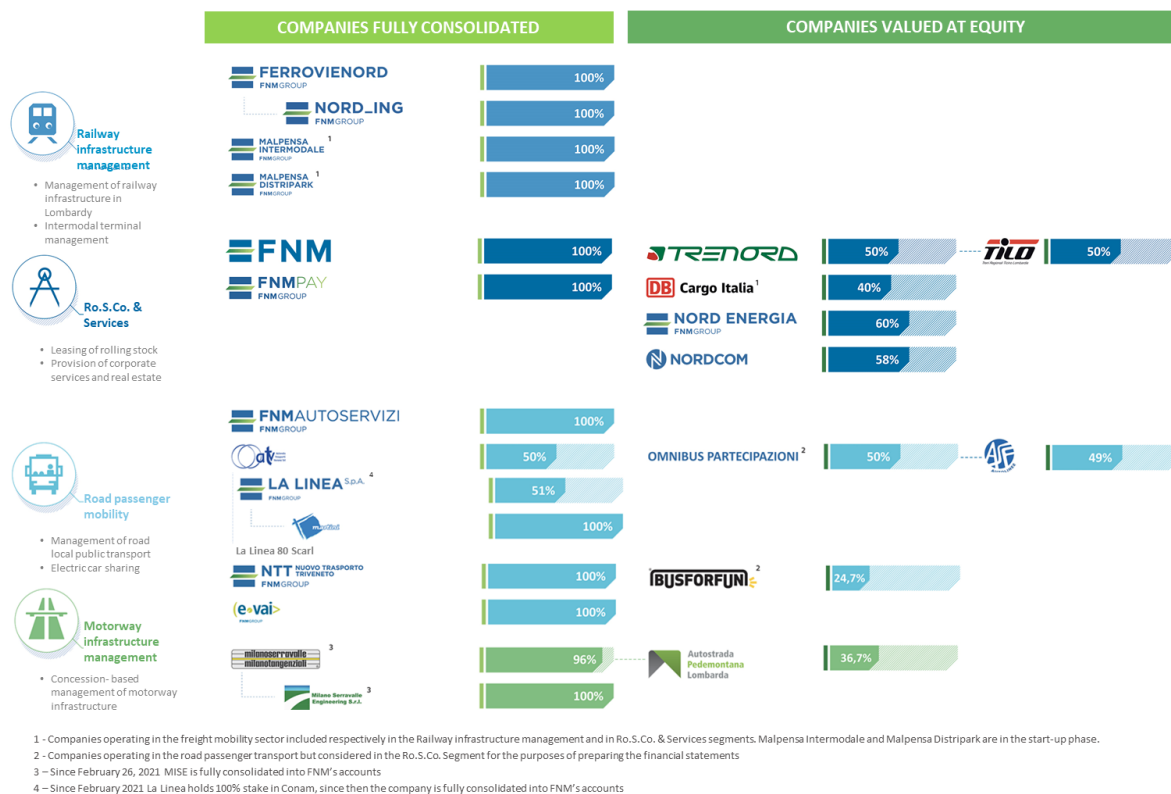
In particular, the performance for the period takes into account the effects of the significant strategic transformation implemented thanks to the completion of the acquisition of the controlling stake in Milano Serravalle - Milano Tangenziali (hereinafter also referred to as "MISE"), which led to the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

As is well-known, the first nine months of 2021 were still 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 gradually easing from April thanks to the progress of the vaccination campaign and the consequent decline in the number of recorded infections.

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.



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 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 Regione Lombardia, 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 Regione Lombardia for the period 2015-2020, extended to 31 December 2022, as set forth in Regional Law no. 15, art. 22 of 6 August 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.

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 Partecipazioni¹ - 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 Regione Lombardia completed on 26 February 2021. 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 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 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.

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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

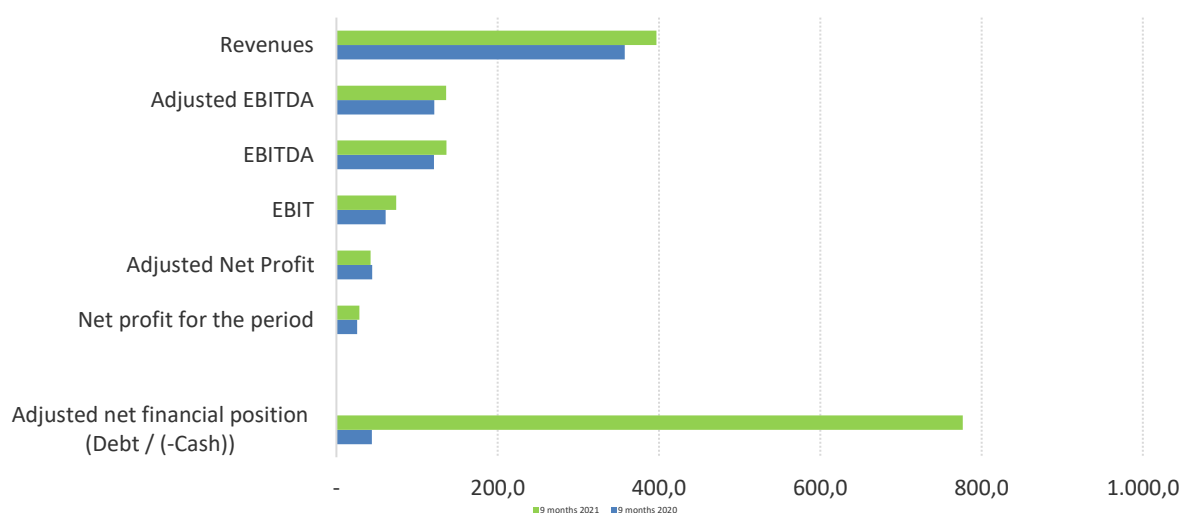
Amounts in millions of euros	9 months 2021	9 months 2020	Change	Change %
Revenues*	397.0	357.5	39.5	11.0%
Adjusted EBITDA*	135.9	121.5	14.4	11.9%
EBITDA*	136.3	120.8	15.5	12.8%
Operating income*	74.2	61.2	13.0	21.2%
Earnings Before Tax*	57.2	58.8	(1.6)	-2.7%
Adjusted net profit*	42.4	44.3	(1.9)	-4.3%
Net profit for the period*	28.7	25.9	2.8	N/A
Shareholders' equity (A)**	230.9	477.1	(246.2)	-51.6%
Net financial position (B) **	734.4	81.8	652.6	797.8%
Adjusted net financial position **	776.5	43.8	732.7	1672.8%
Net Invested Capital (A+B)**	965.3	558.9	406.4	72.7%
Market capitalisation at 30.09	275.7	232.2	43.5	18.7%
Investments*	348.1	100.5	247.7	246.5%

**The values for the first 9 months of 2021 and first 9 months of 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 30.09.2021: EUR 275.7 million

AS AT 30.09.2020: EUR 232.2 million



Credit Ratings

Moody's	
Long term	Baa3
Outlook	stable
Assignment date	25 gennaio 2021
Fitch	
Long term	BBB-
Outlook	stable
Assignment date	10 novembre 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 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 nine-month period 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>	9 months 2021	9 months 2020	Change	Change %
Revenues from sales and services	347.4	191.0	156.4	81.9%
Other revenues and income	19.9	14.9	5.0	33.6%
TOTAL REVENUES AND OTHER INCOME	367.3	205.9	161.4	78.4%
Operating costs	(131.0)	(65.8)	(65.2)	99.1%
Personnel costs	(112.2)	(81.5)	(30.7)	37.7%
ADJUSTED EBITDA	124.1	58.6	65.5	111.8%
Non-ordinary Income and Expenses	0.4	(0.7)	1.1	N/A
EBITDA	124.5	57.9	66.6	115.0%
Depreciation, amortisation and write-downs	(55.6)	(29.6)	(26.0)	87.8%
EBIT	68.9	28.3	40.6	143.5%
Financial income	2.6	2.0	0.6	30.0%
<i>of which gains on divestments</i>	-	1.1	(1.1)	N/A
Financial expenses	(19.0)	(1.7)	(17.3)	N/A
NET FINANCIAL INCOME	(16.4)	0.3	(16.7)	N/A
EARNINGS BEFORE TAX	52.5	28.6	23.9	83.6%
Income tax	(14.3)	(5.9)	(8.4)	N/A
ADJUSTED COMPREHENSIVE RESULT	38.2	22.7	15.5	68.3%
Profit of companies measured with the Equity method	(12.9)	(15.6)	2.7	-17.3%
COMPREHENSIVE RESULT	25.3	7.1	18.2	N/A
RESULT ATTRIBUTABLE TO NCIs	3.0	0.9	2.1	N/A
COMPREHENSIVE GROUP RESULT	22.3	6.2	16.1	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 2020 comparison period was similarly pro-rated as if MISE's consolidation had occurred on 1 January 2020.

Amounts in millions of euros	9 MONTHS 2021	01 January 2021 - 26 February 2021 MISE	9 MONTHS 2021 PRO-FORMA	1ST HALF 2020 FNM GROUP	9 MONTHS 2020 MISE	9 MONTHS 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	347.4	28.4	375.8	191.0	142.3	333.3	42.5	12.8%
Other revenues and income	19.9	1.3	21.2	14.9	9.3	24.2	(3.0)	-12.4%
TOTAL REVENUES AND OTHER INCOME	367.3	29.7	397.0	205.9	151.6	357.5	39.5	11.0%
Operating costs	(131.0)	(10.4)	(141.4)	(65.8)	(58.4)	(124.2)	(17.2)	13.8%
Personnel costs	(112.2)	(7.5)	(119.7)	(81.5)	(30.3)	(111.8)	(7.9)	7.1%
ADJUSTED EBITDA	124.1	11.8	135.9	58.6	62.9	121.5	14.4	11.9%
Non-ordinary Income and Expenses	0.4	-	0.4	(0.7)	-	(0.7)	1.1	N/A
EBITDA	124.5	11.8	136.3	57.9	62.9	120.8	15.5	12.8%
Depreciation, amortisation and write-downs	(55.6)	(6.5)	(62.1)	(29.6)	(30.0)	(59.6)	(2.5)	4.2%
EBIT	68.9	5.3	74.2	28.3	32.9	61.2	13.0	21.2%
Financial income	2.6	0.6	3.2	2.0	3.2	5.2	(2.0)	-38.5%
<i>of which gains on divestments</i>	-	-	-	1.1	-	1.1	(1.1)	N/A
Financial expenses	(19.0)	(1.2)	(20.2)	(1.7)	(5.9)	(7.6)	(12.6)	N/A
NET FINANCIAL INCOME	(16.4)	(0.6)	(17.0)	0.3	(2.7)	(2.4)	(14.6)	N/A
EARNINGS BEFORE TAX	52.5	4.7	57.2	28.6	30.2	58.8	(1.6)	-2.7%
Income tax	(14.3)	(0.5)	(14.8)	(5.9)	(8.6)	(14.5)	(0.3)	2.1%
ADJUSTED COMPREHENSIVE RESULT	38.2	4.2	42.4	22.7	21.6	44.3	(1.9)	-4.3%
Profit of companies measured with the Equity method	(12.9)	(0.8)	(13.7)	(15.6)	(2.8)	(18.4)	4.7	-25.5%
COMPREHENSIVE RESULT	25.3	3.4	28.7	7.1	18.8	25.9	2.8	N/A
RESULT ATTRIBUTABLE TO NCIs	3.0	0.1	3.1	0.9	0.7	1.6	1.5	N/A
COMPREHENSIVE GROUP RESULT	22.3	3.3	25.6	6.2	18.1	24.3	1.3	N/A

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

Amounts in millions of euros	9 MONTHS 2021 PRO-FORMA	9 MONTHS 2020 PRO-FORMA	Change	Change %
Revenues from sales and services	375.8	333.3	42.5	12.8%
Other revenues and income	21.2	24.2	(3.0)	-12.4%
TOTAL REVENUES AND OTHER INCOME	397.0	357.5	39.5	11.0%
Operating costs	(141.4)	(124.2)	(17.2)	13.8%
Personnel costs	(119.7)	(111.8)	(7.9)	7.1%
ADJUSTED EBITDA	135.9	121.5	14.4	11.9%
Non-ordinary Income and Expenses	0.4	(0.7)	1.1	N/A
EBITDA	136.3	120.8	15.5	12.8%
Depreciation, amortisation and write-downs	(62.1)	(59.6)	(2.5)	4.2%
EBIT	74.2	61.2	13.0	21.2%
Financial income	3.2	5.2	(2.0)	-38.5%
<i>of which gains on divestments</i>	-	1.1	(1.1)	N/A
Financial expenses	(20.2)	(7.6)	(12.6)	N/A
NET FINANCIAL INCOME	(17.0)	(2.4)	(14.6)	N/A
EARNINGS BEFORE TAX	57.2	58.8	(1.6)	-2.7%
Income tax	(14.8)	(14.5)	(0.3)	2.1%
ADJUSTED COMPREHENSIVE RESULT	42.4	44.3	(1.9)	-4.3%
Profit of companies measured with the Equity method	(13.7)	(18.4)	4.7	-25.5%
COMPREHENSIVE RESULT	28.7	25.9	2.8	N/A
RESULT ATTRIBUTABLE TO NCIs	3.2	1.6	1.6	N/A
COMPREHENSIVE GROUP RESULT	25.5	24.3	1.2	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 42.5 million, i.e. approximately 12.8%, for the following reasons:

- motorway toll revenues, amounting to EUR 165.9 million (EUR 142.3 million in the first nine months of 2020), increased by EUR 23.6 million, equal to 16.6% compared to the same period of

2020, due to the trend in traffic in line with the evolution of the pandemic: after the first quarter dominated by the third wave of the virus and the resulting further restrictions on the movement of people, the second and third quarters marked an increasingly more evident recovery in travel, thanks to the vaccination campaign and the consequent relaxation of the measures adopted by the authorities to deal with the COVID-19 pandemic;

- revenues from ticketing on public road transport increased by EUR 6.6 million due to higher sales, consistently with the recovery in demand as a result of the gradual easing of the measures to deal with the COVID-19 emergency, as described above, going from EUR 16.2 million in the first nine months of 2020 to EUR 22.8 million in the period;

- revenues from public contracts and grants related to the public road transport service increased by EUR 5.3 million compared to the same period of the previous year, mainly as a result of compensatory measures (equal to approximately EUR 9.2 million, to compensate for the loss of ticketing revenues), introduced by Law no. 77 of 17 July 2020 (art. 200 paragraph 1, so-called "Rilancio Decree")², by Law no. 126 of 13 October 2020 (art. 44, so-called "Agosto Decree")³, by Law no. 176 of 18 December 2020 (art. 22-ter, so-called "Ristori bis Decree")⁴ and by Decree Law no. 41 of 22 March 2021 (art. 29, so-called "Sostegni Decree")⁵;

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."

- the consideration deriving from the Service Contract for the management of the infrastructure went from EUR 67.2 million to EUR 66.3 million, as a result of the decrease of EUR 2.0 million, due to both the efficiency-boosting mechanism provided for by the Contract and the rescheduling of programming of the railway offer as a result of the reduced mobility caused by the COVID-19 pandemic. This decrease was offset, for EUR 1.1 million, by the income recognised by the Awarding Body for the year 2020, covering the impacts deriving from the measures taken in response to the COVID-19 emergency;
- revenues from leasing of rolling stock decreased by EUR 1.2 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 3.0 million compared to the comparative period of 2020 due to the release of a provision for risks following the settlement of a dispute with a contractor, amounting to EUR 3.8 million, partially offset by higher recoveries for the management of the Agrate and Terrazzano barriers, as well as higher fees for the use of fibre optics following the revision of the related agreement with the operator.

Total revenues and other income thus rose by 11.0% and can be broken down into the four business areas as follows:

<i>Amounts in millions of euros</i>	9 MONTHS 2021 PRO-FORMA	9 MONTHS 2020 PRO-FORMA	<i>Change</i>	<i>Chg %</i>
Railway infrastructure management	95.8	94.0	1.8	1.9%
Rosco & Services	57.4	60.1	(2.7)	-4.5%
Road passenger transport	87.9	67.9	20.0	29.5%
Motorway infrastructure management	179.0	151.6	27.4	18.1%
Intercompany eliminations	(23.1)	(16.1)	(7.0)	43.5%
Total consolidated revenues	397.0	357.5	39.5	11.0%

Operating costs recorded a net increase of EUR 17.2 million (+13.8%) for the following main reasons:

- increase in subcontracting to third parties, by EUR 6.0 million;
- increase of diesel and methane costs (EUR 2.9 million), bus maintenance costs (EUR 0.5 million), in relation to the greater km travelled as a result of the increase in additional services provided. The increase in the cost of fuel is also related to the increase in the purchase price recorded in the period;
- increase of EUR 2.9 million in traffic-related costs (collection costs and concession fee);

- increase of EUR 0.7 million in costs due to an increase in commissions to third parties.

Personnel costs increased by EUR 7.9 million (+7.1%), 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 comparative period. 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 135.9 million, increased by 11.9%, demonstrating a performance in line with revenue trends, and is broken down into the four business segments as follows:

<i>Amounts in millions of euros</i>	9 MONTHS 2021 PRO-FORMA	9 MONTHS 2020 PRO-FORMA	<i>Change</i>	<i>Chg %</i>
Railway infrastructure management	6.7	9.4	(2.7)	-28.7%
Rosco & Services	35.7	39.8	(4.1)	-10.3%
Road passenger transport	10.1	9.4	0.7	7.4%
Motorway infrastructure management	83.4	62.9	20.5	32.6%
Total adjusted EBITDA	135.9	121.5	14.4	11.9%

Non-ordinary income/expenses for the period amount to EUR 0.4 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 1.8 million, mainly attributable to costs incurred for the MISE acquisition. In the comparative period, this item, entirely attributable to development project costs, amounted to EUR 0.7 million.

Depreciation, amortisation and provisions increased by EUR 2.5 million compared to the same period of the previous year, from EUR 59.6 million to EUR 62.1 million, due to the entry into service of the new TILO trains and EFFISHUNTER locomotives, which took place during the period under review, for EUR 2.5 million, as well as investments in motorway infrastructure for EUR 2.0 million; these effects are partially offset by lower amortisation recorded on the road passenger transport segment for EUR 2.0 million, mainly in relation to the completion of the amortisation of the intangibles relating to the ATV service contract.

Comprehensive EBIT amounted to EUR 74.2 million, versus EUR 61.2 million in the comparative period 2020, an increase of EUR 13.0 million.

The **overall result of financial operations** was a loss of EUR 17.0 million compared to a loss of EUR 2.4 million in the comparative period of 2020; in particular, interest expense on loans amounted

to EUR 18.8 million (EUR 6.4 million in the 2020 comparative period), up due to higher financial expenses relating to the Bridge loan, amounting to EUR 13.6 million, including the share for the period of the upfront fee, the extension fee and ancillary charges, amounting to EUR 8.0 million. The first nine months 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 57.2 million versus EUR 58.8 million in the comparative period 2020.

Income taxes, amounting to EUR 14.8 million, remained substantially unchanged from the first nine months of 2020.

Adjusted comprehensive income, before the recognition of the result of the companies measured at equity, went from EUR 44.3 million in the comparative period of the previous year to EUR 42.4 million, thus reflecting substantial stability.

The **profit/(loss) of companies measured at equity** recorded a loss of EUR 13.7 million, versus a loss of EUR 18.4 million in the comparative period of 2020, mainly due to the less negative result of the investee Trenord S.r.l.. This item is broken down as follows:

Amounts in thousands of euros	9 MESI 2021 PRO-FORMA	9 MESI 2020 PRO-FORMA	Change
Trenord S.r.l. *	(12.388)	(18.735)	6.347
Autostrada Pedemontana Lombarda	(2.719)	(2.842)	123
Tangenziali Esterne di Milano S.p.A. **	(1.503)	-	(1.503)
NORD ENERGIA S.p.A. ***	1.213	1.724	(511)
DB Cargo Italia S.r.l.	1.444	1.067	377
Omnibus Partecipazioni S.r.l. ****	59	185	(126)
NordCom S.p.A.	304	35	269
Busforfun.Com S.r.l.	(110)	-	(110)
Conam S.r.l.	-	30	(30)
Sems	-	81	(81)
Result of companies valued at equity	(13.700)	(18.455)	4.755

* 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 increased by approximately 6.29%, from EUR 498.9 million to EUR 530.3 million, due to the increase in revenues from the Service Contract, which grew by 6.27% thanks to the compensatory effects introduced by the "Rilancio", "Agosto", "Ristori bis" and "Sostegni" decrees, amounting to approximately EUR 72.7 million. Ticketing revenues remained substantially in line with 2020 (going from EUR 124.9 million to EUR 124.3 million), and

take into account the 9.6% increase in transport demand as the mix of travel tickets sold was redefined;

- personnel costs increased by 6.19% due to the greater number of staff employed (+50) and higher ancillary remuneration, as well as higher provisions for holidays accrued and not used;
- operating costs increased by approximately EUR 27.8 million (+12.3%) in relation to the greater services performed, due in particular to higher toll and energy costs, higher maintenance costs, increased cleaning services and other contracted services and increased train replacement services.

Given the above, EBITDA, amounting to EUR 77.1 million, decreased by EUR 8.1 million from the 2020 comparative period; EBIT, amounting to EUR -49.0 million, increased by EUR 2.2 million from the 2020 comparative period, due to lower amortisation/depreciation; lastly, the net result changed from a loss of EUR -39.9 million in the third quarter of 2020 to EUR -24.8 million as at 30 September 2021, also in relation to higher deferred tax assets recognised.

The **investee APL** 's result for the period remains broadly in line with the previous year, despite the improved performance of toll revenue which increased by 22% compared to the comparative period in FY 2020.

During the third quarter, the investee company was heavily committed to the finalisation of the procedure related to the research of financial funding for the construction of the B2 and C sections, with the aim of signing the Senior Loan Agreement, in compliance with the provisions of Supplementary Deed no. 2, in order to guarantee the investee company access to the tax relief measures equal to EUR 800 million.

On 31 August 2021, in accordance with the terms, with the signing of the *Common Terms Agreement* (CTA) and the related underlying contracts, the procedure relating to the financial funding was favourably concluded, thanks to the complementary participation of Cassa Depositi e Prestiti S.p.A. ("CDP") and the European Investment Bank ("EIB") with the banking system.

Consistent with the estimates, and based on the updated schedule of activities related to the implementation of the project, the investee company obtained a total loan on the market equal to EUR 1.741 million for the construction of the aforesaid sections B2 and C, consisting of

- a 10-year loan for a total of EUR 963 million granted by the syndicate set up by Banco BPM S.p.A. ("BPM"), Intesa Sanpaolo S.p.A. ("Intesa"), J.P.Morgan Chase Bank ("JPM"), MPS Capital Services Banca per le Imprese S.p.A. ("MPS") and UniCredit S.p.A ("Unicredit") and institutional lenders EIB and CDP with a stake of approximately 42%;
- a 23-year loan for a total of EUR 678 million fully subscribed by the EIB and CDP, with the

support of Regione Lombardia as lead partner;

- a EUR 100 million signature line made available by Intesa, UniCredit, BPM, MPS.

The possibility of using these lines of credit is subject to the fulfilment of various conditions precedent indicated in the financial documentation signed by the parties.

Taking into account the strategic importance of the infrastructure for the territory and, again with a view to promoting the bankability of the Pedemontana Lombarda project, on 27 July 2021 the Regional Council approved Regional Law no. 89 with which Regione Lombardia reshaped its financial support to the Pedemontana Lombarda Motorway, again within the limits of what had been previously resolved, providing for a shareholders' loan totalling EUR 900 million, of which EUR 800 million to be disbursed from 2025 to 2044 in annual instalments of EUR 40 million, and EUR 100 million set aside from 2025 to 2044 in the regional budget in annual instalments of EUR 5 million and which may be disbursed in the same period.

The consolidated **comprehensive Net Result** of the first nine months of 2021 is a profit of EUR 28.7 million, versus a profit of EUR 25.9 million as at 30 September 2020, due to the effects described above essentially deriving from the regression of the epidemic emergency.

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

3.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as 30 September 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	30/09/2021	31/12/2020	Change
Inventories	10.0	8.7	1.3
Trade receivables	142.1	82.6	59.5
Other current receivables	114.2	99.0	15.2
Current financial receivables	119.8	41.6	78.2
Trade payables	(316.1)	(177.5)	(138.6)
Other current payables and current provisions	(125.5)	(70.7)	(54.8)
Net Working Capital	(55.5)	(16.3)	(39.2)
Fixed assets	801.6	468.3	333.3
Equity investments	158.8	168.0	(9.2)
Non-current receivables	211.0	24.2	186.8
Non-current payables	(27.8)	(24.4)	(3.4)
Provisions	(122.8)	(60.9)	(61.9)
NET INVESTED CAPITAL	965.3	558.9	406.4
<i>Equity</i>	230.9	477.1	(246.2)
Adjusted Net Financial Position	776.5	43.8	732.7
Net Financial Position for funded investments (cash)	(42.1)	38.0	(80.1)
<i>Total net financial position</i>	734.4	81.8	652.6
TOTAL SOURCES	965.3	558.9	406.4

The **Net Working Capital** decreased by EUR 39.2 million as a result of the changes in the following items:

- **trade receivables** increased by EUR 59.5 million, mainly due to the contribution of EUR 56.8 million to the consolidation of MISE;
- **other current receivables** increased as a result of the advance recognised, amounting to EUR 5.7 million, in relation to the progress status of orders for the renewal of the rolling stock with borrowed funds, as well as the contribution to the consolidation of MISE, amounting to EUR 9.2 million;
- **current financial receivables** include:
 - a) receivables for financed investments in the railway infrastructure, equal to EUR 51.1 million, and increased by EUR 9.6 million due to the progress of railway infrastructure modernisation projects;
 - b) receivables for investments financed for the modernisation of rolling stock, amounting to EUR 68.8 million, not present at 31 December 2020, in relation to the progress of orders that are higher than the advances granted by Regione Lombardia;
- **trade payables**, net of the MISE contribution of EUR 49.0 million, increased by EUR 138.6 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 147.3 million and EUR 101.8 million, respectively. In particular, the investments paid with

borrowed funds pertain, for EUR 111.8 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** increased due to the higher payables deriving from MISE's contribution to the consolidation, amounting to EUR 58.2 million.

The item **fixed assets** comprises mainly tangible assets of EUR 449.3 million, of which EUR 335.3 million pertain to rolling stock, intangible assets for EUR 318.8 million, of which EUR 312.5 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 29.1 million for rights of use.

The value of **equity investments** decreased by EUR 9.2 million, mainly due to the lower result contributed by the companies carried at equity (EUR 13.7 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 90.2 million; these include the associated companies Autostrada Pedemontana Lombarda S.p.A. (EUR 36.5 million) and Tangenziali Esterne di Milano S.p.A. (EUR 43.7 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 September 2021, but not yet recognised, as well as loans from MISE to investees for EUR 55.5 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 (Regione

Lombardia) 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 September 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	30/09/2021	31/12/2020	Change
Liquidity	(240.3)	(126.1)	(114.2)
Current financial debt	781.6	101.2	680.4
Current Net Financial Position (Debt / -Cash)	541.3	(24.9)	566.2
Non-current financial debt	235.2	68.7	166.5
Adjusted Net Financial Position	776.5	43.8	732.7
Net Financial Position for funded investments (cash)	(42.1)	38.0	(80.1)
Net Financial Position	734.4	81.8	652.6

As at 30 September 2021, the total net financial position was EUR 734.4 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 September 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 42.1 million), the adjusted net financial position was EUR 776.6 million compared to a balance of EUR 43.8 million as at 31 December 2020, worsening by EUR 732.8 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 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 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 activities aimed at refinancing the *Bridge Loan* were concluded on 13 October 2021 FNM with the placement of a non-convertible *senior unsecured* bond for EUR 650 million, with a duration of 5 years. The Bond represents the inaugural issue under the *Euro Medium Term Non-Convertible Note Programme* (the "EMTN Programme") of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021.

The issue was settled on 20 October 2021.

The securities were placed at an issue price of 99.824% and will have a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points over the mid-swap reference rate. The securities representing the Bond have been assigned a Baa3 rating by Moody's and a BBB- rating by Fitch, in line with those of the issuer.

The proceeds of the Bond Loan were used to prepay in full the debt assumed in connection with the acquisition of Milano Serravalle - Milano Tangenziali S.p.A., and for the remaining part, to maintain adequate levels of liquidity to meet operating and investment needs. The Issue is consistent with FNM's financial strategy, aimed at optimising the composition of existing financial debt by lengthening maturities, in line with the composition of assets, diversifying financing sources and seizing opportunities offered by favourable market conditions.

On 29 January 2021, FNM fully settled the loan subscribed on 7 August 2018, as it was no longer consistent with the Group's financial structure, arranging for the advance repayment of 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	30/09/2021	30/09/2020
EBITDA	124.5	57.7
NET WORKING CAPITAL	(50.0)	(38.5)
Tax paid	(2.2)	(7.2)
Financial expenses/income	(13.6)	(1.0)
Free cash flow from operations	58.7	11.0
Net investments paid	(113.7)	(53.3)
Cash flow generation	(55.0)	(42.3)
Acquisition of equity investments net of cash held	(363.6)	(78.3)
Dividends cash-in	3.9	4.7
Divestments		32.1
Cash flow	(414.7)	(83.8)
Adjusted NFP (Debt/-Cash) INITIAL 01/01	43.8	(39.9)
Cash flow generation	414.7	83.8
Change in scope of consolidation	-	3.1
IFRS 16 Effect	2.7	(6.5)
MISE contribution: payables to banks and financial liabilities	315.3	-
Total change in NFP	732.7	80.4
Adjusted NFP (Debt/-Cash) FINAL 30/09	776.5	40.5

Cash flow generation in the period was negative for EUR 55.0 million and derives from operations and investments paid. The **operating cash flow** deriving from income management is a positive EUR 58.7 million, due to EBITDA of EUR 124.5 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 Regione Lombardia.

Net investments of approximately EUR 113.7 million were paid in the period, compared to EUR 53.3 million paid in the comparative period of 2020.

The cash flow was greatly influenced in the period 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 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.

3.3 INVESTMENTS

Investments accrued during the first nine months of 2021 amounted to a total of EUR 348.1 million, versus EUR 100.5 million in the first nine months of 2020.

In particular:

- **investments financed by Regione Lombardia** were made for a total of EUR 268.6 million (EUR 63.8 million in the comparative period), relating to the renewal of rolling stock for EUR 231.9 million and the modernisation and upgrading of infrastructure for EUR 36.7 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;
- **investments financed with own means** were made for EUR 29.8 million (EUR 5.9 million in the comparative period 2020) which mainly refer to the entry into service of 1 TILO trainset (EUR 8.5 million) and 2 E744 Effishunter locomotives (EUR 2.9 million), the advance paid for the purchase of 6 hydrogen-powered electric trains (EUR 7.1 million), the cyclical maintenance carried out on CSA trains (EUR 3.5 million) and the modernisation of DE520 locomotives (EUR 0.8 million);
- **investments were made in reversible assets in the motorway infrastructure** for EUR 49.8 million (EUR 30.8 million in the comparative period of 2020), of which EUR 43.6 million between March and September 2021.

4 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

Amounts in millions of euros	9 MONTHS 2021 PRO-FORMA						9 MONTHS 2020 PRO-FORMA					
	Railway infrastructure management	Rosco & Services	Road passenger transport	Motorway infrastructure management	limination	Total	Railway infrastructure management	Rosco & Services	Road passenger transport	Motorway infrastructure management	limination	Total
Revenues from third parties	89.1	48.6	79.7	176.9		394.3	87.6	51.5	64.0	151.6		354.7
Intercompany revenues	4.0	8.8	8.2	2.1	(23.1)	0.0	3.6	8.6	3.9		(16.1)	0.0
Grants for funded investments net of costs	2.7	0.0	0.0			2.7	2.8					2.8
Segment revenues	95.8	57.4	87.9	179.0	(23.1)	397.0	94.0	60.1	67.9	151.6	(16.1)	357.5
Adjusted EBITDA	6.7	35.7	10.1	83.4		135.9	9.4	39.8	9.4	62.9		121.5
Adjusted EBITDA %	5%	26%	7%	61%			8%	33%	8%	52%		
EBITDA	8.9	33.9	10.1	83.4		136.3	9.4	39.1	9.4	62.9		120.8
EBITDA %	7%	25%	7%	61%			8%	32%	8%	52%		
EBIT	7.1	12.3	3.4	51.4		74.2	7.7	19.9	.7	32.9		61.2

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.

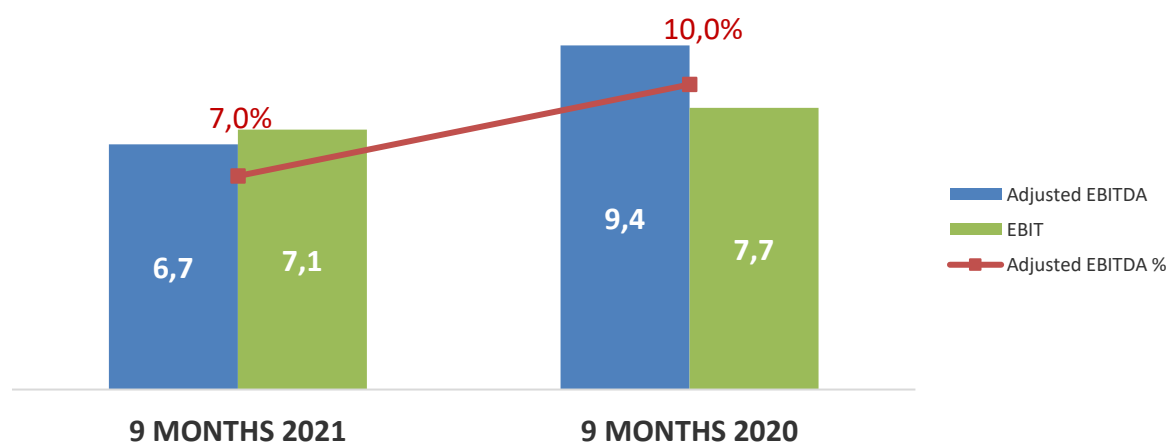
The concession agreement includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire also has the role of acquiring and managing, on a non-exclusive basis, the 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>	9 MONTHS 2021	9 MONTHS 2020	Chg	Chg %
Public contracts and grants	75.3	75.7	(0.4)	-0.5%
Leasing rolling stock	8.5	6.6	1.9	28.8%
Other revenues	12.0	11.7	0.3	2.6%
Total revenues	95.8	94.0	1.8	1.9%

Adj. EBITDA	6.7	9.4	(2.7)	-28.7%
Adj. EBITDA %	7.0%	10.0%		
EBIT	7.1	7.7	(0.6)	-7.8%



Segment revenues amounted to EUR 95.8 million, up EUR 1.8 million (+1.9%) compared to EUR 94.0 million in the first nine months of 2020.

In particular, revenues relating to public contracts and grants, which include the consideration deriving from the Service Contract for infrastructure management, are substantially aligned with those of the same period of 2020, falling to EUR 75.3 million from EUR 75.7 million as a result of the EUR 2.0 million decrease, due to both the rescheduling of the railway offer schedule following the lower mobility caused by the COVID-19 pandemic and the efficiency mechanism of the Contract itself. This variation was partially offset by the income recognised by the Awarding Body for the year 2020 to cover the impacts of the measures implemented in response to the COVID-19 emergency. Revenues relating to public contracts and grants also benefited from higher recoveries for planning activities.

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

Other revenues increased by EUR 0.3 million mainly as a result of the sale of some inventories against lower income from commercial activities and rental of premises due to the pandemic.

Terminal management revenues are in line with the same period in 2020.

Segment Adjusted EBITDA decreased by EUR 2.7 million, to EUR 6.7 million from EUR 9.4 million. The change, in a context of a slight increase in personnel costs, 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.

Increased provisions for cyclical maintenance of the fleet made available to Trenord were also recorded, 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 regards terminal operations, the results for the period were in line with the previous year with revenues of EUR 1.2 million and negative EBITDA of EUR 0.1 million.

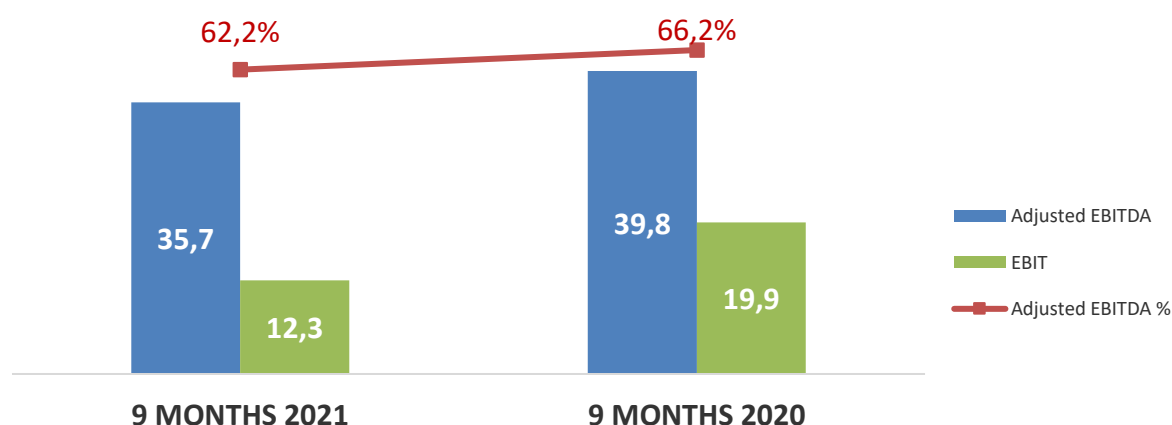
4.2 RO.S.CO & SERVICES

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 transport⁶ sectors, as well

⁶ 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.

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). In June 2021, the request was filed with the Bank of Italy to obtain authorisations from the competent authorities.

Amounts in millions of euros	9 MONTHS 2021	9 MONTHS 2020	Chg	Chg %
Leasing rolling stock	39.0	42.4	(3.4)	-8.0%
Other revenues	18.4	17.7	0.7	4.0%
Total revenues	57.4	60.1	(2.7)	-4.5%
Adj. EBITDA	35.7	39.8	(4.1)	-10.3%
Adj. EBITDA %	62.2%	66.2%		
EBIT	12.3	19.9	(7.6)	-38.2%



Segment revenues, amounting to EUR 57.4 million (EUR -2.7 million compared to the first nine months of 2020), mainly relate to the leasing of rolling stock, primarily to Trenord, with rents of EUR 39.0 million, down by EUR 3.4 million (-8.0%) compared to EUR 42.4 million in the first nine months 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, 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 0.7 compared to the first nine months of 2020, to EUR 18.4 million. The change is attributable to

higher revenues for administrative services and IT management, against a slight reduction in rents on commercial premises due to the pandemic. It should be noted that in 2021 other income includes a gain of EUR 0.3 million on the sale of a building.

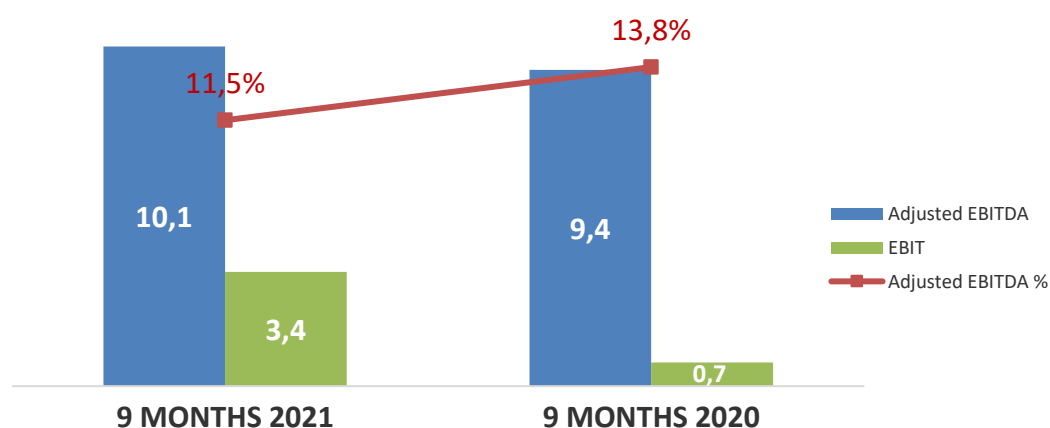
The reduction of EUR 4.0 million in Adjusted EBITDA to EUR 35.7 from EUR 39.7 million in the nine months of 2020 reflects, in addition to the contraction in revenues, higher expenses for communication, IT services, insurance and higher provisions for personnel costs caused by the different accounting policy for performance bonuses. Adjusted EBITDA is also affected by FNM Pay start-up costs.

4.3 ROAD PASSENGER TRANSPORT

In the first nine months 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 activities and the continuation of high rates of remote working and learning. As the vaccination campaign progressed and the summer season continued, restrictions were gradually lifted, which had a positive effect on the recovery of mobility also for school purposes. The data for the period compares with the first nine months of 2020, which benefited from regular traffic conditions until 22 February, compared to the month of March characterised by a lockdown that instead imposed particularly stringent conditions on movements, with significant repercussions on both transport demand and production. In the nine months of 2020, travel had picked up from June through to the end of September.

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 nine months of 2021 was at a higher level than in the same period of 2020, although still marginally lower than pre-pandemic standards.

<i>Amounts in millions of euros</i>	9 MONTHS 2021	9 MONTHS 2020	Chg	Chg %
Public contracts and grants	43.5	38.2	5.3	13.9%
Transport services	39.6	24.9	14.7	59.0%
Other revenues	4.8	4.8	0.0	0.0%
Total revenues	87.9	67.9	20.0	29.5%
Adj. EBITDA	10.1	9.4	0.7	7.4%
Adj. EBITDA %	11.5%	13.8%		
EBIT	3.4	0.7	2.7	ns



Revenues in the period amounted to EUR 87.9 million, up EUR 20.0 million (+29.5 %) compared to EUR 67.9 million in the first nine months of 2020.

In particular:

- revenues from government contracts and grants increased by EUR 5.3 million (+13.9%) to EUR 43.5 million compared to the first nine months of the previous year, mainly due to the economic effect of the government measures still in force⁷ to compensate for the loss of revenue from ticketing and additional services (estimated at a total of approximately EUR 9.2 million for the first nine months of 2021, compared to EUR 4.6 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 Law no. 126 of 16 September 2021 (which converted decree no. 105 of 2021 to law) extended to 31 December 2021 the provision introduced by the - Decree Law no. 18 of 2020 - (“Cura Italia” Decree), which makes provision for the recognition of fees 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 14.7 million to EUR 39.6 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.

⁷ Law no. 77 of 17 July 2020 (Art. 200 paragraph 1, termed the “Rilancio Decree”), Law no. 126 of 13 October 2020 (Art. 44, termed the “Agosto 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 “Sostegni Decree”).

Adjusted EBITDA for the period was EUR 10.1 million, up EUR 0.6 million compared to the first nine months of 2020. The variation is attributable to the increase in revenues, offset by higher costs incurred for 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. Personnel costs have also increased despite the contingency arising 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 described above.

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 should be noted that Regione Lombardia approved on 25 May 2021, no. 8 art.30, the amendment of art. 60 of Law 6 of 2012, postponing the deadline for carrying out tenders for the renewal of concessions/service contracts by 2 years, after the end of the emergency period.

During the period under analysis, the production of local public transport services rose by 28% compared to the first nine months of 2020 to 3.1 million bus-km, and was essentially in line with the same period of 2019. Despite the slight recovery in the second and third quarters of 2021 due to the reopening of schools, the number of travellers fell by 28.0% (to 0.9 from 1.1 million) compared to the first nine months of 2020 and by 65.8% compared to the same period of 2019.

Total revenues, amounting to EUR 15.2 million, increased by EUR 1.9 million in the period (+14.3% compared with the first nine months of 2020), thanks to an increase in the number of supplementary train services and contributions to offset lost revenue and for additional services of approximately EUR 1.6 million (EUR 0.6 million in the first nine months of 2020).

- **Azienda Trasporti Verona**, (in which FNM and Azienda Mobilità Trasporti S.p.A. hold equal stakes) essentially operates in the road passenger transport sector in the municipality and province of Verona on the basis of three Service Agreements also extended to 31 December 2021. By resolution of the President of the Province of Verona dated 25 February 2021, the community tender for the identification of the concessionaires of Verona's public

transport services was suspended, pursuant to art.92 of Decree Law 18/2020 (converted with amendments by Law no.27/2020), until 12 months after the provision that will formalise the conclusion of the Covid emergency.

During the period under review, production recorded a recovery of 34.2% to 13.9 million bus-km compared to 10.3 million bus-km in the first nine months of 2020; the figure however remained -3.7% below the same period of 2019. The number of passengers carried also rose by 8.7% to 31.8 million from 29.3 million in the same period of 2020, with a more marked recovery on suburban routes and in the segment of ticket and carnet sales to occasional customers compared to season tickets. Compared to the first nine months of 2019, the number of passengers carried remains 40.5% lower.

Total revenue increased by 14% to EUR 51.2 million from EUR 44.9 million in the first nine months of 2020, in particular thanks to contributions to offset lower ticketing revenue and contributions for additional services (totalling EUR 7.6 million in the first nine months of 2021 compared to EUR 4.0 million in the same period of 2020) and higher ticketing revenue.

- **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 period, total revenues more than doubled to EUR 14.1 million, due to the significant increase in subcontracted services (to EUR 11.6 million, also more than doubled with respect to the first nine months of 2020), as a result of the enhancement of school LPT services requested by the Veneto Region. MartiniBus, whose business has been temporarily redefined to offer supplementary local public transport services on a sub-contracted basis, also performed well in the period with revenues increasing to EUR 4.0 million compared to EUR 1.1 million recorded in the nine months of 2020. Tourism services were still essentially null. 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, subsequently merged by incorporation in La Linea with legal effect from 1 November 2021. It should also be noted that in June, La Linea, following the tender announced in 2016 by the Municipality of Venice, was awarded the management for 9 years of 10% of the local urban public transport 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 2.5 million, an increase of 28.9% 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 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

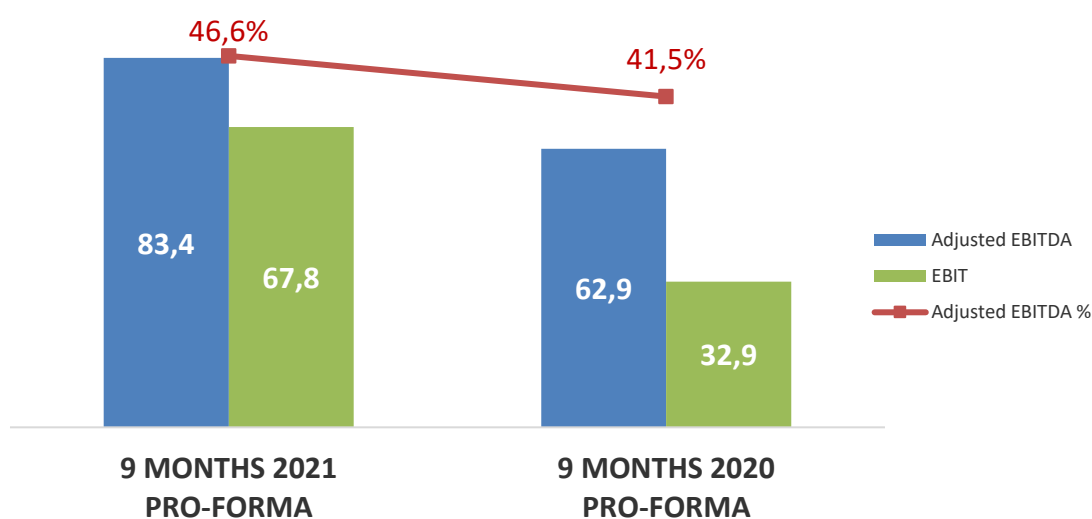
The FNM Group operates in the motorway infrastructure management sector through MISE, which has been fully consolidated from 26 February 2021.

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.

<i>Amounts in millions of euros</i>	9 MONTHS 2021 PRO-FORMA	9 MONTHS 2020 PRO-FORMA	Chg	Chg %
Toll revenues	165.9	142.3	23.6	16.6%
Other revenues	13.1	9.3	3.8	40.9%
Total revenues	179.0	151.6	27.4	18.1%
Adj. EBITDA	83.4	62.9	20.5	32.6%
Adj. EBITDA %	46.6%	41.5%		
EBIT	67.8	32.9	34.9	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 also had repercussions in the first nine months of 2021. In particular, in January and February, 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, traffic began to gradually increase again thanks to the launch of the vaccination campaign and the relaxation of travel restrictions based on epidemiological risk zones. With the classification of all Italian regions as "white zone" from June 2021 and the entry into the middle of the summer holidays, the upswing in traffic has further strengthened. The first nine months 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 in June, and a rapid recovery in traffic in the summer months. In general, in the first nine months of 2021, paying traffic recorded a total of 1,935.7 million vehicle-km, an increase of 19.3% compared to the same period in 2020 (1,623.1 million vehicle-km) and a decrease of 18.0% compared to the same period in 2019.

Regarding the breakdown of traffic between light and heavy vehicles, as of 30 September 2021, it is noted that heavy traffic has fully recovered from pre-pandemic levels, standing at 455.4 million vehicle-km, up 17.1% compared to the nine months of 2020 and 0.6% compared to the same period in 2019. Light vehicle traffic, while recovering with 1,480.3 million vehicle-km in the nine months of 2021, increased by 19.9% compared to the same period in 2020, but remains 22.5% lower than in 2019.

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 controls Milano Serravalle Engineering (wholly-owned), which provides design, technical and administrative support for infrastructure investments on the motorway network.

MISE's investees also include 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).

For the part still to be built, as regards sections B2 and C (totalling 26 km in length), it should be noted that on 31 August 2021 the Board of Directors of APL awarded the tender to the General Contractor identified in the Temporary Association of Companies between Webuild S.p.A., Impresa Pizzarotti & C. and Astaldi S.p.A. for a total contract amount of EUR 1,259 million. Following the tender process, also on 31 August 2021 APL signed a loan of EUR 1,741 million with a pool of commercial banks together with Cassa Depositi e Prestiti and EIB, with the support of Regione Lombardia as the reference partner. Having met the deadline of 31 August 2021, APL will also be able to benefit from the tax exemption as per Supplementary Act no. 2 to the Single Convention approved by the CIPESS for EUR 800 million. Construction sites are scheduled to open in the second half of 2022 after preparation of the executive project by the General Contractor. Work is scheduled to be completed in the second half of 2025.

In consideration of the first nine months of the year, the Motorway Infrastructure Management segment closed (pro-forma figure for 9 months) with revenues of EUR 179.0 million, up compared to EUR 151.6 million as at 30 September 2020 (EUR +27.4 million, but still lower than pre-pandemic levels), mainly due to the increase in toll revenues (to EUR 165.9 million as at 30 September 2021 from EUR 142.3 million) due to the higher traffic recorded in the period, in the absence of tariff increases. Other revenues also grew thanks primarily to higher income from service area concessions, which benefited from the recovery in mobility.

EBITDA for the period was EUR 83.4 million, an increase of EUR 20.5 million from EUR 62.9 million in the first nine months of 2020, mainly due to the increase in revenues.

EBITDA was affected by higher costs of EUR 6.9 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 paving maintenance, which were concentrated in the 2020 to benefit from

the favourable conditions (for carrying out road works) resulting from reduced traffic, based on the travel restrictions imposed to contain the COVID-10 pandemic.

5 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group at 30 September 2021 was 2,835, compared with 2,802 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 offer 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 CO2 emissions for the thermal engines of means of transport, models for capturing, storing or using CO2 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) today 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, FNM has a shareholding representing 96% of MISE share capital.

The acquisition was completed following the fulfilment of the conditions precedent set out in the sale and purchase contract, including the obtainment 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% (from 79.3%) of the share capital 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 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 of 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.

FILI project: new anthropisation 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 Regione Lombardia.

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.

Approval of the FNM Group Strategic Plan for the period 2021-2025

16 September 2021 - FNM's Board of Directors has approved the Strategic Plan for the period 2021-2025 which establishes the Group as an integrated operator of sustainable mobility, guided by environmental, social and governance (ESG) sustainability principles. The FNM Plan contributes to

the achievement of 10 of the 17 Sustainable Development Goals of the UN 2030 Agenda (SDGs) on which it has an impact.

For the first time, the Plan identifies key indicators with precise targets for 2025; in particular, also in order to demonstrate the Company's commitment to encouraging and promoting the energy transition process, by 2025 the Group aims to reduce current CO2 emissions by 35% and to use 100% energy from renewable sources for railway traction.

In order to enable the achievement of the above-mentioned objectives, in the period 2021-2025, FNM envisages an investment plan amounting to approximately EUR 850 million, of which more than one-third will be green, included in the European taxonomy regulations, which will make it possible to increase the value created for all relevant stakeholders in the long term. The direct and indirect impact ("True Value") generated by the FNM Group in the period, calculated according to the model of representing the "true value" returned to the community by quantifying the external economic, social and environmental effects, is in fact expected to double, reaching EUR 1.3 billion in 2025.

With regard to the main economic and financial indicators, the Plan provides for:

- an increase in revenues to approximately EUR 680 million in 2025 from EUR 481 million in 2020 Pro-Forma, with a 2020-2025 CAGR of 7%;
- an increase in EBITDA to approximately EUR 250 million in 2025 from EUR 151 million in 2020 Pro-Forma, with a 2020-2025 CAGR of 11%;
- a growth in adjusted net income to approximately EUR 50 million in 2025 from EUR 35 million in 2020 Pro-Forma, with a 2020-2025 CAGR of 7%.

The capital structure will also be strengthened over the period thanks to cash generation, which will allow the investment plan to be supported, while also achieving progressive deleveraging, with Adjusted NFP expected to decrease slightly to EUR 740-780 million at the end of 2025 and the Adjusted NFP/EBITDA ratio improving to 3x at 2025 from 5x at the end of 2021.

In light of the economic and financial dynamics illustrated, the Plan envisages the remuneration of shareholders with a dividend per share expected to grow at a 2021-2025 CAGR of 16%, sustainable and compatible with the leverage targets, with the maintenance of the investment grade rating.

In addition to the provisions of the Plan, FNM will continue to monitor further investment opportunities that may arise, leveraging the flexibility of its financial structure, without prejudice to its objectives of maintaining a solid investment grade rating and consistency with its objectives and ESG strategy.

7 SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2021

Successful placement of a EUR 650 million bond issue

On **13 October 2021**, FNM S.p.A. successfully completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of five years. The Bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the "**EMTN Programme**") of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021.

The Bond, offered for subscription to Italian and foreign institutional investors in accordance with current regulations (except for limitations relating to certain countries, including the United States of America) and intended for listing on the regulated market of the Irish Stock Exchange – Euronext Dublin, attracted great interest, receiving orders for EUR 2.3 billion (3.5 times the amount offered) from a diversified group of national and international institutional investors. The issue was settled on 20 October 2021.

The securities were placed at an issue price of 99.824% and will have a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points with respect to the mid-swap reference rate. The securities representing the Bond have been assigned a Baa3 rating by Moody's and a BBB- rating by Fitch, in line with those of the issuer.

The proceeds of the Bond Loan were used to prepay in full the debt assumed in connection with the acquisition of Milano Serravalle - Milano Tangenziali S.p.A., and for the remaining part, to maintain adequate levels of liquidity to meet operating and investment needs. The Issuance is consistent with FNM's financial strategy, aimed at optimising the composition of existing financial debt by lengthening maturities, in line with the composition of assets, diversifying financing sources and seizing opportunities offered by favourable market conditions.

8 MANAGEMENT OUTLOOK

In light of the results achieved in the nine months of 2021 and the evidence relating to October and the first few days of November on traffic development, while confirming a cautious attitude, especially with reference to the local public transport sector and the motorway infrastructure management, on which there are still some uncertainties regarding the forthcoming developments of the COVID-19 pandemic, as well as the outcomes of the vaccination campaign on travellers' propensity to travel, the Group further revises its estimates for 2021 upwards.

As regards passenger road transport, 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, 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 attitude must continue to be adopted with regard to forecasts on the recovery of demand for motorway traffic, especially with reference to light traffic, even if the figures for the current year show a marked increase compared to 2020.

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.

On the other hand, rolling stock rental and railway infrastructure management activities remain less exposed to the effects of the epidemic emergency, despite the continuing negative effects of the pandemic on advertising revenues and building commercial leases.

The actions implemented to contain the main cost items in order to mitigate the negative effects of the emergency are confirmed.

In light of said 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 up about 10% 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 80%, 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% compared to 2020.

From a financial point of view, by year-end 2021, the Group expects a level of debt ("Adjusted NFP") substantially in line with that recorded as at 30 September 2021, i.e. in the range of EUR 750-800 million, with an Adjusted NFP/EBITDA ratio of 5x. These values are 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.

Also for Trenord - valued according to the equity method - the most recent figures on transport demand show a recovery compared to 2020. The persistence of the current uncertainty as regards health conditions and the possible permanent changes in the travel habits of travellers, lead us to presume that there will be a gradual recovery of volumes to pre-pandemic levels over the space 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, 11 November 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

This 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 third quarter 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 1.8 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 0.7 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 timing 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 30 September 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 30.09.2021

<i>Amounts in thousands of euros</i>	30/09/2021	31/12/2020
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	449.255	443.340
Intangible assets	318.827	5.139
Goodwill	4.353	4.353
Right of use	29.140	15.489
Investments measured with the equity method	143.374	76.733
Investments in other companies	15.473	91.313
Financial receivables	57.072	2
Contractual assets	101.754	0
Deferred tax assets	44.919	24.015
Tax receivables	26	0
Other Receivables	7.239	213
TOTAL NON-CURRENT ASSETS	1.171.432	660.597
CURRENT ASSETS		
Inventories	9.962	8.702
Trade Receivables	142.051	82.640
Other Receivables	110.262	95.834
Tax receivables	3.893	2.968
Financial receivables	911	115
Receivables for funded investments	118.876	41.511
Cash and cash equivalents	339.909	253.344
TOTAL CURRENT ASSETS	725.864	485.114
Assets held for sale	0	0
TOTAL ASSETS	1.897.296	1.145.711
<u>LIABILITIES</u>		
Share capital	230.000	230.000
Other reserves	8.676	7.788
Reserve for indivisible profit	(58.237)	203.387
Reserve for actuarial gains/(losses)	(7.653)	(7.661)
Translation reserve	102	105
Profit/(loss) for the period	22.367	24.185
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	195.255	457.804
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INT	35.654	19.304
TOTAL SHAREHOLDERS' EQUITY	230.909	477.108
NON-CURRENT LIABILITIES		
Payables to banks	188.100	42.441
Financial Payables	34.500	13.706
Payables for funded investments	12.581	12.581
Other liabilities	22.153	24.357
Deferred tax liabilities	5.631	0
Provisions for risks and charges	94.516	39.722
Post-employment benefits	28.311	21.201
TOTAL NON-CURRENT LIABILITIES	385.792	154.008
CURRENT LIABILITIES		
Payables to banks	712.820	58.619
Financial Payables	68.867	42.542
Payables for funded investments	57.470	165.208
Trade payables	316.124	177.538
Payables for taxes	7.364	87
Tax payables	10.333	3.315
Other liabilities	63.860	46.049
Provisions for risks and charges	43.757	21.237
TOTAL CURRENT LIABILITIES	1.280.595	514.595
Liabilities related to assets held for sale	0	0
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY	1.897.296	1.145.711

CONSOLIDATED INCOME STATEMENT NINE MONTHS OF 2021

<i>Amounts in thousands of euros</i>	9 months 2021	9 months 2020
Revenues from sales and services	329.852	178.644
Grants	17.523	12.392
Revenues from construction services - IFRIC 12	83.052	27.393
Other income	17.227	12.061
TOTAL REVENUES AND OTHER INCOME	447.654	230.490
Raw materials, consumables and goods used	(16.317)	(12.269)
Service costs	(85.786)	(44.463)
	of which: Non Recurring	(753)
Personnel costs	(112.157)	(81.514)
Depreciation, amortisation and write-downs	(55.556)	(29.611)
Write-down of financial assets	(1.980)	-
Other operating costs	(26.524)	(9.794)
	of which: Non Recurring	2.237
Costs of construction services - IFRIC 12	(80.387)	(24.597)
TOTAL COSTS	(378.707)	(202.248)
EBIT	68.947	28.242
Financial income	2.594	1.985
Financial expenses	(19.046)	(1.650)
NET FINANCIAL INCOME	(16.452)	335
Net profit of companies measured with the equity method	(12.891)	(15.613)
EARNINGS BEFORE TAX	39.604	12.964
Income tax	(14.259)	(5.889)
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	25.345	7.075
NET PROFIT FROM DISCONTINUED OPERATIONS	-	-
PROFIT/(LOSS) FOR THE PERIOD	25.345	7.075
Profit/(loss) attributable to NON-CONTROLLING interest	2.978	880
Profit/(loss) attributable to Parent Company shareholders	22.367	6.195
Profit/(loss) attributable to NCIs for discontinued operations	-	-
Profit/(loss) attributable to Parent Company shareholders for discontinued operations	-	-

Earnings per share attributable to Group shareholders		
Basic earnings per share (euro)	0,05	0,01
Diluted earnings per share (euro)	0,05	0,01
Earnings per share attributable to Group shareholders for discontinued operations		
Basic earnings per share (euro)	-	-
Diluted earnings per share (euro)	-	-

OTHER CONSOLIDATED COMPREHENSIVE INCOME

<i>Amounts in thousands of euros</i>	30/09/2021	30/09/2020
PROFIT/(LOSS) FOR THE PERIOD	25,345	7,075
Other components of companies consolidated on a line-by-line basis		
Post-employment benefit actuarial gain/(loss)	53	40
Tax effect	(14)	(11)
Total components that will not be reclassified in the operating result	39	29
Change Fair value of derivatives	1,217	
Tax effect	(292)	
Total components that will be reclassified in the operating result	925	
Total companies consolidated on a line-by-line basis	964	29
Other components of companies consolidated with the equity method		
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	32	383
Tax effect	(9)	(107)
Total components that will not be reclassified in the operating result	23	276
Gains/(losses) arising from the translation of financial statements of foreign companies	(3)	5
Total components that will be reclassified in the operating result	(3)	5
Total companies consolidated with the equity method	20	281
Total Other Comprehensive Income	984	310
TOTAL COMPREHENSIVE PROFIT/(LOSS)	26,329	7,385
Comprehensive Profit/(Loss) attributable to non-controlling interest	3,069	917
Comprehensive Profit/(Loss) attributable to Parent Company shareholders	23,260	6,468

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 interests	Total Shareholders' equity
Balance 01.01.2020	230,000	7,788	172,970	(7,545)	96	30,281	433,590	20,711	454,301
Total Comprehensive Income				268	5	6,195	6,468	917	7,385
Allocation of 2019 profit			30,281			(30,281)	-		-
Change in the scope of consolidation			136				136	(1,902)	(1,766)
Balance at 30.09.2020	230,000	7,788	203,387	(7,277)	101	6,195	440,194	19,726	459,920
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		888		8	(3)	22,367	23,260	3,069	26,329
Allocation of 2020 profit			24,185			(24,185)	-		-
Change in the scope of consolidation			(285,809)				(285,809)	13,281	(272,528)
Balance at 30.09.2021	230,000	8,676	(58,237)	(7,653)	102	22,367	195,255	35,654	230,909

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30.09.2021

<i>Amounts in thousands of euros</i>	30/09/2021	30/09/2020
Cash flow from operating activities	Total	Total
Profit for the period	25,345	7,075
Income tax	14,259	5,889
Net profit of companies measured with the equity method	12,891	15,613
Amortisation for the period of intangible assets	24,630	2,694
Depreciation for the period of property, plant and equipment	25,359	24,087
Amortisation of right of use	4,685	2,831
Provisions for risks and charges	32,907	9,492
Releases of provisions for risks and charges	(4,420)	-
Provision for bad debts	2,318	66
Gains from disposal of property, plant and equipment	(426)	(217)
Gains from disposal of assets held for sale	-	(1,014)
Capital grants for the period	(2,743)	(2,847)
Interest income	(2,594)	(971)
Interest expense	19,046	1,650
Other non-monetary income	272	-
Cash flow from income activities	151,529	64,348
Net change in the provision for post-employment benefit	(1,697)	(1,945)
Net change in provision for risks and charges	(26,092)	(7,974)
Increase in trade receivables	(18,488)	(19,877)
(Increase)/Decrease in inventories	1,231	(108)
Increase in other receivables	(11,476)	(6,326)
Decrease in trade receivables	(30,283)	(27,275)
Increase in other liabilities	9,779	4,542
Payment of taxes	(2,221)	(7,019)
Net change in deferred tax assets/liabilities	-	(22)
Total cash flow from/(for) operating activities	72,282	(1,656)
Cash flow from/(for) investing activities		
Investments in intangible assets with own funds	(1,091)	(904)
Investments in property, plant and equipment with own funds	(28,775)	(4,111)
Decrease in trade payables for investments with own funds	(10,259)	(31,606)
Investments in funded rolling stock net of grants collected	(57,669)	104,918
Financed investments in railway infrastructure net of grants collected	(8,445)	(8,527)
Investments in non-compensated assets for motorway infrastructure	(39,314)	-
Disposal value of property, plant and equipment	930	626
Collection of financial receivables for Finlombarda liquidity management	-	48,352
Other investments	(299)	-
Dividends distributed by investees measured with the equity method	3,860	4,696
Other changes in financial receivables	4,368	(113)
Interest income collected	499	971
Repayment of finance lease receivables	-	738
Bond subscription	(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 (Ministry of Economic Development) acquisition net of cash held	(363,552)	(78,501)
Total cash flow from/(for) investing activities	(500,998)	65,199
Cash flow from/(for) financing activities		
Repayment of finance lease payables	(5,262)	(1,906)
Loan repayment	(75,157)	-
New loans	620,000	9,905
Interest paid	(14,403)	(1,269)
Decrease in payables to banks	(3,145)	(35)
Interest paid on bond loan	-	(682)
Reimbursement of bond loan	-	(58,000)
Increase/(Decrease) in other financial liabilities	(6,752)	564
Total cash flow from/(for) financing activities	515,281	(51,423)
Liquidity generated (+)/absorbed (-)	86,565	12,120
Cash and cash equivalents at start of period	253,344	228,723
Cash and cash equivalents at end of period	339,909	240,843
Liquidity generated (+)/absorbed (-)	86,565	12,120