



Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

Consolidated Condensed Interim Financial Statements

FNM Group

as at 30 June 2022

CORPORATE BODIES

Board of Directors

Chair

Andrea Gibelli

Deputy Chair

Gianantonio Battista Arnoldi

Directors

Tiziana Bortot

Barbara Lilla Boschetti

Marcella Caradonna

Ivo Roberto Cassetta

Mauro Miccio

Board of Statutory Auditors

Chair

Eugenio Pinto

Statutory Auditors

Roberta Eldangela Benedetti

Massimo Codari

General Manager

Marco Giovanni Piuri

Executive in charge

Valentina Montanari

of financial reporting

Independent Auditor

PricewaterhouseCoopers S.p.A.

CONTENTS

Corporate bodies

Report to the Consolidated Condensed Interim Financial Statements as at 30 June 2022

Introduction	<i>page</i>	<i>1</i>
1. Group structure and business segments as at 30 June 2022	<i>page</i>	<i>1</i>
2. Summary indicators of result	<i>page</i>	<i>8</i>
3. Information for Investors	<i>page</i>	<i>9</i>
4. Consolidated operating and financial performance	<i>page</i>	<i>18</i>
5. Operating performance of business segments	<i>page</i>	<i>29</i>
6. FNM Group Human Resources	<i>page</i>	<i>44</i>
7. Main risks and uncertainties to which the Group is exposed	<i>page</i>	<i>45</i>
8. Most relevant litigation and other information	<i>page</i>	<i>46</i>
9. Significant events during the period	<i>page</i>	<i>49</i>
10. Significant events after 30 June 2022	<i>page</i>	<i>49</i>
11. Management outlook	<i>page</i>	<i>50</i>
Glossary of terms and alternative performance indicators used	<i>page</i>	<i>52</i>

Consolidated Condensed Interim Financial Statements:

- Consolidated statement of financial position	<i>page</i>	<i>55</i>
- Consolidated income statement	<i>page</i>	<i>56</i>
- Other consolidated comprehensive income	<i>page</i>	<i>57</i>
- Statement of changes in consolidated shareholders' equity	<i>page</i>	<i>57</i>
- Consolidated statement of cash flows	<i>page</i>	<i>58</i>
- Notes to the consolidated condensed interim financial statements as at 30 June 2022	<i>page</i>	<i>59</i>

Certification of the Consolidated Condensed Interim Financial Statements

MANAGEMENT REPORT TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as at 30 June 2022

INTRODUCTION

With reference to the six-month period ended 30 June 2022 (hereinafter the “First Half of 2022” or “period”), the quantitative data and the comments contained in this Report are intended to provide an overview of the Group’s economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period.

The first half of 2022 was characterised on one hand by the gradual easing of the consequences of the COVID-19 pandemic, thanks to the positive effects of the vaccination campaign and the declining severity of the disease. On the other hand, the period suffered from serious uncertainties linked to the continuation of the conflict between Russia and Ukraine that broke out on 24 February 2022. The increasingly severe economic sanctions imposed against Russia by the European Union and the United States have in fact exacerbated the rise in energy prices and inflation, which had already started to emerge in the final months of 2021.

It should be noted that the results for the period take into account the effects of the Group’s entry into the motorway infrastructure management sector with the completion of the acquisition of the controlling interest in Milano Serravalle - Milano Tangenziali S.p.A. (hereinafter also referred to as “MISE”) on 26 February 2021.

1 GROUP STRUCTURE AND BUSINESS SEGMENTS AS AT 30 JUNE 2022

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. The majority shareholder is the Lombardy Region, which holds a 57.57% stake.

FNM GROUP

la vita in movimento

Ro.S.Co. & Services

- Locazione materiale rotabile
- Fornitura di servizi amministrativi e real estate
- Sviluppo di piattaforme digitali complementari in ottica Maac



Infrastruttura ferroviaria

- Gestione infrastruttura ferroviaria in Lombardia
- Gestione terminal intermodale



Mobilità passeggeri su gomma

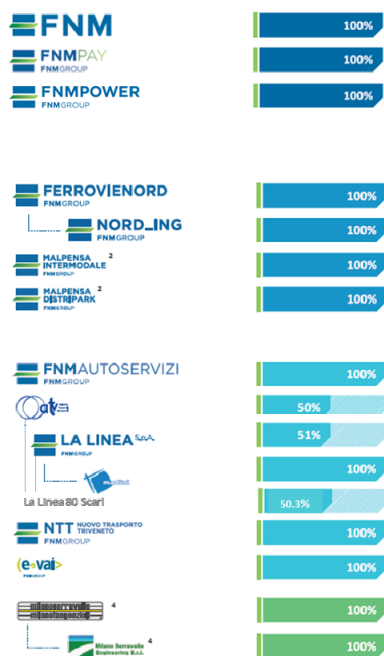
- Gestione TPL su strada
- Servizio di car sharing elettrico



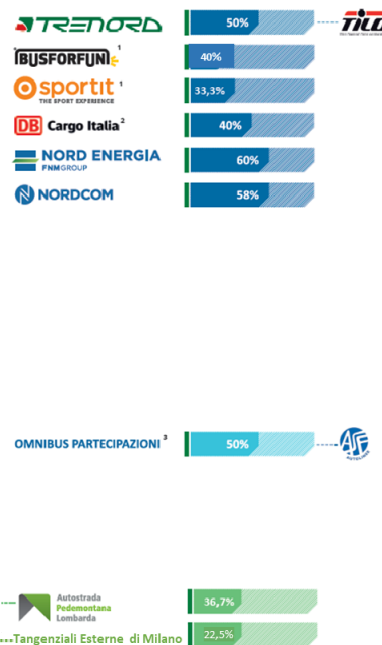
Autostrade

- Gestione infrastruttura autostradale in concessione

SOCIETÀ' CONSOLIDATE INTEGRALMENTE



SOCIETÀ' VALUTATE CON IL METODO DEL PATRIMONIO NETTO



¹ Aziende che gestiscono piattaforme digitali complementari, consentendo l'implementazione della mobilità come paradigma strategico comunitario (Maac). A Sportit fanno riferimento i marchi Snowit e Bikeit

² Società operanti nel settore del trasporto merci e logistica, ad oggi incluse rispettivamente nel segmento Infrastruttura Ferroviaria e Ro.S.Co. & Services. Malpensa Intermodale e Malpensa Distripark sono in fase di start up

³ Società operante nella Mobilità passeggeri su gomma ma considerata nel segmento Ro.S.Co. ai fini della redazione del bilancio

⁴ Società consolidate integralmente dal 26.02.2021

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

1.1 RAILWAY INFRASTRUCTURE

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 Agreement signed with the Lombardy Region for the period 18 March 2016-31 December 2022 and the Programme Agreement signed with the Lombardy Region expiring on 31 December 2027. With reference to the Service Agreement due to expire on 31 December 2022, it should be noted that negotiations are under way between Ferrovienord and the Lombardy Region for a new Service Agreement effective as of 1 January 2023;
- 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), not far from Malpensa Airport, and
 - Malpensa Distripark S.r.l. - entrusted with the real-estate development of the areas adjacent to the Sacconago Terminal, which is key to the management of intermodal connections in the cargo sector handled by Malpensa Intermodale.

1.2 RO.S.CO. & SERVICES

The parent company FNM S.p.A. purchases and leases rolling stock to its investees, primarily for Trenord and DB Cargo Italia, acting as a Rolling Stock Company (Ro.S.Co.).

Trenord (50% jointly owned with Trenitalia S.p.A.), is the main manager of suburban and regional rail passenger transport services in the Lombardy Region, including the Malpensa Express airport link, the Milan Rail Link and the Lombardy - Canton Ticino cross-border service through TILO S.A. (50% owned by Trenord). The railway service is managed under a Service Agreement with the Lombardy Region for the period 2015-2020, extended to the end of 2022 and then subsequently pursuant to article 16 of Regional Law no. 17 of 8 August 2022, the Service Agreement between the Lombardy Region and Trenord, until 31 July 2023, under the same contractual conditions.

DB Cargo Italia (40% owned by FNM S.p.A. with DB Cargo Italy S.r.l.) is active in rail freight transport.

Trenord and DB Cargo Italia are valued using the equity method in the consolidated financial statements of the FNM Group.

FNM S.p.A. also provides administrative services to its investees and manages its real estate assets. Consistent with the 2021-2025 Strategic Plan, within the People/Community pillar, FNM S.p.A. is also active in the development of complementary digital platforms which, together with the transport services offered by the Group, enable the implementation of the Mobility as a Community (MaaC) strategic paradigm as an enabling tool of the new digital mobility focused on the needs of communities. From this perspective, in 2020 the Group entered the digital payment services sector with the establishment of FNMPAY S.p.A. (FNMPAY) and acquired a stake in Busforfun.Com S.r.l. (Busforfun), an innovative start-up in tourism and commuting technologies, currently amounting to 40% of the share capital. Furthermore, in December 2021 FNM S.p.A. acquired a 33.3% stake in Sportit S.r.l. (Sportit), a company active under the Snowit brand and the main marketplace for the integrated online sale of ski passes, ski-related services and experiences relating to the mountain world. In April 2022, under the brand name Bikeit, Sportit launched a new platform for the sale of service packages to bicycle tourists, which can be customised to meet the needs of individual users.

As part of the development of the H2iseO project, details of which are provided in section 5.2, in April 2022 the company FNM Power S.r.l. (FNM Power - with capital wholly owned by FNM S.p.A.) was established, for the design, construction and management of plants for the production of hydrogen and other industrial gases, as well as plants for the treatment, storage, distribution and transformation of hydrogen and energy carriers for industrial uses and for powering public transport.

In addition, the FNM Group also extended its operations into the Information & Communication Technology sector with the joint venture NordCom, which operates both for the benefit of the FNM Group and for third parties. With regard to the jointly controlled company NORD ENERGIA S.p.A. and its subsidiary CMC Mesta S.A., on 8 July 2022 it became no longer possible to commercially exploit the capacity to import electricity via the Mendrisio-Cagno powerline included in the national transmission grid, in accordance with the provisions of the Decree of the Minister of Production Activities of 21 October 2005, due to the expiry of the concession under which the investee operates.

1.3 ROAD PASSENGER MOBILITY

FNM operates in the road mobility sector with:

- FNM Autoservizi S.p.A. (hereinafter also referred to as FNMA) - concessionaire of portions of public transport services by road in the provinces of Varese and Brescia, holds in an A.T.I. (temporary association of companies) with ASF Autolinee S.r.l. (49% owned by Omnibus Partecipazioni S.r.l.¹ - 50% owned by FNM S.p.A.) a Service Agreement for those in the Province of Como and operates train replacement services on behalf of Trenord;
- Azienda Trasporti Verona S.r.l. (hereinafter also referred to as ATV) - 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 its subsidiary Martini Buss S.r.l.; In order to rationalise its operations in the area of public bus transport services, on 30 August 2022 FNM accepted the proposal to purchase shares transmitted on 15 July by the companies Alilaguna S.p.A. and Ecobus S.r.l.. The deadline for signing the final sale and purchase agreement for the equity investment is 31 December 2022. The purchase proposal provides for the sale of the equity investment in La Linea S.p.A. and its subsidiary for an

¹ - Company operating in road passenger road mobility, but considered in the Ro.S.CO. segment for the purposes of drafting of the financial statements. It is accounted for using the equity method in the consolidated financial statements of the FNM Group.

amount of EUR 5.4 million, a value aligned with the value of the assets and liabilities recognised in the consolidated condensed interim financial statements as at 30 June 2022;

- E-VAI S.r.l. - a car sharing company operating in Lombardy with electric and bimodal vehicles.

1.4 MOTORWAYS

The FNM Group is also present in the motorway infrastructure management sector thanks to its shareholding in MISE, which has been fully consolidated into the FNM Group 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 (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. The concession expires on 31 October 2028.

Thanks to the acquisition of MISE, FNM created a strategic group in the infrastructure sector in Lombardy and in the areas with the greatest demand for transport for the management of the mobility system that integrates diversified mobility systems, ranging from rail transport to local public road transport and motorway infrastructure.

Following the request to liquidate the 4% shareholding in MISE held by the Chamber of Commerce of Milan Monza Brianza Lodi and Parcam S.r.l. and FNM's waiver to the exercise of the option right on the shares offered for sale, on 28 July 2022 the liquidation of the withdrawing shareholders was finalised. The appraisal value established pursuant to art. 2437-ter of the Civil Code is EUR 3.01 for each of the 7,200,000 shares forming part of the non-controlling package, corresponding to a total payment of EUR 22.0 million, including interest. The liquidation of the shareholding of the Chamber of Commerce of Milan Monza Brianza Lodi and Parcam S.r.l. resulted in the cancellation of the corresponding 7,200,000 shares with no share capital reduction. As a result of the above, FNM's shareholding in MISE increased from 96% to 100%.

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 S.r.l. (Milano Serravalle Engineering), of which it holds 100% of the share capital.

Among its investee companies, the subsidiary also includes a 36.7% equity investment in Autostrada Pedemontana Lombarda (hereinafter "APL"), the concessionaire for the design,

construction and management of the motorway between Dalmine, Como, Varese and Valico di Gaggiolo and related works. APL has been measured with the equity method since 26 February 2021.

With the aim of providing APL with a trusted engineering company with proven capacity to which it can directly entrust, in compliance with regulations in force and concession obligations, the engineering services necessary for the construction of the motorway infrastructure under concession, on 18 May 2022 a Letter of Intent was signed with the aim of outlining a negotiation pathway for the possible transfer of a business unit from Milano Serravalle Engineering to APL, through a newly established company wholly owned by the latter. In the course of June and July, discussions took place between the parties and their advisors aimed at determining the business unit and the relative consideration. The appraisal was completed on 25 July with the identification of the unit to be transferred and its valuation, amounting to EUR 259 thousand. Parallel to the appraisal, the preliminary contractual deed and its annexes were also drawn up. The activity was concluded on 8 August with the signing of the preliminary contract by Milano Serravalle Engineering and Autostrada Pedemontana Lombarda. As a result, in the consolidated condensed interim financial statements as at 30 June 2022, the business unit identified is classified under IFRS 5.

Lastly, please note that on 15 April 2022, MISE finalised the acquisition of 11,015,963 shares held by the Lombardy Region in the share capital of Tangenziali Esterne di Milano S.p.A. (hereinafter “TEM”) for a total value of EUR 8.4 million. As a result of the share transfer, MISE’s shareholding in the share capital of TEM increased by 3.75%, from 18.80% to 22.55% (total 66,250,652 shares). Please recall that TEM holds a 48.4% stake in the share capital of the motorway concessionaire Tangenziale Esterna S.p.A., which designed, built and has managed since May 2015 the entire motorway infrastructure from Melegnano - Milan/Bologna A1 Motorway - to Agrate Brianza - Milan/Venice A4 Motorway (32 km long) based on a fifty-year concession starting from the entry into operation of the entire motorway link.

Also as part of the rationalisation of equity investments in the motorway sector, on 28 June 2022 the sale of the shares held by MISE in the share capital of Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A. to Aleatica S.A.U. was finalised. On the same date, Milano Serravalle Engineering also finalised the sale of its entire shareholding in the share capital of Brebemi to the same company. The total consideration for the two disposals is EUR 6.3 million.

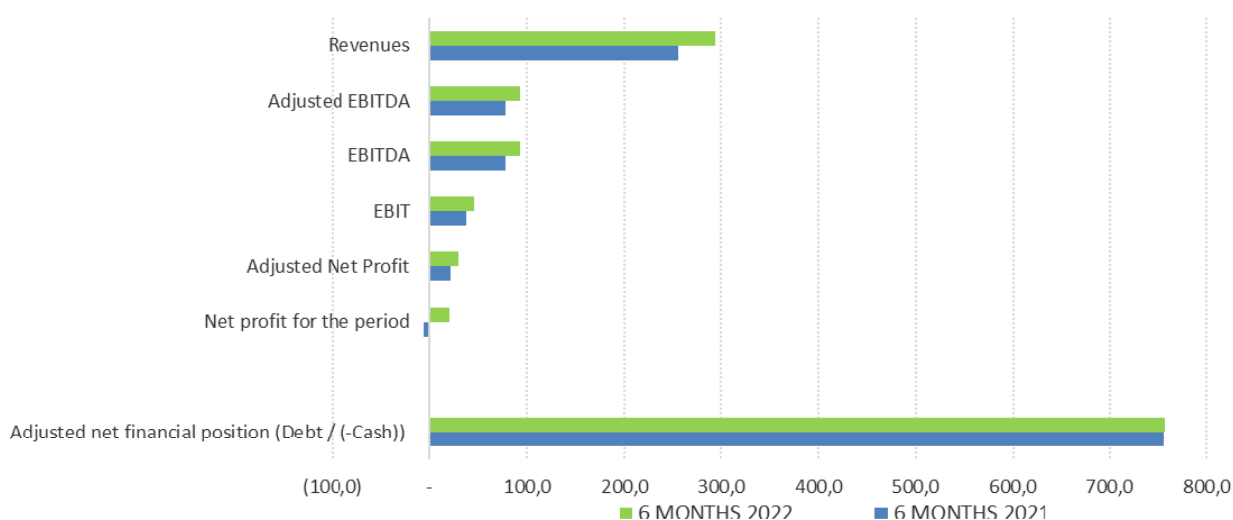
----- o -----

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 its joint venture ASF) and the associated companies DB Cargo, Busforfun, SportIT, APL and TEM 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	6 MONTHS 2022	6 MONTHS 2021	Change	Change %
Revenues*	294,0	255,2	38,8	15,2%
Adjusted EBITDA*	93,4	77,6	15,8	20,4%
EBITDA*	93,4	78,1	15,3	19,6%
EBIT*	46,0	37,7	8,3	22,0%
Earnings Before Tax*	43,3	27,3	16,0	58,6%
Adjusted net profit*	29,8	21,1	8,7	41,2%
Net profit for the period*	20,1	(6,4)	26,5	N/A
Shareholders' equity (A)**	255,6	228,3	27,3	12,0%
Net financial position (B) **	644,8	697,2	(52,4)	-7,5%
Adjusted net financial position **	756,6	755,6	1,0	0,1%
Net Invested Capital (A+B)**	900,4	925,5	(25,1)	-2,7%
Market capitalisation as at 30.06**	189,8	273,1	(83,3)	-30,5%
Investments*	386,4	209,3	177,1	84,6%

*The values for the first half of 2021 take into account the consolidation of MISE as of 1 January 2021
 ** Comparative values relate to 31.12.2021



Market capitalisation as at 30.06.2022: EUR 189.8 million

As at 30.06.2021: EUR 264.4 million

Credit Ratings

Moody's	
Long term	Baa3
Outlook	stable
Assignment date	25 gennaio 2021
Fitch	
Long term	BBB
Outlook	stable
Assignment date	20 dicembre 2021

3 INFORMATION FOR INVESTORS

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

The FNM stock is present in the indexes:

- generic Italian Stock Exchange indexes: FTSE Italia All Share and FTSE Italia Small Cap;
- sector indexes: FTSE Italia Beni Voluttuari and FTSE Italia Viaggi e Tempo Libero.

Market on which the shares are listed	MTA
ISIN Code	IT0000060886

The reference economic framework²

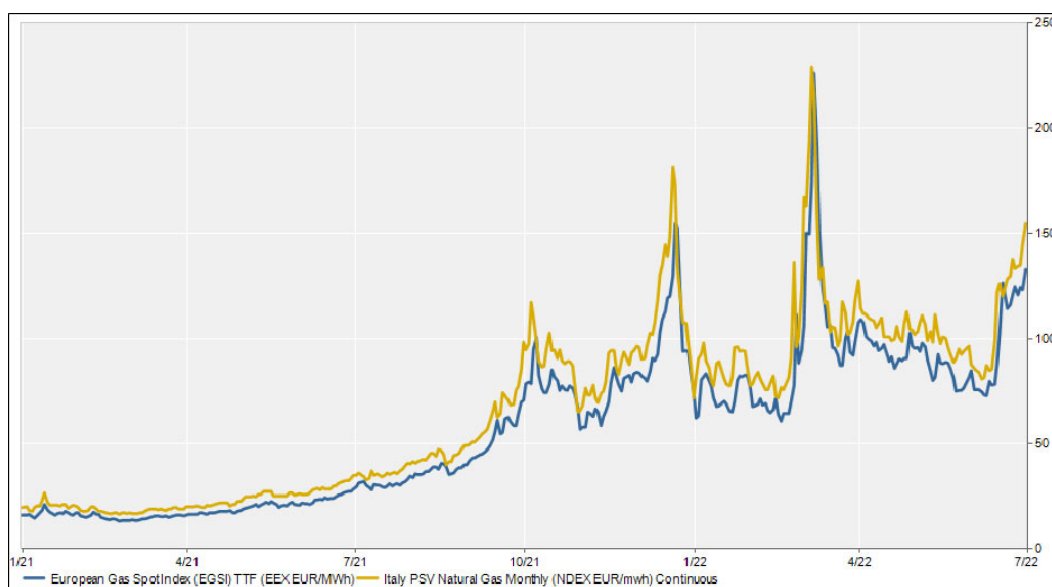
During the first half of 2022, the international economic environment remained characterised by a high degree of uncertainty, impacted initially by the spread of the Covid-19 Omicron variant, more contagious but less severe than its predecessors, which resulted in a gradual easing of the pandemic over the course of the half-year, and subsequently by the consequences of Russia's invasion of Ukraine and the normalisation of monetary policies aimed at containing inflation.

As regards economic activity in the Eurozone, GDP expanded slightly in all major economies, supported by the contribution of net foreign demand and changes in inventories. In Italy, GDP, after having grown slightly in the first quarter (+0.1% compared to the previous period), reportedly accelerated in the spring (+1.1%), showing overall resilience in the face of high macroeconomic uncertainty thanks to the increase in consumption linked to the rise in spending on tourism-recreational services and, albeit with a slowdown compared to the previous three months, investments and exports.

Energy, particularly natural gas in Europe, and food prices marked extraordinary gains, mainly due to the continuing war in Ukraine and the resulting progressive disruption of supply flows from Russia. The momentum of the S&P GSCI Commodity Spot Index (a composite index measuring commodity market performance) remains at extremely high levels and well above USD 500, although changes in the last quarter seem to be less intense, a sign of the start of a possible slowdown. This had an impact on inflation, which continued to rise, reaching its highest level in decades: in June, the HICP harmonised consumer price index in Italy was +8.5%, broadly in line with the Eurozone average (+8.6%).

² Economic Bulletin 3 / 2022, Bank of Italy; Istat - Quarterly Income Statements (1 September 2022).

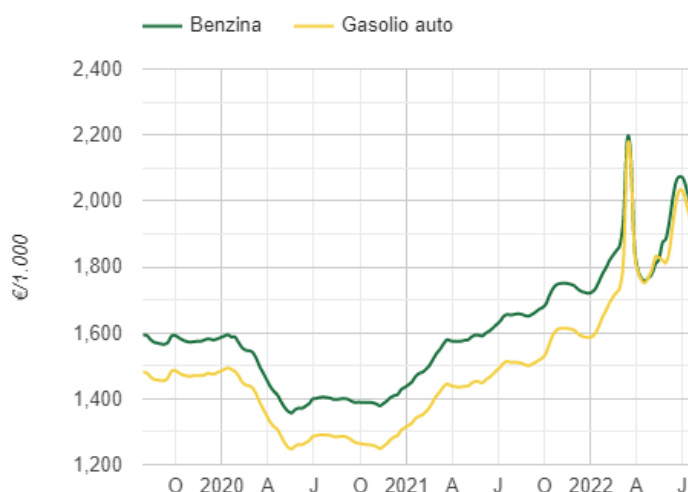
In particular, after falling in the first half of June to its lowest level since the invasion of Ukraine last February, the price of European natural gas traded on the Dutch Title Transfer Facility (TTF) market rose suddenly on news of the reduction in flows from Russia to some European countries including Germany and Italy, to around EUR 170 per megawatt-hour in June 2022, which compares with a price of around EUR 30 per megawatt-hour in the same period of 2021. As regards the Italian market specifically, the VTP index - the main reference in Italy for defining the wholesale gas price - shows a similar trend: the average gas price was around EUR 1.1 per cubic metre in June 2022, compared to EUR 0.3 per cubic metre in June 2021.



Source: FactSet

A similar, but less pronounced, trend can be seen in the price of oil (the price for Brent quality went up to a high of USD 129 in June 2022 vs. USD 77 in June 2021), which drove fuel prices upwards: the price of car diesel was almost EUR 2 per litre in the first half of 2022, a trend that takes into account the government's mitigating measures such as excise duty cuts³.

³ Energy and Mining Analysis and Statistics, Ministry of Ecological Transition (<https://dgsaie.mise.gov.it/prezzi-annuali-carburanti?pid=2>).



Source: Ministry of Ecological Transition

As regards the labour market, total hours worked accelerated at the beginning of 2022 in comparison with the end of last year, in particular due to the recovery of working hours per employee, which returned for the first time to the levels observed at the end of 2019. The employment rate in June stood at 60.1% - the highest value since 1977 - while unemployment was stable at 8.0%⁴. The trend in contractual wages in Italy shows year-on-year growth of 2.3% (vs. the Eurozone average of 2.8%), including temporary one-off payments. Contractual wages rose moderately - as in the Eurozone - reflecting the multi-year duration of national collective agreements and the limited impact of automatic wage indexing mechanisms.

The central banks of major Western economies reacted to the accentuation of a possible inflationary spiral by initiating a monetary “tightening” campaign, i.e. a net contraction in bond buying and an increase in the cost of money:

- the Federal Reserve raised its federal funds rate target range by 50 basis points in May and by 75 basis points in two consecutive increases at its June and July meetings, placing it between 2.25% and 2.5% (the tightest monetary policy action since the early 1990s). The plan to reduce its budget was also announced, marking a sharp change from the strongly expansionary trend of the past decade;
- the Governing Council of the European Central Bank started the process of normalising monetary policy, ending its net purchases of financial assets and announcing the first reference rate increase since 2011, by 50 basis points. In view of the risks for the Eurozone’s financial stability, the ECB also announced its intention to implement a new instrument to counter market fragmentation (the “anti-spread shield”).




⁴ Provisional Job and Unemployment Data, Istat (1 September 2022).

According to projections published by the ECB in early June, Eurozone GDP should grow by 2.8% in 2022 and by 2.1% in the following two years. Compared to last March's scenario, estimates have been revised downwards for 2022 and 2023, but upwards for 2024, mainly due to the economic fallout from the war in Ukraine and it subsequently being gradually overcome, as well as expectations of rising interest rates. On the other hand, the updated projections for the Italian economy published by the Bank of Italy estimate a GDP increase of 3.2% in 2022, 1.3% in 2023 and 1.7% in 2024. Inflation is expected to decrease gradually to 2.0% in 2024.

At the end of June, the government finally announced the achievement of the 45 targets and objectives set by the NRRP for the first half of 2022. The request for the payment of the second instalment of the plan's funds (EUR 21 billion in grants and loans, net of the share of pre-financing received in 2021) was therefore sent to the European Commission.

Evolution of mobility demand

With regard more specifically to the transport sector, activity at the beginning of the year was affected by the rise in infections associated with the spread of the Omicron variant, which spread particularly rapidly at the beginning of the year across almost all advanced economies. The improvement in the epidemiological situation, thanks to the positive effects of the vaccination campaign and the evolution of the virus to a less serious form of the disease, and the concomitant relaxation of restrictions have, however, generally supported both demand for local public transport and mobility by private means.

			Var. % I trim. 2022 - I trim. 2019	Var. % II trim. 2022 - II trim. 2019	DELTA	Var. % I trim. 2022 - I trim. 2021	Var. % II trim. 2022 - II trim. 2021
TRASPORTO STRADALE 	DOMANDA VEICOLI LEGGERI	ANAS	-7%	-3%	+4% ↑	+19%	+11%
		AUTOSTRADE	-9%	-4%	+5% ↑	+51%	+27%
	DOMANDA VEICOLI PESANTI	ANAS	+5%	+6%	+1% ↑	+9%	+7%
		AUTOSTRADE	+2%	+3%	+1% ↑	+7%	+7%
TRASPORTO FERROVIARIO 	DOMANDA PASSEGGERI	AV	-42%	-21%	+21% ↑	+269%	+212%
		IC/ICN	-27%	-9%	+18% ↑	+70%	+86%
	OFFERTA SERVIZI	AV	-17%	-10%	+7% ↑	+155%	+74%
		IC/ICN	-2%	-2%	0% =	-1%	-1%
TRASPORTO PUBBLICO LOCALE 	DOMANDA PASSEGGERI	TPL *	-25%	-8%	+17% ↑	+36%	+18%
		di cui FERRO	-32%	-19%	+11% ↑	+63%	+57%
	OFFERTA SERVIZI	FERRO	n.d.	n.d.	n.d.	+3%	+2%

Source: MIMS Mobility Trends Observatory

According to the quarterly report published by the Mobility Trends Observatory prepared by the Ministry of Infrastructure and Sustainable Mobility (MIMS)⁵, the transport sector showed strong growth in demand for all modes of mobility in the first half of this year compared to the same period of 2021: local public transport marked a steady increase in users (+36% in the first quarter and +18% in the second quarter), with strong performance by rail LPT (+63% in the first quarter and +57% in the second quarter), while road transport showed a general increase in traffic on the ANAS and motorway networks. In particular, on the latter, both light and heavy vehicles grew, respectively: +51% in the first quarter and +27% in the second quarter; +7% for the whole half-year period.




However, comparing the cumulative mobility data for 2022 (January-June period) against 2019, the trends appear different, with levels still lower than prior to the pandemic, albeit with a gradual acceleration of the recovery over time and especially in the second quarter of the current year. Only heavy vehicle road traffic far exceeded 2019 levels.

In detail, with regard to road transport, traffic figures for light vehicles show a positive trend on both the ANAS and motorway networks, although they are still 5% and 6% lower than in 2019, respectively. Heavy vehicle road traffic showed an acceleration in movements, which are now stably higher than in 2019 (+2% on the motorway network and +6% on the ANAS network).

⁵ Quarterly report of the Mobility Trends Observatory prepared by the MIMS Technical Mission Structure (STM), July 2022.

For rail transport, against the backdrop of a contraction in the supply of services - especially in high-speed - the level of passengers in the first half of 2022 is 31% lower than in the same period of 2019, although there has been a clear improvement over time. Passenger traffic on Intercity and Intercitynotte is also still down by 17%, despite the fact that services reduced only slightly due to the regulated nature of the segment.

In local public transport, journeys are still 17% lower (-26% in regional rail transport alone) than in the same period in 2019, but here too there is a clear upturn between the first and the second quarter 2022 (+17 percentage points). In particular, mobility trends in cities show that in the second quarter of 2022, compared to the pre-pandemic period, people staying near their places of residence increased by 1% (+6% in the first quarter). While journeys for essential purchases (grocery shops, markets, pharmacies and over-the-counter pharmacies) and those to other places (squares, parks, public gardens, beaches, marinas) increased over the six-month period, with sharp growth in the second quarter, journeys to restaurants, cafes, shopping centres, theme parks, museums, libraries and cinemas generally contracted. By contrast, commutes to work fell by 15% in the first quarter followed by an 11% recovery in the following three months.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019 (gen-giu)
TRASPORTO STRADALE 	DOMANDA VEICOLI LEGGERI	ANAS	-22%	-10%	-5%
		AUTOSTRADE	-32%	-15%	-6%
	DOMANDA VEICOLI PESANTI	ANAS	-9%	0%	+6%
		AUTOSTRADE	-14%	0%	+2%
TRASPORTO FERROVIARIO 	DOMANDA PASSEGGERI	AV	-70%	-62%	-31%
		IC/ICN	-58%	-43%	-17%
	OFFERTA SERVIZI	AV	-45%	-36%	-13%
		IC/ICN	-23%	-1%	-2%
TRASPORTO PUBBLICO LOCALE 	DOMANDA PASSEGGERI	TPL *	-38%	-23%	-17%
		di cui FERRO	-54%	-43%	-26%
	OFFERTA SERVIZI	FERRO	n.d.	n.d.	n.d.

Source: MIMS Mobility Trends Observatory

During the pandemic period, there was also an exponential increase (330%) in citizens' use of smart devices (e.g. smartphone apps) to search for collective mobility services compared to before the pandemic, which points to a strong development in "Mobility as a Service" (MaaS) tools.

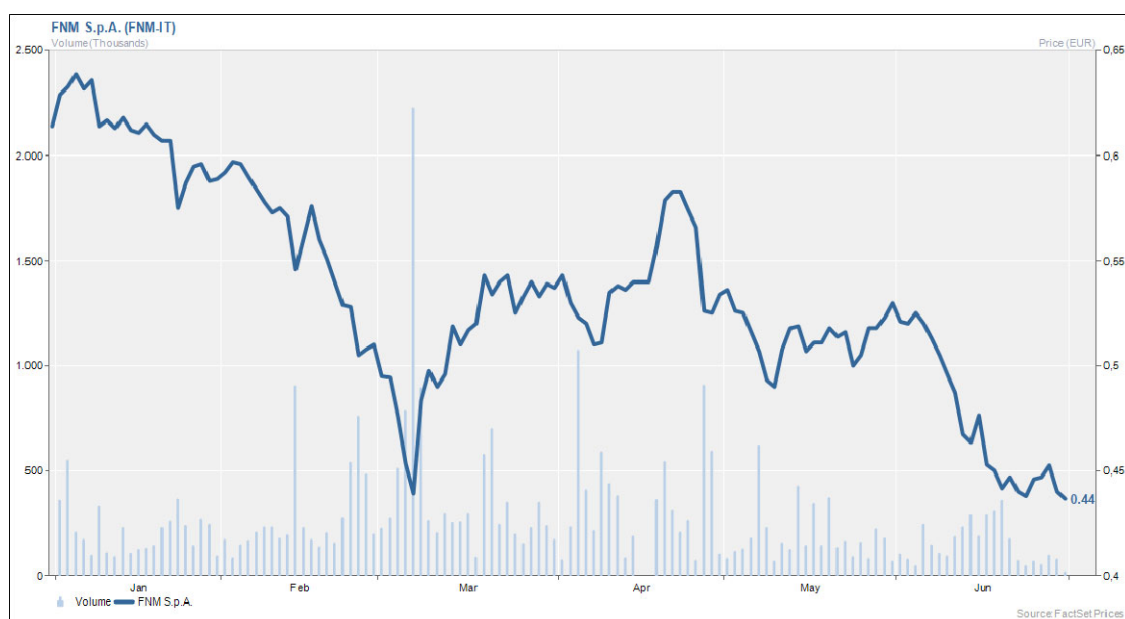
FNM stock performance

During the first half of 2022, financial conditions in international markets deteriorated, reflecting on one hand the gradual normalisation of monetary policies aimed at containing inflationary pressure, and on the other hand geopolitical tensions and uncertainty about outlooks for the global economic cycle. After a broadly positive start to the year for the markets, favoured by improving corporate earnings and positive sentiment about the easing of pandemic-related restrictions, prices started to fall in correspondence with the initial war-related tensions, while at the same time registering a significant increase in volatility.

Yields on long-dated government bonds rose and yield spreads broadened: the yield on the ten-year BTP at 30 June 2022 stood at 3.5%, representing a spread of around 200 basis points with respect to the corresponding German bond. The euro depreciated sharply against the dollar, reflecting the faster reorientation of monetary policy in the United States and reaching parity in the first half of July.

As regards **the Italian market**, in the first half of 2022 the FTSE Italia All Share fell by 22.2% since the start of the year, more than the other major Eurozone economies (Stoxx Europe 600 index -16.5%). Similar trends were recorded for the small cap indices.

During the same period, **the FNM stock** price fell by 28.9% to EUR 0.44 per share as at 30 June 2022, from EUR 0.61 per share as at 31 December 2021, showing greater variability compared to both the FTSE Italia Small Cap reference index (-11.3%) - relating to Italian small-cap stocks - and the FTSE Italia Viaggi e Tempo Libero sector index (-10.8%). On the other hand, the performance of the FTSE Italia Consumer Services index was more in line (-28.4%).



— Prezzo ■ Volume

Source:

FactSet

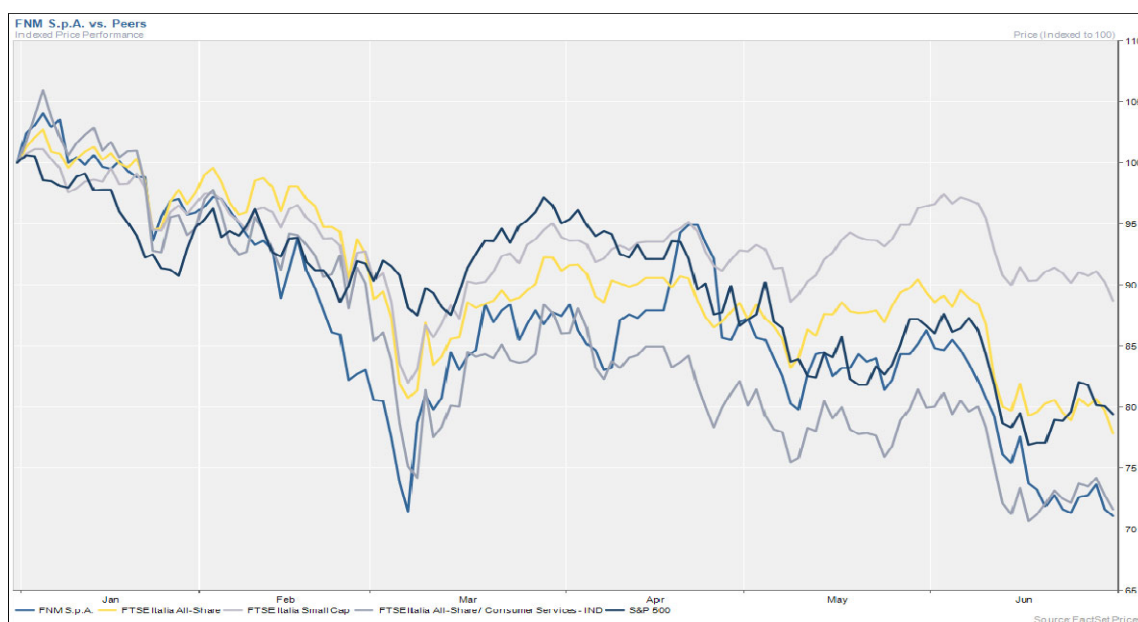
The **average price** for the half-year was **EUR 0.53**, corresponding to an average market capitalisation of EUR 232.3 million. During the period under review, however, the stock was characterised by high price volatility, reaching a high of EUR 0.64 and a low of EUR 0.44 as at 30 June 2022, corresponding to a market capitalisation of EUR 189.8 million.

Trading of FNM shares on the MTA market managed by Borsa Italiana S.p.A. reached an **average daily value of EUR 140.3 thousand** (maximum value recorded on 7 March 2022 of EUR 927.5 thousand). Average daily trading of the shares amounted to approximately 267.4 thousand shares traded daily. In the period under analysis, a total of 34.0 million shares were traded, i.e. approximately 8% of the share capital, a value lower than the first half of the previous year (51.7 million shares, amounting to around 12% of the share capital).

Share and stock market data	1st HALF 2022
Closing price of 30/06/2022 in Euro	0.44
Average price in Euro	0.53
Highest price in Euro (05/01/2022)	0.64
Lowest price in Euro (30/06/2022)	0.44
Average volume (thousands)	267.4
Maximum volume (thousands, 07/03/2022)	2,220.9
Minimum volume (thousands, 30/06/2022)	15.3
Number of ordinary shares (million)	434.9
Average Stock Market capitalisation in Euro million	232.3
Stock Market capitalisation as at 30/06/2022 in Euro million	189.9

Source: FactSet

FNM stock performance compared to the main reference indexes in the first half of 2022



(Price=100 as at 31 December 2021)
FactSet

Source:

Shareholding structure

As at 30 June 2022 the share capital amounted to EUR 230,000,000.00, corresponding to 434,902,568 ordinary shares with no par value.

Shareholder composition

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

<u>Shareholders</u>	<u>Shareholding as at 30/06/2022</u>
LOMBARDY REGION	57.57%
FERROVIE DELLO STATO	14.74%

4 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

4.1 ECONOMIC DATA SUMMARY

The reclassified income statement for the period is shown below, compared with that of the corresponding period of 2021. For the sake of a complete disclosure, in the following reclassified income statement the items “costs for construction services - IFRIC 12” and “revenues from 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 revenues and income”.

The item “Adjusted EBITDA” was determined by excluding non-recurring items from the previous items in the income statement, which were reclassified under “non-ordinary income and expenses”.

As indicated in paragraph 1.4 below, the first half of 2021 includes the economic effects arising from the line-by-line consolidation of MISE and its subsidiary Milano Serravalle Engineering from 26 February 2021.

<i>Amounts in millions of euros</i>	6 MONTHS 2022	6 MONTHS 2021	Change	Change %
Revenues from sales and services	272,6	212,4	60,2	28,3%
Other revenues and income	21,4	13,1	8,3	63,4%
TOTAL REVENUES AND OTHER INCOME	294,0	225,5	68,5	30,4%
Operating costs	(119,3)	(85,6)	(33,7)	39,4%
Personnel costs	(81,3)	(74,1)	(7,2)	9,7%
ADJUSTED EBITDA	93,4	65,8	27,6	41,9%
Non-ordinary Income and Expenses	-	0,5	(0,5)	N/A
EBITDA	93,4	66,3	27,1	40,9%
Depreciation, amortisation and write-downs	(47,4)	(34,2)	(13,2)	38,6%
EBIT	46,0	32,1	13,9	43,3%
Financial income	4,1	1,6	2,5	N/A
Financial expenses	(6,8)	(12,1)	5,3	-43,8%
NET FINANCIAL INCOME	(2,7)	(10,5)	7,8	-74,3%
EARNINGS BEFORE TAX	43,3	21,6	21,7	N/A
Income tax	(13,5)	(5,5)	(8,0)	N/A
ADJUSTED COMPREHENSIVE RESULT	29,8	16,1	13,7	N/A
Profit of companies measured with the Equity method	(9,7)	(26,9)	17,2	-63,9%
COMPREHENSIVE RESULT	20,1	(10,8)	30,9	N/A
RESULT ATTRIBUTABLE TO NCIs	(1,3)	1,7	(3,0)	N/A
COMPREHENSIVE GROUP RESULT	21,4	(12,5)	33,9	N/A

In order to better represent the changes in the period, the pro-forma reclassified income statement is shown below, considering for the first half of 2021 the consolidation of MISE from 1 January 2021, rather than as of 26 February 2021.

<i>Amounts in millions of euros</i>	6 MONTHS 2022	6 MONTHS 2021 PRO-FORMA	Change	Change %
Revenues from sales and services	272,6	240,8	31,8	13,2%
Other revenues and income	21,4	14,4	7,0	48,6%
TOTAL REVENUES AND OTHER INCOME	294,0	255,2	38,8	15,2%
Operating costs	(119,3)	(96,0)	(23,3)	24,3%
Personnel costs	(81,3)	(81,6)	0,3	-0,4%
ADJUSTED EBITDA	93,4	77,6	15,8	20,4%
Non-ordinary Income and Expenses	-	0,5	(0,5)	N/A
EBITDA	93,4	78,1	15,3	19,6%
Depreciation, amortisation and write-downs	(47,4)	(40,4)	(7,0)	17,3%
EBIT	46,0	37,7	8,3	22,0%
Financial income	4,1	2,7	1,4	51,9%
Financial expenses	(6,8)	(13,1)	6,3	N/A
NET FINANCIAL INCOME	(2,7)	(10,4)	7,7	N/A
EARNINGS BEFORE TAX	43,3	27,3	16,0	58,6%
Income tax	(13,5)	(6,2)	(7,3)	N/A
ADJUSTED COMPREHENSIVE RESULT	29,8	21,1	8,7	41,2%
Profit of companies measured with the Equity method	(9,7)	(27,5)	17,8	-64,7%
COMPREHENSIVE RESULT	20,1	(6,4)	26,5	N/A
RESULT ATTRIBUTABLE TO NCIs	(1,3)	1,7	(3,0)	N/A
COMPREHENSIVE GROUP RESULT	21,4	(8,1)	29,5	N/A

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

Revenues from sales and services recorded a net increase of EUR 31.8 million, i.e. 13.2%, for the following main reasons:

- motorway toll revenues of EUR 123.8 million (EUR 100.3 million in the first half of 2021) increased by 23.5% due to traffic performance (+25.4% compared to 30 June 2021), its composition and the 2.62% tariff adjustment applied as of 1 January 2022 on the motorway network under concession. It should be noted that against an increase in traffic of 25.4%, toll revenues increased less as a result of the different percentage increase in traffic between light and heavy vehicles;
- revenues from ticketing on public road transport increased by EUR 3.9 million due to higher sales, in relation to the easing of the restrictive measures taken for the COVID-19 emergency in the half-year under analysis compared to the first half of 2021, going from EUR 9.8 million in the first half of 2021 to EUR 13.7 million in the period;
- the fee from the Infrastructure Management Service Agreement decreased by EUR 13.1 million, from EUR 44.8 million to EUR 31.7 million. The change was due to the different method of charging the network access fee which, as a result of Regional Government Decree no. X/56356 of 30 November 2021, means that the access fee will be collected directly from the railway companies and no longer as consideration for the Service Agreement, the efficiency-boosting mechanism established in that Agreement and the rescheduling of the railway offer schedule,

following the reduced mobility caused by the Covid-19 pandemic. Finally, it should be noted that the corresponding value for the comparative six-month period of 2021 included the income recognised by the Concessionaire to cover the rescheduling of the railway offer due to the measures taken for the COVID-19 emergency, amounting to EUR 1.2 million;

- revenues from public contracts and grants related to the public road transport service increased by EUR 1.2 million compared to the comparative period, mainly due to the higher contribution per kilometre recognised by the Veneto Region pursuant to Regional Government Decree no. 1012 of 16 August 2022, amounting to EUR 0.5 thousand, as well as the receipt of EUR 0.4 million in grants to support companies operating in the tourism sector. The offsetting measures relating to the loss of traffic revenues in the LPT sector as a result of the pandemic emergency⁶, also linked to the additional services activated to guarantee the capacity offered during the pandemic period as a result of the regulatory limits imposed on vehicle occupancy, remain substantially unchanged compared to the first half of 2021, declining from EUR 7.2 million to EUR 7.1 million;
- revenues from the rental of rolling stock increased by about EUR 1 million mainly due to higher revenues on ROCK, POP and Caravaggio trainsets, for EUR 1.5 million, on TILO trains

6 1) Law no. 77 of 17 July 2020 (art. 200 par. 1, "Relaunch Decree"): "In order to support 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..."

2) Law no. 126 of 13 October 2020 (art. 44, "August Decree"): "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..."

3) Law no. 176 of 18 December 2020 (art. 22-ter, "Relief-Bis Decree"): "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..."

4) Decree-Law no. 41 of 22 March 2021 (art. 29, "Support Decree"): "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".

rented to Trenord, for EUR 0.7 million, and on DE 520 locomotives, for EUR 0.2 million, partially offset by the reduction in consideration following the renewal of the operating lease agreement with Trenord for CSA trainsets, for EUR 0.9 million, and TAF, for EUR 0.5 million.

Other revenues and income showed a net increase of EUR 7.0 million compared to the first half of 2021, mainly due to income from the recovery of general expenses related to construction services for the renewal of rolling stock and the modernisation of railway infrastructure, in the amount of EUR 3.2 million, in connection with the higher percentage recognised on orders compared to the comparative half-year period.

Total revenues and other income thus rose by 15.2% and can be broken down into the four business areas as follows:

<i>Amounts in millions of euros</i>	6 MONTHS 2022	6 MONTHS 2021 PRO-FORMA	<i>Change</i>	<i>Chg %</i>
Railway infrastructure	71,5	64,3	7,2	11,2%
Ro.S.Co. & Services	38,6	38,4	0,2	0,5%
Road passenger mobility	68,7	60,1	8,6	14,3%
Motorways	133,6	108,5	25,1	23,1%
Intercompany eliminations	(18,4)	(16,1)	(2,3)	14,3%
Total consolidated revenues	294,0	255,2	38,8	15,2%

Operating costs recorded a net increase of EUR 23.3 million (+24.3%) for the following main reasons:

- increase, in the amount of EUR 5.7 million, for higher allocations to the renewal provision, net of the relative releases for the period, in order to adjust the provision to scheduled upgrades, the main changes in which concern safety measures as well as the price adjustment set forth in the recent legislation on tenders in accordance with Decree-Law no. 50 of 17 May 2022 converted by Law no. 91 of 15 July 2022;
- increase of EUR 3.0 million in motorway traffic-related costs (collection costs and concession fee);
- increase in diesel and CNG costs, respectively equal to EUR 1.8 million and EUR 2.3 million, in relation to energy price hikes and the increased distances travelled as a result of the increase in additional services provided;
- increase in subcontracting to third parties, by EUR 1.6 million;
- increase in utilities due to price increases, of EUR 1.1 million.

Personnel costs decreased from EUR 81.6 million to EUR 81.3 million, substantially in line with

the comparative period in 2021 due to lower allocations to the provision for the renewal of the national collective labour agreement, partially offset by the increase in the average number of employees (+13).

Adjusted EBITDA (excluding non-ordinary items), amounting to EUR 93.4 million, increased by 20.4% and is broken down into the four business segments as follows:

<i>Amounts in millions of euros</i>	6 MONTHS 2022	6 MONTHS 2021 PRO-FORMA	<i>Change</i>	<i>Chg %</i>
Railway infrastructure	8,7	3,4	5,3	<i>ns</i>
Ro.S.Co. & Services	20,8	23,9	(3,1)	-13,0%
Road passenger mobility	5,0	6,2	(1,2)	-19,4%
Motorways	58,9	44,1	14,8	33,6%
Total adjusted EBITDA	93,4	77,6	15,8	20,4%

Non-ordinary income/expenses for the period amounted to EUR 0.5 million and were attributable to income from the release of a provision for risks following the partial closure of a dispute. This income of EUR 2.2 million was partially offset by development project costs of EUR 1.7 million, mainly attributable to costs incurred for the MISE acquisition.

Amortisation, depreciation and impairment showed a net increase of EUR 7.0 million due to the impairment of goodwill and the right to use of ATV, amounting to EUR 2.7 million and EUR 3.5 million, respectively, as well as higher depreciation of the motorway infrastructure, amounting to EUR 0.8 million.

Comprehensive EBIT amounted to EUR 46.0 million, versus EUR 37.7 million in the comparative period 2021, an increase of EUR 8.3 million.

The **comprehensive net financial loss** was EUR 2.7 million compared to a loss of EUR 10.4 million in the comparative period of 2021, due to lower financial expenses in the current period mainly arising from the bond loan compared to those relating to the Bridge Loan recognised in the comparative half-year. It should be noted that income of EUR 1.8 million related to the change in the discount rate for the motorway infrastructure renewal provision from 1.24% to 3.10%.

Earnings before taxes, before the result of the companies accounted for using the equity method, amounted to EUR 43.3 million, compared to EUR 27.3 million in the comparative period of 2021.

Income taxes, amounting to EUR 13.5 million, increased by EUR 7.3 million compared to the first half of 2021 due to the Group's higher taxable income.

Adjusted comprehensive income, before the recognition of the result of the companies measured at equity, went from EUR 21.1 million in the comparative period of the previous year to EUR 29.8 million.

The **profit/(loss) of companies measured at equity** recorded a loss of EUR 9.7 million, versus a loss of EUR 27.5 million in the first half of 2021, mainly due to the better result of the investees Trenord S.r.l., APL and Omnibus Partecipazioni. This item is broken down as follows:

Amounts in thousands of euros	6 MONTHS 2022	6 MONTHS 2021 PRO-FORMA	Change
Trenord S.r.l. *	(14.292)	(26.245)	11.953
Autostrada Pedemontana Lombarda	1.935	(2.018)	3.953
Tangenziali Esterne di Milano S.p.A.	(649)	(907)	258
NORD ENERGIA S.p.A. **	1.410	921	489
DB Cargo Italia S.r.l.	1.055	872	183
Omnibus Partecipazioni S.r.l. ***	511	(306)	817
NordCom S.p.A.	242	153	89
Busforfun.Com S.r.l.	257	(10)	267
SportIT	(202)		(202)
Result of companies valued at equity	(9.733)	(27.540)	17.807

* includes the result of TILO SA

** includes the result of CMC MeSta SA

*** includes the result of ASF Autolinee S.r.l.

For more information on the results of the investees Trenord and APL, please refer to what is set forth in paragraph 5, “Operating performance of business segments”, in the sections dedicated to Ro.S.Co. & Services and Motorways, respectively.

In the period ended 30 June 2022, as in the comparative period 2021, there were no profits from discontinued operations.

The consolidated **comprehensive result** for the first half of 2022 was a profit of EUR 20.1 million, versus a loss of EUR 6.4 million in the first half of 2021, due to the effects described above essentially deriving from the regression of the epidemic emergency.

4.2 INVESTMENTS

Investments accrued during the first half 2022 amounted to a total of EUR 386.4 million, versus EUR 209.3 million in the first half of 2021.

In particular:

- **investments financed by the Lombardy Region** in relation to railway infrastructure were made for a total of EUR 307.2 million (EUR 164.8 million in the comparative period), relating to the renewal of rolling stock for EUR 283.6 million and the modernisation and upgrading of

infrastructure for EUR 23.6 million. In particular, during the first half of 2022, the following were delivered:

- 10 high-capacity (EMU), long configuration, “Caravaggio” type trains;
- 6 high-capacity (EMU), short configuration, “Caravaggio” type trains;
- 4 “Donizetti” type (EMU) trains.

As regards railway infrastructure modernisation, interventions during the half-year mainly relate to the renewal of equipment on the Saronno - Como, Bovisa - Seveso - Mariano Comense and Saronno Malnate sections, as well as the upgrading of the Milan Affori - Varedo railway line;

- **equity-financed investments** of EUR 55.6 million (EUR 19.5 million in the 2021 comparative period) were made, primarily relating to the entry into service of 4 TILO trains (EUR 38.0 million) and 21 new IVECO Crossway buses (EUR 4.1 million);
- **investments** were made **in reversible assets in the motorway infrastructure** for EUR 23.6 million (EUR 25.0 million in the comparative half of 2021, of which EUR 18.8 million between March and June 2021).

4.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 30 June 2022, compared with that as at 31 December 2021.

Please note that, in order to improve the representation of balance sheet trends, as of the first quarter of 2022 the net financial position for funded investments includes only the funded investment items (cash and financial payables) relating to the “Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032 and integration of supplies of the rolling stock purchase programme as per Regional Government Decree no. X/4177 of 16/10/2015” (hereinafter the “2017 - 2032 Rolling Stock Programme”), illustrated in detail in paragraph 7.1 of the management report as at 31 December 2021, which should be referred to for more information. Likewise, in net working capital, the items “Other receivables - Rolling Stock 2017 - 2032”, “Receivables for funded investments - Rolling Stock 2017 - 2032” and “Trade payables - Rolling Stock 2017 - 2032”, again relating to funded investments in the renewal of rolling stock, have been shown separately. These reclassifications are also shown for the comparative period.

Amounts in millions of euros	30/06/2022	31/12/2021	Change
Inventories	11,2	9,5	1,7
Trade receivables	143,6	133,1	10,5
Other current receivables	83,7	83,2	0,5
Current financial receivables	12,8	7,8	5,0
Receivables for funded investments	39,6	39,8	(0,2)
Trade payables	(191,6)	(168,3)	(23,3)
Other current payables and current provisions	(134,9)	(125,6)	(9,3)
Operating Net Working Capital	(35,6)	(20,5)	(15,1)
Other receivables - Rolling Stock 2017 - 2032	73,2	47,5	25,7
Receivables for funded investments - Rolling stock 2017 – 2032	201,2	98,3	102,9
Trade Payables - Rolling Stock 2017 - 2032	(384,0)	(204,0)	(180,0)
Net Working Capital Funded Investments	(109,6)	(58,2)	(51,4)
Net Working Capital Total	(145,2)	(78,7)	(66,5)
Fixed assets	767,8	748,4	19,4
Equity investments	159,9	158,7	1,2
Non-current receivables	256,1	241,3	14,8
Non-current payables	(22,4)	(20,4)	(2,0)
Provisions	(115,3)	(123,8)	8,5
Assets and liabilities held for sale	(0,5)	0,0	(0,5)
NET INVESTED CAPITAL	900,4	925,5	(25,1)
<i>Equity</i>	255,6	228,3	27,3
Adjusted Net Financial Position	756,6	755,6	1,0
Net Financial Position for funded investments (cash)	(111,8)	(58,4)	(53,4)
<i>Total net financial position</i>	<i>644,8</i>	<i>697,2</i>	<i>(52,4)</i>
TOTAL SOURCES	900,4	925,5	(25,1)

Net operating working capital, net of changes for funded investments, decreased by EUR 15.1 million as a result of the following changes:

- **trade receivables** increased by EUR 10.5 million, mainly due to the increase in receivables for interconnection relationships with interconnected motorway companies, which were affected by the improved toll performance;
- **trade payables** increased by EUR 23.3 million mainly due to the progress of orders for the renewal of rolling stock with own funds;
- **other current payables and provisions** increased due to the higher payables to the tax authorities for current taxes, amounting to EUR 9.3 million.

As concerns **net working capital for funded investments**:

- **other receivables - Rolling Stock 2017 - 2032**, amounting to EUR 73.2 million, increased by EUR 25.7 million in relation to the advance payment made for the start of a new project

for the renewal of rolling stock with borrowed funds, amounting to EUR 64.6 million, partially offset by the progress made on projects already started, amounting to EUR 38.9 million;

- **receivables for funded investments - Rolling Stock 2017 - 2032** increased by EUR 102.9 million due to the recognition of the portion of accrued revenues, corresponding to the funded investments made, measured according to the percentage of completion and not yet collected during the period, amounting to EUR 201.2 million; the collection of grants for the period amounted to EUR 181.9 million;
- **trade payables - Rolling Stock 2017 - 2032** rose due to the progress made on projects during the period; this change was partially offset by the payments made amounting to EUR 129.2 million. These investments were paid with the available funds allocated by the Lombardy Region on restricted funds, excluded from the Adjusted NFP.

The item **fixed assets** comprises mainly tangible assets of EUR 484.6 million, of which EUR 363.7 million pertain to rolling stock, intangible assets for EUR 259.5 million, of which EUR 253.1 million relating to the motorway infrastructure freely revertible to the awarding body (Ministry of Infrastructure and Transport), goodwill of EUR 0.7 million and EUR 23.0 million for rights of use.

The value of **equity investments** was up by EUR 1.2 million, mainly due to the acquisition of TEM shares, amounting to EUR 8.4 million, and other changes in the statement of comprehensive income, amounting to EUR 3.4 million; these effects were partially offset by the lower result for the period contributed by the companies accounted for using the equity method.

Non-current receivables primarily include contractual assets deriving from investments made in the motorway network up to 30 June 2022, but not yet recognised, for EUR 159.8 million, loans from MISE to investees for EUR 52.9 million and net deferred tax assets of EUR 33.9 million.

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

Below is the breakdown of the Group's net financial position as at 30 June 2022, compared with 31 December 2021.

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 on purchases of rolling stock:

Amounts in millions of euros	30/06/2022	31/12/2021	Change
Liquidity	(259,4)	(293,4)	34,0
Current financial debt	162,0	201,1	(39,1)
Current Net Financial Position (Debt / -Cash)	(97,4)	(92,3)	(5,1)
Non-current financial debt	854,0	847,9	6,1
Adjusted Net Financial Position	756,6	755,6	1,0
Net Financial Position for funded investments (cash)	(111,8)	(58,4)	(53,4)
Net Financial Position	644,8	697,2	(52,4)

As at 30 June 2022, the total net financial position was EUR 644.8 million, compared to a balance of EUR 697.2 million as at 31 December 2021. Isolating the amount relating to funded investments (EUR 111.8 million), the adjusted net financial position was EUR 756.6 million, compared to a balance of EUR 755.6 million as at 31 December 2021.

Please also note that as at 30 June 2022 the Group has liquidity headroom of EUR 141 million in uncommitted lines.

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

Amounts in millions of euros	30/06/2022	30/06/2021
EBITDA	93,4	65,8
Net Working Capital	(16,2)	(28,5)
Tax paid	(6,8)	(2,2)
Financial expenses/income paid	(2,4)	(1,6)
Free cash flow from operations	68,0	33,5
Investments paid with own funds	(13,0)	(50,0)
Funded investments in railway infrastructure net of grants collected	(28,1)	(9,3)
Motorway infrastructure investments	(21,2)	(29,9)
Cash flow generation	5,7	(55,7)
Investment purchase	(8,4)	(363,6)
Financial investments	(4,5)	-
Loan disbursement to investees	(0,5)	-
Dividends cash-in	0,9	3,9
Divestments	6,3	-
Free cash flow	(0,5)	(415,4)
Dividends cash-out	-	-
Cash flow	(0,5)	(415,4)
Adjusted NFP (Debt/-Cash) INITIAL 01/01	755,6	43,8
Cash flow generation	0,5	415,4
IFRS 16 Effect	2,4	2,3
Other changes in financial payables	(1,9)	-
MISE contribution: payables to banks and financial liabilities	-	315,3
Total change in NFP	1,0	733,0
Adjusted NFP (Debt/-Cash) FINAL 30/06	756,6	776,8

Cash flow generation in the period was positive for EUR 5.7 million and derives from operations, nearly entirely offset by investments paid. The **operating cash flow** deriving from income management is a positive EUR 68.0 million, due to EBITDA of EUR 93.4 million, in part negatively affected by the change in net working capital, mainly due to the increase in receivables for interconnection relationships with other motorway companies.

Net investments of approximately EUR 62.3 million were paid in the first half of the year, compared to EUR 89.2 million paid in the first half of 2021. Lastly, it should be noted that cash generation for the half-year was affected by the rationalisation of MISE's shareholdings, which involved, on one hand, the acquisition of the stake held by the Lombardy Region in Tangenziali Esterne di Milano S.p.A. (TEM) for EUR 8.4 million, against the sale by MISE and Milano Serravalle Engineering of the shares held in Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A. for a total consideration of EUR 6.3 million. More details are provided in chapter 1.4.

5 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

Amounts in millions of euros	1st HALF 2022						1st HALF 2021 PRO-FORMA					
	Railway infrastructure	Ro.S.Co. & Services	Road passenger mobility	Motorways	Eliminations	Total	Railway infrastructure	Ro.S.Co. & Services	Road passenger mobility	Motorways	Eliminations	Total
Revenues from third parties	63,7	32,3	60,7	132,9		289,6	60,0	32,5	54,1	107,0		253,6
Intercompany revenues	3,4	6,3	8,0	0,7	(18,4)	0,0	2,7	5,9	6,0	1,5	(16,1)	0,0
Revenues from construction services - IFRIC 12 net of costs	4,4	0,0	0,0	0,0		4,4	1,6					1,6
Segment revenues	71,5	38,6	68,7	133,6	(18,4)	294,0	64,3	38,4	60,1	108,5	(16,1)	255,2
Adjusted EBITDA	8,7	20,8	5,0	58,9		93,4	3,4	23,9	6,2	44,1		77,6
Adjusted EBITDA %	9%	22%	5%	63%			4%	31%	8%	57%		
EBITDA	8,7	20,8	5,0	58,9		93,4	5,6	22,2	6,2	44,1		78,1
EBITDA %	9%	22%	5%	63%			7%	28%	8%	56%		

5.1 RAILWAY INFRASTRUCTURE

The “Railway infrastructure” segment includes the management of railway infrastructure of the Milan and Iseo lines, which cover 330 km of network and include 124 stations and passenger service stops -, under concession, as well as terminal design and management activities. With Regional Council Resolution no. X/4823 of 15 February 2016, the Lombardy Region ordered the Concession to FERROVIENORD S.p.A. for the construction, operation and management of the Regional Railway Network be renewed from 18 March 2016 to 31 October 2060.

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

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

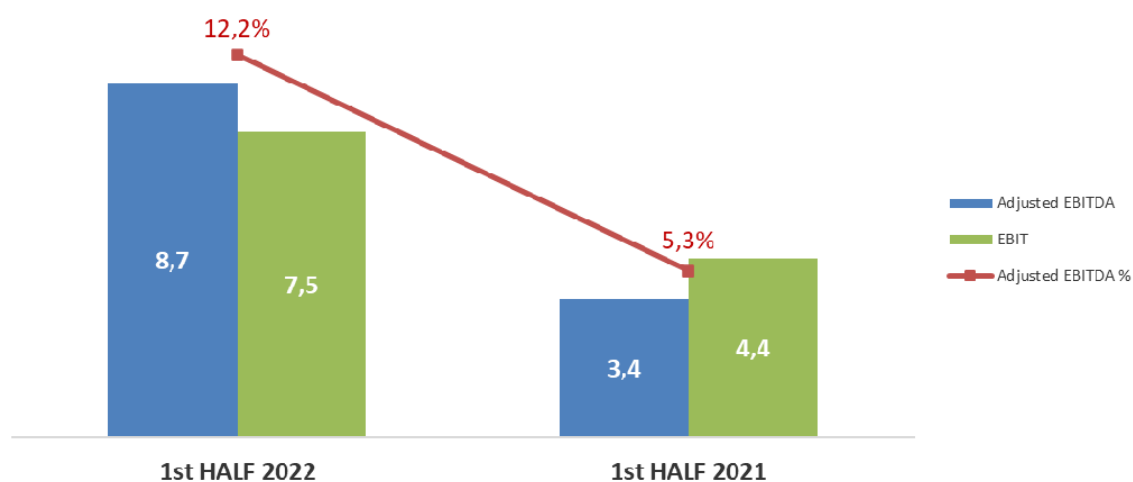
Particularly with reference to the “Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032” activity carried out by FERROVIENORD on behalf of the Lombardy Region, it should be recalled that in 2018 FERROVIENORD and Cassa Depositi e Prestiti (“CDP”) took out a loan of EUR 650 million, with funding granted by the European Investment Bank (“EIB”), to combine the time requirement for the acquisition of new trains with forecasts for the disbursement of cash flows by the Lombardy Region. Effective as of 6 September 2022, FERROVIENORD requested and obtained the voluntary cancellation of the entire loan, still

completely unused, in accordance with the joint provisions of Regional Government Resolution no. XI/6841 of 2 August 2022 “Programme for the purchase of rolling stock for the regional railway service: determinations regarding financing” and Regional Law no. 17 of 8 August 2022 “Adjustment to the 2022 - 2024 budget with amendments of regional laws”.

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

<i>Amounts in millions of euros</i>	<i>1st HALF 2022</i>	<i>1st HALF 2021</i>	<i>Chg</i>	<i>Chg %</i>
Public contracts and grants	54,3	50,6	3,7	7,3%
Leasing rolling stock	6,9	5,4	1,5	27,8%
Other revenues	10,3	8,3	2,0	24,1%
Total revenues	71,5	64,3	7,2	11,2%

Adj. EBITDA	8,7	3,4	5,3	155,9%
Adj. EBITDA %	12,2%	5,3%		
EBIT	7,5	4,4	3,1	70,5%



Segment revenues amounted to EUR 71.5 million, up EUR 7.2 million (+11.2%) compared to EUR 64.3 million in the first half of 2021.

In particular, revenues relating to public contracts and grants, which include the consideration deriving from the Service Agreement for infrastructure management and the Planning Agreement for the management of investments and maintenance on the network, as well as for the purchase and management of rolling stock on behalf of the Lombardy Region, and the network access fee received directly from the railway companies starting from December 2021, amounted to EUR 54.3

million and increased by EUR 3.7 million compared to the same period of 2021. This trend is mainly determined by higher recoveries for planning activities and for costs relating to interventions on the network and the funded rolling stock, in relation to the progress of the orders as set forth in the Planning Agreement, partially offset by the efficiency-boosting mechanism set forth in the Service Agreement and by adjustment of the railway offer, following the reduced mobility caused by the Covid-19 pandemic. Finally, it should be noted that the corresponding value for the comparative six-month period of 2021 included the income recognised by the Concessionaire to cover the rescheduling of the railway offer due to the measures taken for the COVID-19 emergency, amounting to EUR 1.2 million.

Revenues from the rental of rolling stock, referring to fees for the management and maintenance of rolling stock leased by the Lombardy Region to Trenord and managed by Ferrovienord, increased by EUR 1.5 million as a result of the expansion of the Lombardy Region fleet made available to Trenord.

Other revenues increased by EUR 2.0 million mainly due to higher rents as a result of the termination of rent reductions granted during the pandemic and higher revenues from commercial activities and scrap metal sales.

Adjusted EBITDA for the segment was EUR 8.7 million, up EUR 5.3 million compared to the same period of 2021. The change, in a context of growing revenues, takes into account a less than proportional increase in costs for infrastructure and maintenance planning activities, as well as increased expenses for utilities and IT system improvements. It should also be noted that the increase in provisions for cyclical maintenance on the fleet made available to Trenord corresponds to higher revenues from the lease of rolling stock recognised. On the other hand, personnel costs decreased compared to the same period of the previous year due to the recovery of sickness costs for the 2015-2018 period and lower provisions. It should be noted that 2021 EBITDA was adversely affected by higher contingent liabilities and provisions for bad debts on funded contracts in the amount of EUR 2.3 million.

As far as terminal operations are concerned, during the period revenues decreased to EUR 0.7 million from EUR 0.9 million. The revenue trend is reflected in the reduction of EBITDA to EUR -0.5 million from EUR -0.3 million in the first half of 2021.

5.2 RO.S.CO & SERVICES

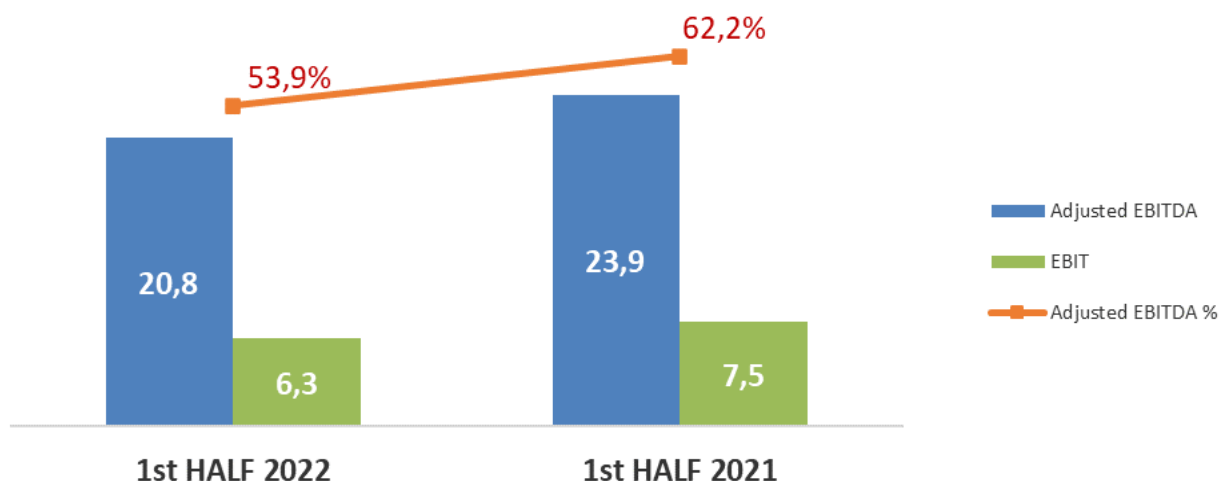
The segment refers to business sectors in which FNM operates directly and comprises the leasing of rolling stock to investees operating in the local public transport and freight transport sectors, in

addition to the offer of digital payment services with FNMPAY. In particular, the latter company is active in the development of a payment institute to carry out primarily acquiring services (acceptance of payments via physical/virtual POS) focusing initially on the captive companies of the FNM Group, as part of the Mobility as a Service (MaaS) strategies that the FNM Group intends to develop.

It should be noted that in collaboration with Ferrovienord and Trenord, FNM is engaged in the promotion of the H2iseO project, which aims to develop a Hydrogen Valley in Valcamonica, starting from the use of hydrogen in local public transport. The project involves the purchase of 14 hydrogen-powered trains for the Brescia-Edolo railway line, with commercial service starting in 2024, to replace the current diesel-powered trains, and the construction of hydrogen production plants, initially intended for the new trains. By 2025, the hydrogen solution is also expected to be extended to road transport, starting with the roughly 40 vehicles operated in Valcamonica by FNM Autoservizi. The total investment is estimated at around EUR 300 million, of which more than EUR 160 million is for the trains.

In December 2020 FNM entered into a Framework Agreement with Alstom for the supply of 30 bi-directional hydrogen-powered trains and signed the first Executive Contract for 6 trains, with delivery of the first train by December 2023.

<i>Amounts in millions of euros</i>	<i>1st HALF 2022</i>	<i>1st HALF 2021</i>	<i>Chg</i>	<i>Chg %</i>
Leasing rolling stock	25,5	26,0	(0,5)	-1,9%
Other revenues	13,1	12,4	0,7	5,6%
Total revenues	38,6	38,4	0,2	0,5%
Adj. EBITDA	20,8	23,9	(3,1)	-13,0%
Adj. EBITDA %	53,9%	62,2%		
EBIT	6,3	7,5	(1,2)	-16,0%



Segment revenues, amounting to EUR 38.6 million (EUR +0.2 million compared to the first half of 2021), mainly relate to the leasing of rolling stock, primarily to Trenord, with rents of EUR 25.5 million in the first half of 2022, down by EUR 0.5 million (-1.9%) compared to EUR 26.0 million in the same period of 2021. The change is due in particular to the reduction in the fee following the renewal of the operating lease contract with Trenord for CSA and TAF trains, partially offset by higher revenues on TILO trains and on locomotives (Effishunter and De520) leased to Trenord.

Other revenues, which include administrative services, i.e. the management of centralised corporate activities through service contracts with investee companies, and the management of owned properties, rose by EUR 0.7 compared to the first half of 2021, to EUR 13.1 million. The change is attributable to higher revenues for IT services, rents on commercial premises and the recovery of some development costs linked to the Fili project by Trenord and Ferrovienord.

The EUR 3.1 million decrease in Adjusted EBITDA to EUR 20.8 million from EUR 23.9 million in the first half of 2021 mainly reflects higher personnel costs connected, inter alia, to the increase in the average headcount (+7 FTE), IT, insurance and membership fee expenses, as well as higher compensation paid to the corporate bodies, also in connection with new positions taken.

Adjusted EBITDA is also impacted by FNMPAY start-up costs and the development costs of the H2iseO and Fili projects.

Trenord, the main joint venture which operates the Local Public rail Service in Lombardy, is included in the Ro.S.Co segment in which the Parent Company is also active. Its economic highlights for the period are provided below.

Trenord

Revenues for the first half of 2022 increased by EUR 74.6 million to EUR 387.9 million from EUR 313.3 million, mainly attributable to the growth in ticketing revenues to EUR 142.3 million from EUR 69.8 million in the first half of 2021, as a result of the 49.3% increase in passenger volume over the entire half-year period due to the improvement in the pandemic situation. It should be noted that transport demand remains 32.4% lower than in the first half of the year. Service Agreement revenues increased by 9.2 % to EUR 223.7 million in the reporting period from EUR 204.8 million, due to the increase in toll costs recognised, mainly related to the increase in energy costs. Other revenues, on the other hand, decreased to EUR 21.9 million from EUR 38.7 million in the same period of 2021; the reduction is attributable to relief for loss of revenue, which amounted to EUR 23.8 million in the first half of 2021 and zero in the reporting period.

Trenord recorded an EBITDA of EUR 51.1 million in the first half of 2022, marking growth of EUR 41.3 million compared to the same period of 2021, thanks to the increase in revenues, partially offset by higher costs for services (also related to the management of the pandemic emergency), utilities, energy for traction and material. Personnel costs also increased by EUR 4.0 million mainly due to the growth in personnel (+213 FTE). The EBIT of EUR -30.4 million, albeit still negative, improved by EUR 42.3 million compared to the comparative period of 2021.

Finally, the net loss decreased to EUR -28.6 million from EUR -52.5 million in the first half of 2021 (EUR -31.4 million as at 31 March 2022), despite lower deferred tax assets recognised.

5.3 ROAD PASSENGER MOBILITY

The first half of 2022 was characterised by a new wave of Covid-19 infections caused by the emergence of the Omicron variant in late 2021/early 2022. As the spring months progressed, the incidence of infections declined. The positive effect of the vaccination campaign implemented in 2021, combined with more frequent but less serious infections, did not require the travel restrictions and prolonged and generalised use of distance learning that had occurred especially in the first quarter of 2021. This trend has also had an impact on demand for local public transport, which in the first half of 2022 saw a gradual recovery compared to the same period in 2021, but still remains below pre-pandemic levels.

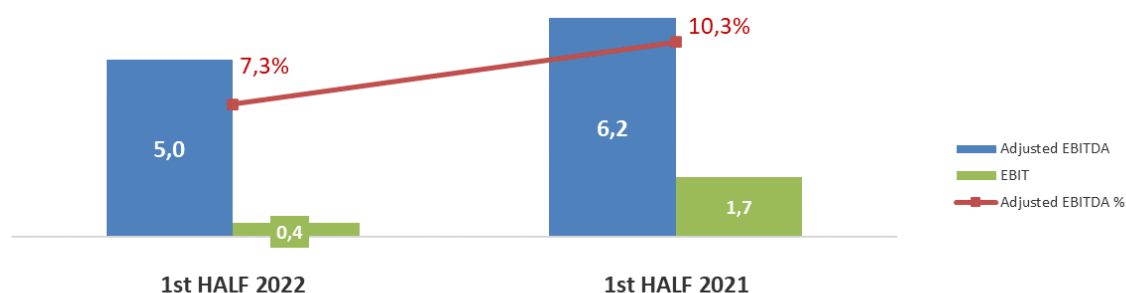
As for the “Road passenger mobility” segment, the number of passengers transported by ATV and FNMA in the first half of 2022 was 28.1 million, up 29.4% compared to the same period of 2021, but still 28.9% lower than in the first half of 2019.

The production of local public transport services, which also includes the production of La Linea and Martini Bus and the additional services activated as a result of the epidemiological emergency, increased by 11.1% to 18.2 million bus-km, compared to 16.4 million bus-km in the first half of

2021 (+18.5% compared to the same period of 2019) to ensure an adequate level of service while respecting social distancing constraints, taking into account the full return to in-person school activities since the start of 2022.

<i>Amounts in millions of euros</i>	<i>1st HALF 2022</i>	<i>1st HALF 2021</i>	<i>Chg</i>	<i>Chg %</i>
Public contracts and grants	31,8	30,6	1,2	3,9%
Transport services	32,6	26,0	6,6	25,4%
Other revenues	4,3	3,5	0,8	22,9%
Total revenues	68,7	60,1	8,6	14,3%

Adj. EBITDA	5,0	6,2	(1,2)	-19,4%
Adj. EBITDA %	7,3%	10,3%		
EBIT	0,4	1,7	(1,3)	ns



Revenues amounted to EUR 68.7 million, up by 14.3% compared to the EUR 60.1 million in the first half of 2021, specifically:

- revenues from public contracts and grants increased by EUR 1.2 million (+3.9%) to EUR 31.8 million compared to the first half of the previous year, mainly due to the higher contribution per kilometre recognised by the Veneto Region pursuant to Regional Government Decree no. 1012 of 16 August 2022, in the amount of EUR 0.5 thousand, the receipt of EUR 0.4 million in grants to support companies operating in the tourism sector, due to Martini Bus, as well as the tax credit on energy consumption due to companies with a high consumption of natural gas, as provided for by Decree Law no. 17 of 1 March 2022. The offsetting measures relating to the loss of traffic revenues in the LPT sector as a result of the pandemic emergency remain substantially unchanged compared to the first half of 2021, from EUR 7.2 million to EUR 7.1 million. More specifically, contributions for additional services increased to EUR 4.4 million in the first half of 2022, from EUR 2.8 million in the same period of 2021, while compensation for lost ticket revenue, which amounted to EUR 4.4 million in the first half of 2021, amounted to EUR 2.7 million in the

same period of 2022. It should also be recalled that the provision introduced by the “Cura Italia Decree” (Decree Law no. 18 of 2020), which provides for the recognition of fees on the basis of contractual planning despite the adjustment of the offer implemented as a result of the epidemiological emergency, was extended until 31 March 2022, the end date of the state of emergency set by Decree Law no. 24 of 24 March 2022;

- 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 6.6 million to EUR 32.6 million during the period, thanks to the recovery in passenger transport and the increase in sub-contracted activities to enhance school service. Revenues from car sharing services also picked up.
- Other revenues also increased by EUR 0.8 million, substantially attributable to the recognition by La Linea of non-recurring income of EUR 0.5 million following the formalisation of settlement agreements relating to the regulation of the planned LPT for 2020 (art. 92 of the 2020 Cura Italia Decree).

Adjusted EBITDA for the period was EUR 5.0 million, down EUR 1.2 million compared to the first half of 2021. The change is mainly attributable to higher costs incurred for energy consumption (mainly fuel, partly also due to increased distances travelled) and higher sub-contracting, which is necessary to guarantee service levels with adequate health and social distancing conditions, particularly with regard to school services. Commercial costs (due to higher demand) and costs for services, IT and insurance also increased. EBITDA in the period was also affected by higher personnel costs as a result of the increase in headcount mainly at E-Vai due to the expansion of the car-sharing business. It should be noted that, in the first half of 2021, personnel costs included the release of a provision set aside in previous years in the amount of EUR 1.4 million.

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

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

In particular, LPT activities in the provinces of Varese and Brescia are carried out under concession (both extended to 31 December 2023 and 31 December 2022, respectively), while those in the province of Como are governed by a service agreement, which has been extended to 31 December 2023. Please note that with Regional Law no. 8 of 25 May 2021, art. 30, the Lombardy Region approved the amendment of art. 60 of Law no. 6 of 2012, postponing the deadline for bidding for the renewal of service concessions/contracts by 2

years after the conclusion of the state of emergency (set at 31 March 2022 under Decree Law no. 24 of 24 March 2022).

During the period under analysis, the production of local public transport services (which also includes additional services) amounted to 2.4 million bus-km, an increase of 5.2% compared to 2.3 million bus-km in the first half of 2021 and 2.8% compared to the same period in 2019. The number of travellers in the half-year more than doubled to 1.7 million from 0.7 million in the same period of 2021, but remains below the levels recorded in the first half of 2019 (-22.1%).

Total revenues of EUR 10.2 million were substantially in line with the previous comparative period (EUR 10.1 million). Higher ticket revenues (due to the recovery of demand for local public transport) were substantially offset by lower government subsidies (a total of EUR 0.3 million in the first half of 2022 and EUR 1.0 million in the comparative period of 2021).

- **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 (with the Municipality of Verona, the Municipality of Legnago and the Province of Verona), also extended until 31 December 2022, as set forth in Resolution no. 136 of 9 December 2021 of the President of the Province of Verona. By resolution no. 24 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. 2 of Decree Law no. 18/2020 (converted with amendments by Law no. 27/2020), until 12 months after the conclusion of the Covid-19 state of emergency, planned for 31 March 2022 on the basis of Decree Law no. 24 of 24 March 2022.

During the period under review, production rose by 9.2% to 11.3 million bus-km compared to 10.4 million bus-km in the first half 2021. The figure is 10.4% higher than the levels of the first half of 2019 (10.3 million bus-km). The number of passengers carried rose by 25.4% to 26.4 million from 21.0 million in the same period of 2021, with a basically even recovery across urban and suburban routes, and in the segment of occasional trips as well as that of season tickets. Compared to the first half of 2019, the number of passengers carried remains 29.3% lower.

Total revenue increased by 16.8% to EUR 41.0 million from EUR 35.1 million as at 30 June 2021, mainly due to the effect of the recovery of mobility and higher contributions for additional services (EUR 4.1 million in the first half of 2022 and EUR 2.6 million in the same period of 2021), against lower contributions to offset lost revenues relating to previous

years (amounting to EUR 2.7 million in the reference period and EUR 3.5 million in the first half of 2021).

- **La Linea** is a company that operates in the Veneto area in local public road transport sector and hires out buses with driver, also through the subsidiary MartiniBus.

In the six-month period, La Linea's revenues increased by 22.2% to EUR 11.5 million, compared to EUR 9.4 million in the same period of the previous year, due to the significant increase in subcontracted services, following the expansion of school LPT services requested by the Veneto Region. Please also recall that, while in the reference period local public transport services started at the beginning of January 2022, in the same period of 2021 they began at the end of February because Veneto had been declared a "red zone". The recognition of the non-recurring income mentioned above also contributed to the increase in revenues.

Even for Martini Bus, whose business was temporarily redefined to offer supplementary LPT services under subcontracting, performance was positive with revenues of EUR 4.2 million, up 38.8% from EUR 3.0 million in the first half of 2021. The increase reflects, as in the case of La Linea, the expansion of school LPT services requested by the Veneto Region and grants to support companies operating in the tourism sector in the amount of EUR 0.4 million (nil in the first half of 2021). The recovery of tourism services, especially in the second quarter of 2022, should also be noted.

Overall, in the first half of 2022 La Linea managed 4.2 million bus-km under subcontracting, compared to 3.5 million bus-km in the same period of 2021 (2.8 million bus-km in the first half of 2019). In terms of total supply (which also includes commercial and tourist services), Martini Bus handled 0.8 million bus-km in the first half of 2022, compared to 0.5 million bus-km in the same period in 2021 and 0.7 million bus-km in the first half of 2019.

It should be recalled that in June 2021 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 provision of the new service, for which the contract was signed in January 2022, is expected to start in the second half of 2022 and includes the purchase of around 20 electric and 4 diesel-powered environmentally friendly buses. Lastly, as highlighted in section 1.3, it should be noted that on 30 August 2022 FNM accepted the proposal to purchase the equity investment in La Linea S.p.A. and Martini Bus received on 15 July from the companies Alilaguna S.p.A. and Ecobus S.r.l.

- 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 2.2 million, an increase of 14.4% compared to EUR 1.9 million in the same period of the previous year, thanks to the increase in volumes of activities. It should be noted that the Lombardy ecological car sharing service is entrusted to FERROVIENORD as part of the commitment with the Lombardy Region to provide an "ecological" car sharing service in exchange for the payment of a fee of EUR 1.8 million per year, unchanged from the previous year.

5.4 MOTORWAYS

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

MISE is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the concession agreement signed on 7 November 2007 and subsequent amendments and additions between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport now the Ministry of Infrastructure and Sustainable Mobility), as the awarding body. The concession expires on 31 October 2028.

The network, with a total length of 179 km, of which 124 km with three lanes, is interconnected with the main motorway sections in northern Italy.

As in local public transport by rail and road, the Covid-19 pandemic also had its effects on traffic in the first half of 2022, albeit with a less pronounced impact than in the same period of 2021. Overall, in the first half of 2022, paying traffic recorded a total of 1,423.9 million vehicle-km, an increase of 25.4% compared to the same period in 2021 (1,135.7 million vehicle-km), although it still remained below the levels of the same period in 2019 (-6.7%). As for the economic trend, there was generally more marked growth in the first quarter than in the second quarter, due to the higher mobility restrictions imposed in early 2021, while in May and June 2021 the recovery was already under way.

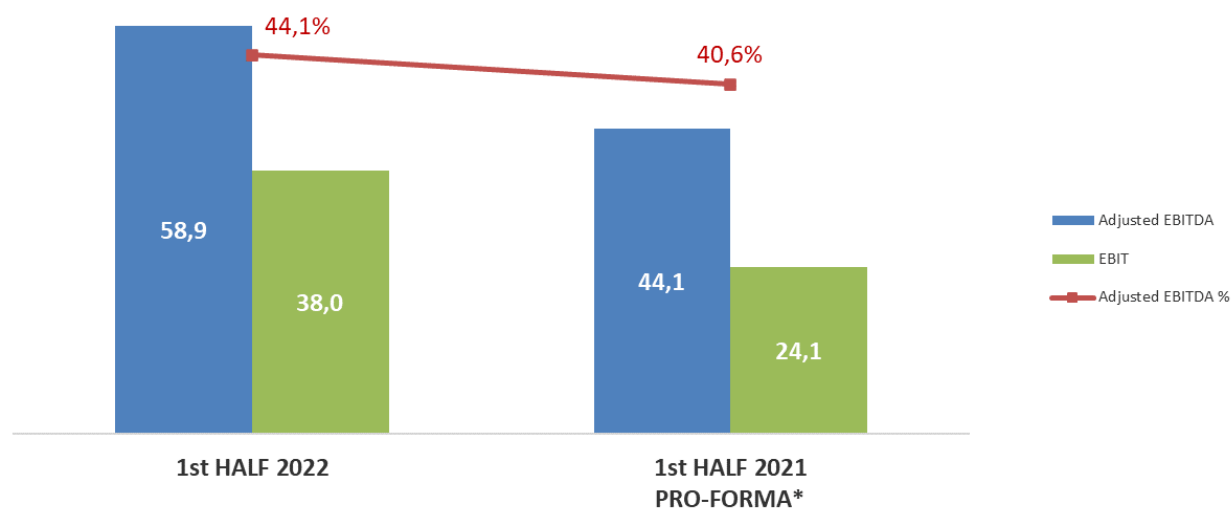
With respect to the breakdown of traffic between light and heavy vehicles, it should be noted that heavy traffic showed a clear upward trend compared to the pre-pandemic period. In the first half of 2022, heavy vehicles recorded a total of 313.9 million vehicle-km, an increase of 5.4% compared to the same period of 2021 (297.8 million vehicle-km) and of 3.6% compared to the first half of 2019. Light traffic, at 1,110.0 million vehicle-km in the reporting period, marked growth of 32.5% compared to 837.9 million vehicle-km in the first half of 2021, but remains 9.2% lower than in the same period of 2019.

With regard to tariffs, during the board meeting of 23 December 2021, the Company, in light of the status of the process of approving the proposed economic and financial plan for the 2018-2022 regulatory period, deemed it appropriate to reconsider the decision to maintain the suspension of the 2019 tariff adjustment, approving the activation of the tariff update authorised by Interministerial Decree no. 579 of 31 December 2018, which had previously been suspended. Therefore, as of 1 January 2022, the unit mileage tariffs attributable to the Company rose by 2.62%.

MISE has full control over Milano Serravalle Engineering, which provides design, technical and administrative support for infrastructure investments on the motorway network.

<i>Amounts in millions of euros</i>	<i>1st HALF 2022</i>	<i>1st HALF 2021 PRO-FORMA*</i>	<i>Chg</i>	<i>Chg %</i>
Toll revenues	123,8	100,3	23,5	23,4%
Other revenues	9,8	8,2	1,6	19,5%
Total revenues	133,6	108,5	25,1	23,1%
Adj. EBITDA	58,9	44,1	14,8	33,6%
Adj. EBITDA %	44,1%	40,6%		
EBIT	38,0	24,1	13,9	<i>ns</i>

*The values consider the consolidation of MISE from 1 January 2022 and 1 January 2021, respectively.



In the first half of 2022, the Motorways segment posted revenues of EUR 133.6 million, up EUR 25.1 million compared to EUR 108.5 million in the corresponding period of 2021 (pro-forma figure for 6 months), mainly due to the combined effect of higher traffic recorded in the period and the 2.62% tariff increase introduced as of 1 January 2022. It should be noted that the increase in toll revenues in percentage terms (+23.4%) is lower than the increase in traffic (+25.4%) due to the more significant recovery recorded by light traffic than heavy traffic. Other revenues also grew (up by EUR 0.5 million on the first half of 2021), mainly due to higher income from service area

concessions, which benefited from the recovery in mobility and the renewal of some contracts at more favourable economic conditions for MISE.

EBITDA for the period was EUR 58.9 million, an increase of EUR 14.8 million from EUR 44.1 million in the first half of 2021, mainly due to the increase in revenues. EBITDA was also impacted by higher allocations to the renewal provision, net of the relative releases for the period, in order to adjust the provision to scheduled upgrades, the main changes in which concern maintenance and surveillance activities on structures, as well as works to upgrade toll collection and other systems. The increase in the renewal provision was also caused by the price adjustment set forth in recent procurement legislation. MISE's EBITDA was also negatively impacted by higher costs linked to the resumption of traffic (including collection charges and concession fees), insurance premiums and electricity utilities mainly due to the higher cost of energy, as well as the recording of certain contractual adjustments relating to planning costs. Labour costs also increased slightly due to the effect of the redundancy incentives linked to the procedure aimed at realigning the workforce to the new requirements, which was formalised with the agreement signed on 20 July 2022 with the trade union representatives.

Autostrada Pedemontana Lombarda

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 roughly 200 km (including junctions and associated works), 85 km of which have been in operation since 2015 (A36, Section A and B1, A59 and A60).

With regard to the assignment to the General Contractor of the executive planning and the performance of construction works for Sections B2 and C, together with associated works, on 1 March 2021 the Commission appointed for the assessment of the offers submitted by economic operators concluded its work, drawing up the relative ranking that saw as first classified the Temporary Association of Companies (RTI), formed by the joint-stock companies Webuild - Pizzarotti and Astaldi⁷.

However, the awarding of the tender is currently subject to the ongoing judicial procedure, in view of the appeal filed on 2 October 2021 by the second-ranked consortium, Consorzio Stabile SIS,

⁷ In a note received in September 2021, the Company learned that the companies Webuild S.p.A. and Astaldi S.p.A. were involved in extraordinary corporate transactions, concerning the sale of business units concerned by the assignment in question. Due to these extraordinary transactions, the current composition of the RTI is as follows: Webuild Italia S.p.A. (instead of Webuild S.p.A.), Partecipazioni Italia S.p.A. (in place of Astaldi S.p.A.) and Pizzarotti S.p.A.

which challenged the awarding of the tender before the Milan Regional Administrative Court, requesting its cancellation, after suspension of its effectiveness. As concerns this dispute please note that, on 17 March 2022, the appellant submitted a further appeal on additional grounds. After the hearing pursuant to art. 116 of the Code of Administrative Procedure on 23 March 2022, the Regional Administrative Court of Milan filed an Order rejecting the interim measure application made by Consorzio SIS. This order was upheld on appeal by the Council of State. Subsequently, on 21 April 2022, the appellant submitted new additional grounds accompanied by a new interim measure application that were likewise rejected by the Lombardy Regional Administrative Court and, on appeal, also by the Council of State by order published on 8 July 2022. Instead, the hearing on the merits of the appeal has been scheduled for 21 September 2022.

Also to support the construction of Sections B2 and C and the relative associated works, on 31 August 2021 APL took out a loan for EUR 1,741 million (Senior Loan 1) from a pool of banks together with Cassa Depositi e Prestiti and the EIB, with the support of the Lombardy Region as the reference partner. Having met the deadline of 31 August 2021, APL will be able to benefit from the tax exemption as per Supplementary Act no. 2 to the Single Convention approved by the CIPRESS for EUR 800 million.

Discussions continue with the financial institutions aimed at enforcing the fulfilment of the requirements of the Senior Loan 1 agreement in order to have the funds disbursed. Please note that APL obtained the second letter of consent (“Waiver”) in March 2022. The work of the technical working group also continued in order to finalise the approval of Additional Agreement no. 3 and the related economic and financial plan - the conclusion of which is one of the conditions precedent for the disbursement of the Senior Loan 1 - which led on 18 May 2022 to the approval of the 2020 economic and financial plan-Rev.2 by the APL Board of Directors, in order to give the Awarding Body the opportunity to send it to the Ministry of Infrastructure and Sustainable Mobility (MIMS) and the ART.

It should also be recalled that in 2021, again in order to support the financeability of the construction of sections B2 and C of the Pedemontana infrastructure, the Lombardy Region made available a shareholder loan totalling EUR 900 million, disbursed and/or set aside from 2025 to 2044.

Traffic trends

In the first half of 2022, with regard to the A 36 (sections A and B1), the Como bypass (A59) and the Varese bypass (A60), the Company recorded a total of 148.3 million vehicle-km travelled, marking significant growth compared to the corresponding period of 2021 (+34.8%) and bringing traffic figures for the first half of 2022 above those of 2019 (+6.5%), the year prior to the pandemic.

For light vehicles, 117.5 million vehicle-km were recorded, which compares with 83.9 million vehicle-km in the first half of 2021 (+40.1%) and 112.3 million vehicle-km in the first half of 2019 (+4.6%). Heavy traffic volumes amounted to 30.8 million vehicle-km, an increase of 18.0% compared to 26.1 million vehicle-km in the corresponding period of 2021, with a significant increase even compared to pre-pandemic values (27.0 million vehicle-km in the first half of 2019, +14.3%).

Economic data summary⁸

In the first half of 2022, APL recorded revenues of EUR 23.5 million, up EUR 5.9 million from the EUR 17.6 million recorded in the same period of 2021, mainly due to higher toll revenues, which increased by 33.8% to EUR 21.0 million from EUR 15.7 million due to traffic growth. No increases in motorway tolls were granted to APL during the period.

The increase in revenues together with a moderate increase in operating costs led to an improvement in EBITDA to EUR 11.7 million, up EUR 5.5 million from EUR 6.2 million recorded in the same period of 2021.

EBIT amounted to EUR 8.5 million, with an overall improvement of around EUR 4.5 million compared to the first half of 2021, against higher depreciation and amortisation primarily due to the effect of higher financial amortisation of non-compensated assets (EUR +1.3 million) closely linked to the increase in EBITDA.

The net loss for the half-year was EUR 1.5 million (compared to a loss of EUR 1.1 million as at 30 June 2021), mainly due to the increase in financial expenses (EUR +4.8 million) deriving from the effect of the application of the amortised cost to the accessory expenses of the Senior Loan 1, which will not be capitalised on the value of the Work until the works are started, and to a minor extent from the interest accrued on the portion paid.

⁸ The figures provided for the associate are determined according to OIC accounting principles.

6 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group, including MISE and its subsidiary MISE Engineering, increased from 2,833 in the first half of 2021 to 2,846 in the first half of 2022.

6.1 INDUSTRIAL RELATIONS

Significant discussions took place within the FNM Group with the trade unions in the first half of 2022.

The gradual relaxation of measures aimed at containing the spread of the Covid-19 virus has allowed for a gradual resumption of in-person activities for FNM Group employees, with the effective implementation of the organisational model governed by the agreement of 03/2020, which established a working week based on three days of in-person activities and two days of smart working.

In 2022, the Ferrovienord maintenance sector started the organisational model defined in the 06/2021 agreement in connection with the new work shifts, the expansion of night-time activities, greater flexibility and professional growth of the staff.

With regard to the company FNM Autoservizi, a one-off contribution was made, following the second-level agreement, based on the company's performance in 2021.

In addition, on 10 May 2022, the renewal of the National Collective Bargaining Agreement for the Railway/Tram sector, which expired on 31 December 2017, was signed. Through the payment of a one-off sum, the amount attributable to the contractual holiday period from January 2021 to June 2022 was defined. The agreement also provided for salary increases to be implemented in three phases, the first in July 2022 worth EUR 30 per month at the benchmark (par. 175). The value to be recognised as an allowance for days of leave taken by staff was also defined.

With regard to the National Collective Labour Agreement for Motorway and Tunnel Companies and Consortia, bargaining began in May for the renewal of the second-level supplementary agreement for the 2022-2024 period. In the context of the new three-year agreement, the intention is to base the new performance bonus on criteria that more strongly appreciate the contribution of the individual, as well as, where possible, hinge it on the achievement of specific sector targets, broken down between the individual operating and administrative areas, in light of the current industrial and corporate situation, also with a view to aligning the bonus, starting from 2022, with the model developed in the Group.

7 MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

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

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

Operations of the first half of 2022 did not change the risk scenarios set out in the management report attached to the separate and consolidated financial statements as at 31 December 2021, to which reference should be made for further details.

8 MOST RELEVANT LITIGATION AND OTHER INFORMATION

The most relevant litigations for FNM and Group companies are summarised below. It should be noted that, also based on the opinion of appointed consultants, additional charges are not expected to those already reflected in the separate and consolidated financial statements as at 31 December 2021.

In relation to the status of the ongoing litigation with the supplier Cogel S.p.A. under liquidation, which was noted in the management report to the financial statements as at 31 December 2021, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparties. The dispute was decided in the third instance by the Court of Cassation's ruling no. 17453/2021, but it has been partially resumed before the Court of Appeal of Milan.

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

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

The Court of Appeal's judgement was challenged before the Court of Cassation by Generali Italia S.p.A., which asked for Ferroviennord jointly and severally with Cogel or exclusively to be ordered to repay the amount of EUR 680,406.91 plus interest and revaluation (equal to the amount already paid to FERROVIENORD as a guarantee). Subsequently, Cogel also challenged the same judgement requesting with respect to Ferroviennord the recognition of default interest pursuant to Legislative Decree 231/2002 for an amount of EUR 963,368.99 (in addition to the legal interest already recognised in the second-degree decision in its favour). FERROVIENORD defended the proceedings and in turn challenged the second instance judgement to, among other things, the extent in which it rejected the claim for compensation for the damages quantified as EUR 3,332,154.54. On 17 June 2021, judgement no. 17453/2021 was issued in which the Court of Cassation: *i*) rejected the demand of Generali Italia S.p.A. seeking an order requiring Ferroviennord to pay EUR 680,406.91; *ii*) rejected the cross-appeal of Cogel seeking an order requiring Ferroviennord to pay EUR 963,638.99; *iii*) upheld the second grounds of FERROVIENORD's cross-appeal (relating to the damages suffered due to the higher amount paid to the new contractor for the Saronno-Seregno works); *iv*) referred the case back to the Milan Court of Appeal for the continuation of the proceedings between FERROVIENORD and Cogel for the damages referred to in the previous point and for legal costs; *v*) ordered Generali Italia S.p.A. to pay the legal fees in favour of FERROVIENORD, amounting to EUR 11,200.00 plus additional sums as required by law.

With regard to the quantification of the damages suffered by FERROVIENORD for the higher amount paid to the new contractor for the Saronno-Seregno works (see *iii* above), the case was resumed by Ferroviennord before the Milan Court of Appeal. At the first hearing held on 3 March 2022, the parties informed the panel that negotiations were under way for an amicable settlement of the dispute. The Court of Appeal acknowledged the negotiations and adjourned the case to the hearing on 22 September 2022 for closing arguments.

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

Having declared their lack of jurisdictional competence due to the applicants' residence, the cases were sent to the various courts of the places of residence. Currently, fourteen cases are pending, at different stages: *a*) in the first instance, there are four pending cases, while nine cases were adjudicated against FERROVIENORD jointly and severally with Lucentissima, subject to the benefit of preventive enforcement against Lucentissima; FERROVIENORD appealed seven first

instance decisions and will appeal the other two sentences (handed down in July 2020); b) two appeals have already ended with two decisions that, while confirming the decision against FERROVIENORD and La Lucentissima, slightly reduced the amounts due to the workers. La Lucentissima was declared bankrupt by a judgment dated 28.04.2021 and, consequently, as the declaration of bankruptcy is brought to the attention of the Judge in accordance with procedural formalities, the proceedings still pending will be discontinued. They will therefore need to be resumed by the applicants against the bankruptcy.

Litigation with the Customs Agency

With reference to the dispute with the Customs Agency, in relation to the appeal filed by the Como Customs Agency to overturn ruling no. 155/2016 of the Provincial Tax Commission of Como, in favour of FERROVIENORD, filed on 20 April 2016, after several adjournments, the hearing to discuss the dispute in question before the Regional Tax Commission was scheduled for 13 June 2019.

At the hearing of 13 June 2019, a further adjournment was granted to continue the adversarial procedure with the Office; the case was first adjourned to 12 December 2019 and, at that time, placed on a new docket.

During the talks aimed at settling the matter out of court, also in consideration of the recent note Doc. no. 12243/RU of 6 March 2019, where the Central Directorate of Legislation and Customs Procedures specified that “the importer may be considered to have met its obligation by self-invoicing (reverse charge) of the VAT relating to royalties on the imported goods”, it was agreed to verify the full and actual payment, by FERROVIENORD, of VAT by reverse charge, thus, the complete fulfilment of the obligation to pay the tax.

For this purpose, the Company provided the Office with the documentation necessary for a reconciliation between the invoices issued by the supplier (the Swiss Company Stadler Bussnang AG) and the corresponding self-invoices issued by FERROVIENORD.

Given the positive outcome of this reconciliation, FERROVIENORD submitted to the Como Customs Office a petition for nullification by internal review of the notice of assessment and correction doc. no. ASP RU 15537/14 and of the order to impose administrative penalties doc. no. ASP. RU 15550/14, to involve the Regional Directorate of the Customs Agency and the Central Directorate in the matter.

Despite the various attempts to reach a settlement of the matter, to date it has not been possible to reach an out-of-court solution, so the dispute pending before the Regional Tax Commission of Milan will continue, which was concluded with ruling no. 1815/7/2021 handed down on 15 April 2021 and filed on 13 May 2021.

With the above ruling the Lombardy Regional Tax Commission rejected the appeal lodged by the Office limited to the recovery of the tax, declaring, on the other hand, that the fine claimed by the Agency was legitimate, although it was recalculated to EUR 1,333,076.44 in application of art. 13 of Legislative Decree no. 471/1997.

Lastly, the Customs Agency appealed this decision before the Court of Cassation, to which FERROVIENORD S.p.A. responded by lodging a counter-appeal on 4 October 2021, together with a cross-appeal in which it contested the aspects and points of the ruling against it.

Finally, discussions are currently under way with the State Attorney in charge of the case, who expressed willingness to consider a proposal for an out-of-court settlement of the dispute, to be submitted to the Agency for examination.

9 SIGNIFICANT EVENTS DURING THE PERIOD

The Shareholders' Meeting approves the 2021 financial statements.

26 April 2022: the Shareholders' Meeting approved the proposed separate financial statements of FNM S.p.A. and examined the consolidated financial statements of the FNM Group as at 31 December 2021. Following the vote of the majority shareholder the Lombardy Region, the Shareholders' Meeting resolved not to distribute dividends and therefore to allocate the profit for the 2021 financial year as follows:

- EUR 270,387 to the legal reserve;
- EUR 5,137,359 to retained earnings.

The Shareholders' Meeting also:

- approved the Report on the remuneration policy and on the compensation paid
- and renewed the authorisation for the purchase and disposal of treasury shares, subject to revocation of the authorisation granted by the Meeting on 30 April 2021.

10 SIGNIFICANT EVENTS AFTER 30 JUNE 2022

ESG rating of 7.4 received from Morningstar Sustainalytics

18 July 2022 - In order to reinforce its commitment to the greater integration of ESG principles within the Group's strategies and management, and with a view to stakeholder transparency, FNM voluntarily asked Morningstar Sustainalytics to assign an ESG Risk Rating to the FNM Group.

Sustainalytics assessed the ESG risk profile to which the FNM Group is exposed as negligible, assigning an ESG Risk Rating of 7.4 (on a scale between 0 and > 40, where 0 indicates the best rating and >40 the worst).

Its score ranks in the top 50 amongst the approximately 15,000 entities evaluated by Sustainalytics worldwide and in 4th place amongst the 171 entities active in the transport infrastructure sector.

11 MANAGEMENT OUTLOOK

The Company maintains its forecast of a gradual recovery in mobility demand. Indeed, for Motorways, total traffic is expected to reach levels that are broadly aligned with 2019, with heavy traffic fully resumed with respect to pre-pandemic levels and light traffic seeing a marked recovery from 2021. With regard to road passenger Mobility, on the other hand, given the still cautious forecasts of local mobility demand, significant growth is expected in 2022, but with levels still lower than in 2019.

The period remains characterised by the high level of uncertainty arising from the evolution of the macroeconomic scenario, which is affected by rising energy prices and more generally by inflation as a result of the continuing conflict between Russia and Ukraine, which has already affected the results for the first half of 2022.

In the absence of visibility with respect to government measures to counteract recent extraordinary events, the company has not included relief provided by the national government for 2022 in the current year's estimates, either to support the drop in revenues resulting from the lower demand for local public road transport recorded compared to the pre-COVID-19 period, or to offset the higher costs associated with the increase in energy costs.

In light of these considerations, the Group substantially confirms the overall estimates for the full year 2022, although considering that, compared to previous forecasts, the results include more conservative assumptions with respect to the evolution of energy prices and inflation, which particularly impact the Road Passenger Mobility segment and motorway infrastructure maintenance costs.

Forecasts for the Group on a like-for-like basis (i.e. considering MISE consolidated for all of 2021), show revenues posting double-digit growth in the low teens for 2022 and adjusted EBITDA up by about 10%-15% compared to 2021. The Adjusted EBITDA/Revenues ratio is expected to rise slightly with respect to 2021.

Comparing reported figures instead, i.e. taking into account the consolidation of MISE as of 26 February 2021, revenues are expected to achieve double-digit growth in the mid teens and adjusted EBITDA is expected to increase by more than 20% compared to 2021. In this case too, the Adjusted EBITDA/Revenues ratio is expected to remain constant with respect to 2021.

From a financial point of view, by year-end 2022, the Group expects a level of debt (“Adjusted NFP”) in the range of EUR 750-800 million, with an Adjusted NFP/EBITDA ratio of approximately 4x, showing improvement on the 4.5x recorded at end 2021.

For Trenord - valued according to the equity method - transport demand is expected to recover markedly as well compared to 2021, although the possible uncertainty over health conditions and possible permanent changes in travel habits lead to the assumption of a gradual recovery in volumes to pre-pandemic levels over a period of a few years. The investee company continues to constantly monitor all the main KPIs, regarding the performance of the service, attendance, receipts and the cost-revenue ratio.

Current estimates for the entire FNM Group take into account the increase in fuel and energy prices recorded in recent months. The framework of sanctions imposed against Russia by the European Union and the United States as a result of the continuing conflict in Ukraine could lead to a slowdown in growth and further price increases, which are currently difficult to estimate in terms of extent and duration.

Considering that the contingent situation had a limited impact on the overall extent of operations in the first half of 2022, it is currently confirmed that it will have no impact on the business continuity of the Company and its subsidiaries and the recoverability of asset values.

The Company is maintaining a careful focus on the effective management of variable and discretionary costs relating to all of the Group’s activities, and constantly monitors developments in order to understand whether and to what extent price increases could have an impact on traffic and, consequently, on the Group’s expected results.

Milan, 28 September 2022

The Board of Directors

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 first half of 2021, the following components were excluded from EBITDA:

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

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 liabilities and non-current financial liabilities.

Adjusted NFP: this is represented by the net financial position as identified above, excluding cash and cash equivalents and current financial liabilities relating to funded investments for the renewal of railway rolling stock set forth in the “2017 - 2032 Rolling Stock Programme”, in order to neutralise the effects of the timing for the collection of grants and the relative payments made to suppliers, accounted for in accordance with IFRIC 12.



Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

Consolidated Condensed Interim Financial Statements as at 30 June 2022

Consolidated Statement of Financial Position

Consolidated Income Statement

Other Consolidated Comprehensive Income

Changes in Consolidated Shareholders' Equity

Consolidated Statement of Cash Flows

Notes to the consolidated condensed interim financial statements

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2022

Amounts in thousands of euros	Notes	30/06/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	484.563	447.543
Intangible assets	6	259.526	269.573
Goodwill	7	725	3.440
Right of use	8	22.995	27.810
Investments measured with the equity method	9	148.730	147.577
Investments in other companies	9	11.152	11.074
Financial receivables	10	59.990	58.539
	10	54.183	52.119
		of which: Related Parties	
Contractual assets	13	159.761	145.088
Deferred tax assets		33.858	35.773
Tax receivables	17	17	17
Other Receivables	16	2.448	1.918
	16	188	7
		of which: Related Parties	
TOTAL NON-CURRENT ASSETS		1.183.765	1.148.352
CURRENT ASSETS			
Inventories	14	11.195	9.504
Trade Receivables	15	143.638	133.067
	15	60.167	62.917
		of which: Related Parties	
Other Receivables	16	156.377	123.012
	16	12.035	17.968
		of which: Related Parties	
Tax receivables	17	563	1.501
Financial receivables	10	6.001	862
	10	439	329
		of which: Related Parties	
Financial Receivables measured at Fair Value in profit or loss	11	6.832	7.000
Investments in other companies	19	0	6.313
Receivables for funded investments	12	240.761	138.061
	12	238.764	136.064
		of which: Related Parties	
Cash and cash equivalents	18	371.195	351.832
TOTAL CURRENT ASSETS		936.562	771.152
Assets held for sale	20	410	0
TOTAL ASSETS		2.120.737	1.919.504
LIABILITIES			
Share capital		230.000	230.000
Other reserves		10.702	6.873
Reserve for indivisible profit		(22.721)	(63.596)
Reserve for actuarial gains/(losses)		(4.713)	(7.478)
Translation reserve		187	147
Profit/(loss) for the period		21.438	40.875
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		234.893	206.821
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		20.661	21.512
TOTAL SHAREHOLDERS' EQUITY	21	255.554	228.333
NON-CURRENT LIABILITIES			
Payables to banks	22	173.987	165.683
Financial Payables	23	646.415	646.881
Payables for funded investments	24	12.581	12.581
	24	6.759	6.759
		of which: Related Parties	
Lease liabilities	23	20.990	22.793
	23	49	106
		of which: Related Parties	
Other liabilities	26	22.375	20.395
	26	9.734	8.433
		of which: Related Parties	
Provisions for risks and charges	27	92.411	95.773
Post-employment benefits	28	22.929	28.011
TOTAL NON-CURRENT LIABILITIES		991.688	992.117
CURRENT LIABILITIES			
Payables to banks	22	55.630	88.774
Financial Payables	23	67.810	68.403
	23	36.675	39.148
		of which: Related Parties	
Payables for funded investments	24	30.419	36.978
	24	30.419	36.978
		of which: Related Parties	
Lease liabilities	23	8.144	6.947
	23	101	21
		of which: Related Parties	
Trade payables	29	575.634	372.327
	29	11.571	10.855
		of which: Related Parties	
Payables for taxes	30	7.255	1.551
Tax payables	30	9.835	6.189
Other liabilities	31	63.770	67.726
	31	14.327	18.416
		of which: Related Parties	
Provisions for risks and charges	27	54.039	50.159
TOTAL CURRENT LIABILITIES		872.536	699.054
Liabilities related to assets held for sale	20	959	0
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		2.120.737	1.919.504

CONSOLIDATED INCOME STATEMENT FIRST HALF 2022

<i>Amounts in thousands of euros</i>	Notes	1st Half 2022	1st Half 2021
Revenues from sales and services	32	259.543	199.585
	of which: Related Parties	88.173	87.538
Revenues from construction services - IFRIC 12	34	52.823	44.181
	of which: Related Parties	28.054	25.787
TOTAL REVENUES		312.366	243.766
Grants	33	13.009	12.805
	of which: Related Parties	4.262	4.787
Other income	35	16.985	11.496
	of which: Related Parties	3.877	3.980
TOTAL REVENUES AND OTHER INCOME		342.360	268.067
Raw materials, consumables and goods used	36	(15.270)	(11.061)
Service costs	37	(77.943)	(57.193)
	of which: Related Parties	(5.146)	(4.518)
	of which: Non Recurring	(36)	(1.728)
Personnel costs	38	(81.258)	(74.141)
Depreciation, amortisation and write-downs	39	(47.448)	(34.158)
Write-down of financial assets and contractual assets	40	(1.309)	(2.230)
Other operating costs	41	(24.769)	(14.618)
	of which: Related Parties	(91)	(126)
	of which: Non Recurring	-	2.237
Costs of construction services - IFRIC 12	34	(48.419)	(42.581)
TOTAL COSTS		(296.416)	(235.982)
EBIT		45.944	32.085
Financial income	42	4.133	1.636
	of which: Related Parties	1.834	1.195
Financial expenses	43	(6.778)	(12.103)
	of which: Related Parties	(118)	(48)
NET FINANCIAL INCOME		(2.645)	(10.467)
Net profit of companies measured with the equity method	44	(9.733)	(26.866)
EARNINGS BEFORE TAX		33.566	(5.248)
Income tax	45	(13.461)	(5.553)
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		20.105	(10.801)
NET PROFIT FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE PERIOD		20.105	(10.801)
Profit/(loss) attributable to NON-CONTROLLING interests		(1.333)	1.664
Profit/(loss) attributable to Parent Company shareholders		21.438	(12.465)
Profit/(loss) attributable to NCIs for discontinued operations		-	-
Profit/(loss) attributable to Parent Company shareholders for discontinued operations		-	-
Earnings/(loss) per share attributable to Group shareholders			
Basic Earnings/(loss) per share (euro)	46	0,05	(0,03)
Diluted earnings/(loss) per share (euro)	46	0,05	(0,03)
Earnings/(loss) per share attributable to Group shareholders for discontinued operations			
Basic Earnings/(loss) per share (euro)		-	-
Diluted earnings/(loss) per share (euro)		-	-

OTHER CONSOLIDATED COMPREHENSIVE INCOME

<i>Amounts in thousands of euros</i>	Notes	30/06/2022	30/06/2021
PROFIT/(LOSS) FOR THE PERIOD		20.105	(10.801)
Other components of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss)	28	3.319	375
Tax effect		(929)	(106)
Total components that will not be reclassified in the operating result		2.390	269
Change Fair value of derivatives	23	1.855	1.232
Tax effect		(445)	(296)
Total components that will be reclassified in the operating result		1.410	936
Total companies consolidated on a line-by-line basis		3.800	1.205
Other components of companies consolidated with the equity method			
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method		855	29
Total components that will not be reclassified in the operating result	9	855	29
Change Fair value of derivatives		2.421	
Gains/(losses) arising from the translation of financial statements of foreign companies		40	(15)
Total components that will be reclassified in the operating result	9	2.461	(15)
Total companies consolidated with the equity method		3.316	14
Total Other Comprehensive Income	48	7.116	1.219
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		27.221	(9.582)
Comprehensive Profit/(Loss) attributable to non-controlling interests		(851)	1.780
Comprehensive Profit/(Loss) attributable to Parent Company shareholders		28.072	(11.362)

STATEMENT OF 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 as at 01.01.2021	230.000	7.788	203.387	(7.661)	105	24.185	457.804	19.304	477.108
Total Comprehensive Income		899		219	(15)	(12.465)	(11.362)	1.780	(9.582)
Allocation of 2020 profit			24.185			(24.185)	-		-
Change in the scope of consolidation			(285.809)				(285.809)	13.281	(272.528)
Balance as at 30.06.2021	230.000	8.687	(58.237)	(7.442)	90	(12.465)	160.633	34.365	194.998
Balance as at 31.12.2021	230.000	6.873	(63.596)	(7.478)	147	40.875	206.821	21.512	228.333
Total Comprehensive Income		3.829		2.765	40	21.438	28.072	(851)	27.221
Allocation of 2021 profit			40.875			(40.875)	-		-
Balance as at 30.06.2022	230.000	10.702	(22.721)	(4.713)	187	21.438	234.893	20.661	255.554
Notes	21	21	21	48	48	21	21	21	21

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousands of euros</i>	Notes	30/06/2022	30/06/2021
Cash flow from operating activities		Total	Total
Profit for the period		20.105	(10.801)
Income tax	45	13.461	5.553
Net profit of companies measured with the equity method	44	9.733	26.866
Amortisation for the period of intangible assets	39	19.962	14.154
Depreciation for the period of property, plant and equipment	39	17.296	17.045
Amortisation of right of use	39	3.743	2.957
Asset impairment	39	6.447	-
Provisions for risks and charges	27	19.794	19.460
Releases of provisions for risks and charges	27	(4.325)	(3.869)
Provision for bad debts	40	154	2.230
Write-down of contractual assets	16	1.155	-
Releases provision for bad debts	40	(130)	-
Gains from disposal of property, plant and equipment	35	(312)	(412)
Gains from disposal of assets held for sale	43	-	-
Capital grants for the period	33	(1.735)	(1.903)
Interest income	42	(4.133)	(1.636)
Interest expense	43	6.779	12.103
Other non-monetary income	35	-	272
Cash flow from income activities		107.994	82.019
Net change in the provision for post-employment benefits	28	(1.831)	(855)
Net change in the provision for bad debts	16	-	-
Net change in provision for risks and charges	27	(9.671)	(14.551)
Increase in trade receivables	15	(10.595)	(4.448)
(Increase)/Decrease in inventories	14	(2.076)	1.464
Increase in other receivables	16	(9.370)	(4.084)
(Increase)/Decrease in trade payables	29	(226)	659
Increase in other liabilities	31	927	6.544
Payment of taxes		(6.803)	(2.221)
Net change in deferred tax assets/liabilities	41	-	-
Total cash flow from/(for) operating activities		68.349	64.527
Cash flow from/(for) investing activities			
Investments in intangible assets with own funds	6	(1.076)	(1.616)
Investments in property, plant and equipment with own funds	5	(54.697)	(18.790)
Increase/(Decrease) in trade payables for investments with own funds		42.296	(33.975)
Investments in funded rolling stock net of grants collected		52.766	(22.795)
Funded investments in railway infrastructure net of grants collected		(28.089)	(9.212)
Investments in non-compensated assets for motorway infrastructure		(21.213)	(19.386)
Disposal value of property, plant and equipment	5	455	765
Other Equity Investments	9	(8.400)	(289)
Dividends distributed by investees measured with the equity method	9	900	3.860
Other changes in financial receivables	10	84	(695)
Interest income collected		454	926
Opening of Time deposits	11	(4.500)	-
Bond subscription	10	-	(1.000)
Subscription of treasury funds	12	-	-
Loan disbursement to investee companies	10	(510)	-
Change in financial receivables from assets sold		-	-
Collection from the disposal of other equity investments	19	6.313	-
Time deposit collection		-	-
Conam acquisition net of cash held		-	(251)
MISE (Ministry of Economic Development) acquisition net of cash held		-	(363.552)
Total cash flow from/(for) investing activities		(15.217)	(466.010)
Cash flow from assets held for sale			
Decrease in assets held for sale	21	-	-
Total cash flow from assets held for sale		-	-
Cash flow from/(for) financing activities			
Repayment of finance lease payables	23	(3.048)	(3.021)
Loan repayment	22	(25.307)	(61.000)
New loans	23	-	620.000
Bond issue	24	-	-
Interest paid		(2.928)	(2.912)
Decrease in payables to banks	22	-	(9.269)
Interest paid on bond loan		-	-
Reimbursement of bond loan	24	-	-
Payable to shareholders for dividends not yet paid		-	-
Dividends declared to FNM shareholders not yet paid		-	-
Decrease in other financial liabilities	23	(2.486)	(10.194)
Dividends paid out to FNM shareholders	21	-	-
Dividends paid out to third parties	21	-	-
Total cash flow from/(for) financing activities		(33.769)	533.604
Liquidity generated (+)/absorbed (-)		19.363	132.121
Cash and cash equivalents at start of period	18	351.832	253.344
IFRS 9 - first-time adoption		-	-
IFRS 5		-	-
Cash and cash equivalents at end of period	18	371.195	385.465
Liquidity generated (+)/absorbed (-)		19.363	132.121

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2022

Note 1 General Information

Group Operations

The FNM Group (hereinafter, the “Group”) 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.

Companies belonging to the Group mainly carry out activities in the management of railway infrastructure, the sector of passenger road mobility (including sustainable mobility) and the management of Ro.Sco activities as well as central activities carried out by FNM (hereafter, also the “Parent Company” or “FNM”), in addition to the management of motorway infrastructure; in particular, section 5 of the Management Report, “Operating performance of business segments”, analyses the activities carried out by the Group. Reference is made to Note 4 for a more detailed analysis of the effect of segment disclosure on consolidation with the equity method of investments in joint ventures operating in particular in the sector of passenger rail transport, energy (consisting of the operation of the Mendrisio - Cagno power line), cargo rail transport sector and Information & Communication Technology.

The Parent FNM S.p.A., domiciled in P.le Cadorna, 14 – MILAN, is listed on the Standard Class 1 market, Milan (ISIN IT0000060886).

Form and content of the consolidated condensed interim financial statements

These consolidated condensed interim financial statements as at 30 June 2022 were prepared in accordance with art. 154-ter of the Consolidated Law on Finance (TUF) as amended by Legislative Decree no. 195 of 6 November 2007, implementing Directive 2004/109/EC (also defined as “Transparency Directive”) and for the purpose of providing information about the operating results, financial position and cash flows of the Company and of the Group.

They were prepared in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union and they were drafted in accordance with IAS 34 - “Interim Financial Reporting”, applying the same accounting standards adopted in the drafting of the consolidated financial statements as at 31 December 2021, supplemented by the standards applicable from 1 January 2022 onwards, as indicated in Note 2. The terms “IFRS” also refers to the International Accounting Standards (“IAS”) still in force, as well as to all interpretation documents issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly “IFRIC”) previously called Standing Interpretations Committee (“SIC”). For this purpose, the financial statement data of the consolidated investee companies were appropriately reclassified and adjusted.

These consolidated condensed interim financial statements contain detailed rather than summary tables, to provide a better, clearer view of the operating, capital, and financial performance during the half year.

Also provided are the accompanying notes in accordance with the disclosure required by IAS 34 with the additions deemed useful for a clearer understanding of the consolidated condensed interim financial statements.

The consolidated condensed interim financial statements as at 30 June 2022 should be read together with the consolidated financial statements prepared by FNM as at 31 December 2021.

In the consolidated condensed interim financial statements, the income and cash flow (indirect method) data for the half-year are compared with those of the same half-year of the previous year. The net financial position and the entries of the consolidated balance sheet as at 30 June 2022 are compared with the corresponding definitive data as at 31 December 2021.

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

Note 2 Financial statement presentation, accounting standards and measurement criteria

In preparing these consolidated condensed interim financial statements as at 30 June 2022, the accounting standards and measurement criteria used were the same as those employed to prepare the consolidated financial statements as at 31 December 2021, to which reference is made for a detailed analysis.

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

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

With reference to the Russia-Ukraine conflict, the following documents were issued during the first half of 2022:

- *Public Statement - Implications of Russia's invasion of Ukraine on half-yearly financial reports* issued by ESMA on 13 May 2022 and requiring issuers to provide adequate disclosure of impacts attributable to the conflict between Russia and Ukraine;
- Warning Notice no. 3/22 "Conflict in Ukraine - Warning notice for supervised issuers on financial reporting and obligations linked to compliance with the restrictive measures adopted by the European Union with regard to Russia" issued by CONSOB on 19 May 2022 on disclosures on the impacts attributable to the above-mentioned conflict;
- Discussion Paper 1/2022 "Impairment test of non-financial assets following the war in Ukraine" issued by the OIV on 13 June 2022 and relating to the analysis to be carried out in order to assess whether or not the conditions are met for carrying out a new impairment test when preparing the consolidated condensed interim financial statements.

In consideration of these documents, the Directors assessed the impacts of the new international geopolitical context arising from the war between Russia and Ukraine, evaluating the absence of direct impacts on the markets in which the FNM Group operates. In relation to the indirect impacts, mainly represented by the increase in energy costs and raw material costs (diesel and methane), an analysis was carried out on the performance of investments and the CGUs to which the definite and indefinite life assets recognised in the financial statements belong, aimed at verifying any presence of impairment indicators based on the following criteria:

- validity of the last Business Plan, understood as the verification of any updates necessary to reflect the specific macroeconomic and business context in light of the indirect effects of the war;
- impact of the indirect effects of war;

- quantitative analysis of 2022 performance through an analysis of deviations between the actual results in the first half of 2022 and the budget for the first half of 2022, and a comparison between the pre-war 2022 budget and the 2022 forecast drafted in April 2022;
- qualitative analysis of key value drivers such as market demand, tariffs, expiry of service contracts, increase in production costs due to inflation and fuel and energy costs and the ability to limit the indirect impacts of war;
- possible alternative scenarios to the plan scenario, when the latter is deemed no longer valid.

Taking into account the results of the analyses performed, an indicator of impairment emerged on a CGU included in the Road Passenger Mobility segment, coinciding with the subsidiary ATV, for which the Directors evaluated the need to carry out an early impairment test during the preparation of the consolidated condensed interim financial statements as at 30 June 2022 in order to identify any impairment losses. Please refer to Note 7 Goodwill for the analyses performed.

In the reference half-year there were no transfers between the various levels of the fair value hierarchy used to measure the fair value of financial instruments, nor were any changes made in the classifications of the financial assets with respect to those as at 31 December 2021 (Note 49).

IFRS accounting standards, amendments and interpretations adopted from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were adopted for the first time by the Group, starting from 1 January 2022:

- On 14 May 2020, the IASB published the following amendments:
 - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to revise the reference present in IFRS 3 to the Conceptual Framework in the revised version, without thereby entailing amendments to the provisions of the standard.
 - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while testing that asset. These sale revenues and the related costs will therefore be recognised in the income statement.
 - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that in assessing whether a contract is onerous, all costs directly relating to the contract should be considered. Consequently, the assessment of whether a contract is onerous includes not only incremental costs (for example, the cost of the direct material employed in the work processes), but also all costs which the enterprise cannot avoid because it has stipulated the contract (for example, the portion of the depreciation of the machinery used for the performance of the contract).
 - **Annual Improvements 2018-2020:** the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments did not have any effects on the consolidated condensed interim financial statements of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early by the Group as at 30 June 2022

- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts which is to replace IFRS 4 – Insurance Contracts.
The purpose of the new standard is to guarantee that an entity provides relative information which faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting

policies, providing a single principle-based framework, in order to consider all types of insurance contract, including reinsurance contracts, held by an insurance undertaking.

The new standard also establishes requirements for presentation and disclosure in order to improve comparability between entities belonging to this sector.

The new standard measures an insurance contract based on a General Model or a simplified version of this model called the Premium Allocation Approach (“PAA”).

The main characteristics of the *General Model* are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- estimates are based on an extensive use of observable market information;
- a current and explicit measurement of risk exists;
- expected profit is deferred and aggregated in groups of insurance contracts on initial recognition; and
- expected profit is recognised in the contract coverage period, considering adjustments arising from changes in assumptions concerning cash flows relative to each group of contracts.

The PAA requires the measurement of the liability for the remaining coverage of a group of insurance contracts on condition that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage of one year or less are automatically suitable for the PAA. The simplifications arising from the adoption of PPA do not apply to the measurement of liabilities for claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to pay or receive is expected within one year from the date when the claim was made.

The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard applies starting from 1 January 2023 but early adoption is permitted, only for entities that adopt IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The Directors do not expect the adoption of this standard to have a significant effect on the consolidated financial statements of the Group.

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

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union as at 30 June 2022

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

- On 23 January 2020, the IASB published an amendment entitled “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The purpose of the document is to clarify how to classify payables and other short-term or long-term liabilities. The amendments apply from 1 January 2023, but early adoption is permitted. The Directors do not expect the adoption of this

amendment to have a significant effect on the consolidated financial statements of the Group.

- On 7 May 2021, the IASB published an amendment entitled “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The paper clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023, but early adoption is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated financial statements of the Group.
- On 9 December 2021, the IASB published an amendment entitled “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”. The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improve the usefulness of comparative information for financial statement readers. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated condensed interim financial statements of the Group.

Note 3 Scope of consolidation

The scope of consolidation includes the financial statements as at 30 June 2022 of FNM S.p.A., its subsidiaries, the companies over which a joint control is exercised and those companies over which significant influence is exercised.

As stated in paragraph 1 of the Management Report, the Group scope changed compared to 31 December 2021, as in April 2022 the company FNM Power S.r.l. (with capital wholly owned by FNM) was established, for the design, construction and management of plants for the production of hydrogen and other industrial gases, as well as plants for the treatment, storage, distribution and transformation of hydrogen and energy carriers for industrial uses and for powering public transport. As at 30 June 2022, the subsidiary is not yet operational.

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

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

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

Intergroup transactions and profit not realised between Group companies are eliminated.

Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment loss of the asset.

As regards procedures for the measurement of joint ventures, FNM, in preparing consolidated interim and annual financial disclosure, measures the joint venture investees Trenord S.r.l. (and its investee TILO S.A.), NordCom S.p.A., NORD ENERGIA S.p.A. (and its subsidiary CMC MeSta S.A.) and Omnibus Partecipazioni S.r.l. (and its subsidiary ASF Autolinee S.r.l.) with the “equity method”.

The associated companies DB Cargo Italia S.r.l., Autostrada Pedemontana Lombarda S.p.A. (hereinafter “APL”), Tangenziali Esterne di Milano S.p.A., BusForFun.com S.r.l. and Sportit S.r.l. were also accounted for by applying the “equity method”.

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

The economic results of joint ventures or associates are therefore recognised in the consolidated income statement under the item “Net profit of companies measured with the equity method” (Note 44).

Reference is made to Attachment 1 for information on the list of companies included in the scope of consolidation (including the companies measured with the equity method), their registered office, percentages held, type of control and consolidation method adopted.

Note 4 Comprehensive consolidated income statement by sector

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

- Railway infrastructure: this includes maintenance, design and construction of new facilities carried out on the railway infrastructure obtained under concession from the Lombardy Region. The consideration for carrying out this activity is defined in the “Service Agreement” while the “Planning Agreement” regulates the investments directed at modernising and enhancing the network, both stipulated with the Lombardy Region in 2016 and subsequently supplemented. From 2019, the segment also includes the terminal management activity;
- lease of rolling stock and management of the centralised services (Rosco & Services): the Parent Company FNM is active in (i) the hire of rolling stock with an owned fleet of 72 trains and 31 locomotives, to investees operating in the local public transport and freight transport sectors, (ii) the provision of administration services to own subsidiaries and (iii) management of the Group’s property portfolio. This segment also comprises the business sectors of joint venture investees and associates, valued at “equity”, contributing to net profit for the year under “Net profit of companies measured with the equity method”, the most significant of which relates to the “Passenger rail transport” activities as part of Local Public Transport carried out by the joint venture Trenord S.r.l. in the Lombardy Region. As part of this activity, the Group realised revenues from the Service Contract stipulated with the Lombardy Region for provision of the transport service, and revenues from the sale of tickets;
- Passenger road mobility: it refers to the Local Public Transport service performed with owned bus fleets in three provinces in Lombardy (Varese, Como and Brescia), in Veneto and in the city of Verona, in addition to the electric car sharing services in Lombardy. As part of these activities, the Group realised revenues from the sale of tickets, payments for sub-contracts, regional grants for activities carried out in the provinces of Varese and Brescia and payments for the service contract in the city and province of Verona, and in the province of Como, and from agreements with municipal administrations and private enterprises with regard to the car-sharing business;
- Motorways: refers to the activity carried out by the subsidiary MISE, which is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads (for a total of 179 km in length) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the awarding body. MISE is also active in the

design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital. Among its investee companies, the subsidiary also includes a 36.7% equity investment in its associate Autostrada Pedemontana Lombarda, the concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL is measured with the equity method.

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

First half 2022	Railway infrastructure	Ro.S.Co & Services	Road passenger mobility	Motorways	Eliminations	Total from continuing operations
Revenues from third parties	63.609	32.265	60.749	132.914		289.537
Intersegment sales	3.411	6.308	8.013	685	(18.417)	
Revenues from construction services - IFRIC 12	28.051			24.772		52.823
Segment revenues	95.071	38.573	68.762	158.371	(18.417)	342.360
Costs to third parties	(60.584)	(28.667)	(63.804)	(94.942)		(247.997)
Intersegment purchases	(9.248)	(453)	(7.997)	(719)	18.417	
Costs of construction services - IFRIC 12	(23.647)			(24.772)		(48.419)
Segment costs	(93.479)	(29.120)	(71.801)	(120.433)	18.417	(296.416)
EBIT	1.592	9.453	(3.039)	37.938		45.944
Net financial income	259	(3.231)	(285)	612		(2.645)
Net profit of companies measured with the equity method		(11.020)		1.287		(9.733)
Earnings before tax	1.851	(4.798)	(3.324)	39.837		33.566
Taxes						(13.461)
Result for the period from continuing operations						20.105
Result from discontinued operations						
Net profit for the period						20.105

30/06/2022	Railway infrastructure	Ro.S.Co & Services	Road passenger mobility	Motorways	Others	Total
Segment assets	574.120	625.320	124.682	613.037		1.937.159
Investments measured with the equity method		71.049	266	77.415		148.730
Assets held for sale				410		410
Income tax assets					34.438	34.438
Total unallocated group assets					34.438	34.438
Total assets	574.120	696.369	124.948	690.862	34.438	2.120.737
Segment liabilities	567.470	817.405	67.703	404.391		1.856.969
Liabilities held for sale				959		959
Income tax liabilities					7.255	7.255
Other unallocated liabilities					255.554	255.554
Total unallocated group liabilities					262.809	262.809
Total liabilities	567.470	817.405	67.703	405.350	262.809	2.120.737

First half 2021	Railway infrastructure	Ro.S.Co & Services	Road passenger mobility	Motorways	Eliminations	Total from continuing operations
Revenues from third parties	60.008	32.541	54.091	77.246		223.886
Intersegment sales	2.691	5.880	6.012	1.498	(16.081)	
Revenues from construction services - IFRIC 12	25.787			18.394		44.181
Segment revenues	88.486	38.421	60.103	97.138	(16.081)	268.067
Costs to third parties	(57.206)	(25.031)	(52.381)	(58.783)		(193.401)
Intersegment purchases	(2.691)	(5.880)	(6.012)	(1.498)	16.081	
Costs for funded investments	(24.187)			(18.394)		(42.581)
Segment costs	(84.084)	(30.911)	(58.393)	(78.675)	16.081	(235.982)
EBIT	4.402	7.510	1.710	18.463		32.085
Net financial income	(23)	(8.908)	(56)	(1.480)		(10.467)
Net profit of companies measured with the equity method		(24.615)		(2.251)		(26.866)
Earnings before tax	4.379	(26.013)	1.654	14.732		(5.248)
Taxes						(5.553)
Result for the period from continuing operations						(10.801)
Result from discontinued operations						
Net profit for the period						(10.801)

31/12/2021	Railway infrastructure	Ro.S.Co & Services	Road passenger mobility	Motorways	Others	Total
Segment assets	399.262	522.470	49.723	763.180		1.734.635
Investments measured with the equity method		82.002	266	65.309		147.577
Income tax assets					37.292	37.292
Total unallocated group assets					37.292	37.292
Total assets	399.262	604.472	49.989	828.489	37.292	1.919.504
Segment liabilities	417.824	782.584	60.995	428.217		1.689.620
Income tax liabilities					1.551	1.551
Other unallocated liabilities					228.333	228.333
Total unallocated group liabilities					229.884	229.884
Total liabilities	417.824	782.584	60.995	428.217	229.884	1.919.504

Revenues from the Lombardy Region and Trenord account for 20% and 14%, respectively, and thus exceed 10% of the Group's consolidated revenues.

In particular, revenues from the Lombardy Region, amounting to EUR 68,078 thousand, are broken down by sector as follows:

- Railway infrastructure for EUR 64,032 thousand;
- Ro.S.Co & Services for EUR 582 thousand;
- Road passenger mobility for EUR 3,464 thousand.

Revenues from Trenord, amounting to EUR 48,556 thousand, are broken down into the various sectors as follows:

- Railway infrastructure for EUR 20,773 thousand;
- Ro.S.Co & Services for EUR 27,585 thousand;
- Road passenger mobility for EUR 198 thousand.

The segment costs for the first half of 2022 of the Ro.S.co. and Road Passenger Mobility segments include respectively the write-downs of goodwill (EUR 2,714 thousand) and of rights of use (EUR 3,500 thousand) carried out based on impairment tests, as described in more detail in Note 7.

The analysis by nature of revenues and costs, income and charges, concerning sectors whose contribution to the consolidated result is recognised in "Net profit of companies measured with the equity method", is presented in Note 44, to which reference is made.

Please see paragraph 5. "Operating performance of Business segments" of the Management Report for the detailed analysis of the revenues and cost trends of the Group's segments.

Transactions between sectors take place at arm's length.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 5 Property, Plant and Equipment

As at 1 January 2022, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

Description	01.01.2022		
	Historical cost	Accumulated depreciation	Book value
Land and buildings	52.651	(19.222)	33.429
Plant and machinery	194.591	(158.969)	35.622
Industrial and commercial equipment	13.617	(11.816)	1.801
Other assets	648.205	(312.870)	335.335
Assets in the course of construction and advances	41.356		41.356
Total property, plant and equipment	950.420	(502.877)	447.543

Changes for the first half of 2022 are shown below:

Description	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Assets in the course of construction and advances	Total
Net Value as at 01.01.2022	33.429	35.622	1.801	335.335	41.356	447.543
Investments financed with own funds		5.337	496	39.377	9.487	54.697
Transfers gross value		1.256		5.844	(7.100)	
Divestments: Gross disposals	(34)	(6.426)	(6)	(133)		(6.599)
Divestments: Use of Accumulated Depreciation		6.399	6	60		6.465
Depreciation Rates	(496)	(3.424)	(216)	(13.160)	(29)	(17.296)
Change in IFRS 5 scope: historical cost		(1)		(29)		(30)
Change in IFRS 5 scope: provision				16		16
Write-down of property, plant and equipment				(233)		(233)
Net Value as at 30.06.2022	32.899	38.763	2.081	367.077	43.743	484.563

Therefore, as at 30 June 2022, property, plant and equipment, net of relative accumulated depreciation, comprised the following:

Description	30.06.2022		
	Historical cost	Accumulated depreciation	Book value
Land and buildings	52.651	(19.752)	32.899
Plant and machinery	207.582	(168.819)	38.763
Industrial and commercial equipment	14.119	(12.038)	2.081
Other assets	693.457	(326.380)	367.077
Assets in the course of construction and advances	43.743		43.743
Total property, plant and equipment	1.011.552	(526.989)	484.563

Land and buildings

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

Plant and machinery

The increases in “Plant and machinery” (EUR 5,337 thousand) pertain mainly to the commissioning of 21 new IVECO Crossway buses, for EUR 4,070 thousand (with related on-board equipment), 6 private hire buses, for EUR 924 thousand, and 1 SCANIA Citywide bus, for EUR 222 thousand.

Transfers from “Assets in the course of construction and advances” relate to the registration of 21 IVECO Crossway buses for EUR 539 thousand and the commissioning of 7 used buses for EUR 717 thousand.

Disposals for the period refer entirely to the sale of buses that can no longer be used, not yet depreciated in the amount of EUR 27 thousand, for extraordinary maintenance performed and not fully depreciated.

The item also decreased as a result of the recognition of the accrued depreciation rates for the period.

Industrial and commercial equipment

The item increased primarily due to the purchase of equipment used for railway infrastructure maintenance for EUR 438 thousand and decreased due to the recognition of depreciation for the period.

Other assets

“Other assets” comprise rolling stock, motor vehicles and leased assets (operating leases).

The increase in the half-year, amounting to EUR 39,377 thousand, mainly concerns:

- the entry into service of 4 FLIRT TILO trains, for EUR 37,980 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 4,226 thousand, were also transferred from “Assets in the course of construction and advances” to this category;
- the capitalisation of cyclical maintenance on 1 CSA train, for EUR 453 thousand; following the completion of cyclical maintenance activities on 1 CORADIA locomotive, the investments incurred in the previous year, amounting to EUR 529 thousand, were also transferred from “Assets in the course of construction and advances” to this category;
- the modernisation of 3 DE520 locomotives leased to DB Cargo Italia and to Trenord, for EUR 758 thousand; following the completion of these activities, the investments incurred in the previous year, amounting to EUR 355 thousand, were also transferred to this category from “Assets in the course of construction and advances”.

Other increases mainly refer to furniture and furnishings of Group company offices and for stations of the entire company network.

The impairment is entirely attributable to cyclical maintenance of CSA rolling stock.

Assets in the course of construction and advances

The increases mainly refer to the advances paid for the purchase of 20 electric buses, and related equipment, for the urban LPT road service in the municipality of Venice (EUR 6,675 thousand), 5 IVECO Crossway buses (EUR 455 thousand), 2 SCANIA Citywide buses (EUR 449 thousand), a Mercedes Sprinter city bus (EUR 87 thousand), and advances paid for the construction of the car park adjacent to the Milan Affori station (EUR 1,118 thousand), for revamping activities for the DE 520 locomotives (EUR 164 thousand) and for the purchase of equipment for railway infrastructure maintenance (EUR 141 thousand).

Transfers concern the items referred to above.

If property, plant and equipment had been recognised net of related capital grants per Note 26 and Note 31, the effect on the consolidated condensed interim financial statements as at 30 June 2022 would have been the following:

30.06.2022	Book value	Grant	Net value less the grant
Land and buildings	32.899	(5.445)	27.454
Plant and machinery	38.763	(16.310)	22.453
Industrial and commercial equipment	2.081		2.081
Other assets	367.077	(800)	366.277
Assets in the course of construction and advances	43.743		43.743
Total property, plant and equipment	484.563	(22.555)	462.008

It should be noted that, with reference to the property, plant and equipment of the subsidiary ATV, the indirect effects of the Russia-Ukraine crisis represent an indicator of impairment and, therefore, the relative property, plant and equipment were tested for impairment. Their recoverable value was higher than their carrying amount and therefore no write-down was recognised.

In the first half of 2022, there were no other external or internal indicators that would necessitate updating the impairment tests performed as at 31 December 2021.

Note 6 Intangible Assets

As at 1 January 2022, intangible assets comprised the following:

Description	01.01.2022		
	Historical cost	Accumulated amortisation	Book value
Assets in the course of construction and advances	1.876		1.876
Other	34.299	(30.060)	4.239
Assets freely revertible - Railway infrastructure	46.140	(46.030)	110
Assets freely revertible - Motorway infrastructure	297.313	(33.965)	263.348
Total intangible assets	379.628	(110.055)	269.573

Changes for the first half of 2022 are shown below:

Description	Assets in the course of construction and advances	Other	Assets freely revertible - Railway infrastructure	Assets freely revertible - Motorway infrastructure	Total
Net Value as at 01.01.2022	1.876	4.239	110	263.348	269.573
Acquisitions	862	214		423	1.499
Transfers	(621)	621			
Transfers from contractual assets				8.959	8.959
Depreciation Rates		(869)	(1)	(19.092)	(19.962)
Change in IFRS 5 scope		(11)			(11)
Divestments				(532)	(532)
Net Value as at 30.06.2022	2.117	4.194	109	253.106	259.526

As at 30 June 2022, intangible assets therefore comprised the following:

Description	30.06.2022		
	Historical cost	Accumulated amortisation	Net Value
Assets in the course of construction and advances	2.117		2.117
Other	35.123	(30.929)	4.194
Assets freely revertible - Railway infrastructure	46.140	(46.031)	109
Assets freely revertible - Motorway infrastructure	306.163	(53.057)	253.106
Total intangible assets	389.543	(130.017)	259.526

Assets in the course of construction and advances

The increases in “Assets under construction and advances”, amounting to Euro 862 thousand, mainly relate to the upgrade of SAP and BPC modules for EUR 537 thousand.

During the half-year, since the design activities had been completed, with the utilisation of the implemented modules, a transfer was made to “Other” of the costs incurred in 2021, mainly relating to the activation of the other additional SAP modules used by FNM as part of the administrative service for EUR 325 thousand and in the personnel administration service for EUR 82 thousand, in addition to the upgrade of the SAP module, managed by FNM and used by Trenord, for EUR 183 thousand.

Other

The increase of the half, equal to EUR 214 thousand, mainly refers to additional modules for the extension of the SAP management software, managed by FNM and used by Group companies, for EUR 105 thousand.

Assets freely revertible - Railway infrastructure

The adoption of IFRIC 12 requires assets freely revertible (comprising railway lines to hand over at the end of the concession for which the transport service is provided) to be classified as “Intangible assets”.

Amortisation charge, equal to EUR 1 thousand, is calculated based on the duration of the Railway infrastructure concession, renewed in 2016 up to 31 October 2060.

Assets freely revertible - Motorway infrastructure

The motorway infrastructure of the subsidiary MISE, as an asset freely revertible, is also classified under “Intangible assets”.

In application of IFRIC 12, this item also includes investments to be made, based on the new proposed Additional Agreement, for which the form of remuneration is currently suspended and consequently considered investments for which no additional economic benefits are expected. These values will be amortised on a straight-line basis until the end of the concession currently scheduled for 31 October 2028.

Amortisation charge, equal to EUR 19,092 thousand, is calculated based on the duration of the Infrastructure concession, expiring on 31 October 2028.

In the first half of 2022, there were no external or internal indicators that would necessitate updating the impairment tests performed as at 31 December 2021.

Note 7 Goodwill

Goodwill recognised refers to the subsidiaries indicated below:

Description	31.12.2021			Changes in 2022		30.06.2022		
	Gross value	(Impairment)	Net Value	Increases	(Impairment)	Gross value	Write-downs	Net
Azienda Trasporti Verona S.r.l.	5.501	(2.787)	2.714		(2.714)	5.501	(5.501)	
La Linea S.p.A.	2.726	(2.000)	726			2.726	(2.000)	726
Total Goodwill	8.227	(4.787)	3.440		(2.714)	8.227	(7.501)	726

As regards the goodwill of ATV, following purchase price allocation activities carried out following the acquisition of the investment (2 May 2017), as defined by IFRS 3 (revised) and IAS 38, an amount of EUR 5,501 thousand, including the goodwill recognised for the subsidiary La Linea 80, was recognised. Goodwill was written down as a result of the impairment test in financial year 2018, by EUR 1,874 thousand, and in financial year 2021, by EUR 913 thousand.

The goodwill recognised for the subsidiary La Linea derives from the difference between the price paid and the fair value of the investment, following purchase price allocation activities at the date of acquisition of the investment (1 January 2018). Goodwill was written down by EUR 2,000 thousand in 2020, as a result of the impairment test.

In order to rationalise its operations in the area of public bus transport services, on 30 August 2022 FNM accepted the proposal to purchase shares transmitted on 15 July by the companies Alilaguna S.p.A. and Ecobus S.r.l.. The deadline for signing the final sale and purchase agreement for the equity investment is 31 December 2022. The purchase proposal provides for the sale of the equity investment in La Linea S.p.A. and its subsidiary for an amount of EUR 5,400 thousand, a value aligned with the carrying amount recognised in the consolidated condensed interim financial statements as at 30 June 2022.

Impairment Test

ATV

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

The expiry of the current service agreement, originally scheduled for 30 June 2019, has been extended to 31 December 2022. Previously, on 6 December 2017, the provincial council of Verona approved the restricted call for tenders for the selection of the operator and by the established deadline of May 2018, ATV submitted a proposal for the expression of interest to participate in the public tender for the assignment of the local public transport (LPT) service for a contract duration of 7 years, with the possibility of renewal for an additional two years. However, by resolution 131 of the President of the Province of Verona, in December 2020 the direction was given to continue the process of suspending the tender, which began in September 2020 with resolutions to this effect by the Municipality of Verona and the Municipality of Legnago. Indeed, art. 92-*ter* of Decree Law 18/2020 established the possibility that all the awarding procedures in progress may be suspended for a maximum of 12 months from the end of the emergency (scheduled for 31 March 2022). The reasons cited in the resolution are the uncertainties linked to the future scenarios of the Verona LPT post-COVID-19 and those relating to the evolution of the project for the construction of the urban trolleybus in the Municipality of Verona.

In this context, the recoverable amount of the CGU coinciding with the subsidiary ATV, considered to be the value in use, was determined by applying a single scenario represented by the hypothetical cessation of operations in 2025 (the last year of the plan) and the subsequent liquidation of the operating invested capital at the end of 2026 with a time lag of one year, assuming that the new concessionaire will take over during the year subsequent to the expiry of the service agreement. The liquidation of the invested capital was assumed at book values, also in consideration of the provisions of the Transport Regulatory Authority (“ART”), which through Regulatory Act of 28 November 2019 established that the “takeover value” for a new concessionaire is determined by the Awarding Body as the greater of the Net Book Value (“NBV”) and the Market Value (“MV”) within a maximum limit of deviation of 5% in the case of $NBV > MV$.

The expected future cash flows used in this analysis are derived from the economic and financial projections, approved by ATV’s Directors on 27 September 2022, updating the 2022-2025 long-term plan previously approved by ATV’s Directors on 7 March 2022. The new projections were developed on the basis of the following main assumptions:

- a) increase in energy costs consistent with the new macroeconomic environment compared to the values recorded until 2021 and estimated on the basis of a study commissioned from specialist consultants updated at the end of August 2022;
- b) investments are considered constant in line with the stable production trend, subject to slight year-on-year variations linked to the dynamics of vehicles commissioned and decommissioned, expecting the complete decommissioning of Euro 2 fleets by the end of 2023, without the complete decommissioning of Euro 3 fleets;
- c) 10% tariff increase in 2023 as per the request submitted by ATV on 17 January 2022 to the awarding body.

The economic and financial forecasts prepared by ATV’s management do not take into account the renewal of the tender for the Verona and Legnago LPT, as despite the launch in 2016 by the Government Body of the activities necessary for the publication of the call for tenders for the assignment pursuant to Regulation 1370 2007 of the service currently managed by ATV, since the end of 2019 there have been no acts or actions by the Government Body relating to the procedure for the assignment of the service.

The assumptions (production and fees) underlying the procedure initiated in 2016 are in fact no longer representative of the specific service to be assigned, as there has been a considerable change in market conditions, which to date do not allow for adequate forecasting and, therefore, no assumptions have been considered in this regard.

The plan forecasts are therefore developed on the basis of the profile of the current service agreement and also do not consider the start-up of the trolleybus service in the absence of up-to-date information regarding the activation date, the assignment methods, the fees and the methods for clearing its expected revenues.

With respect to demand trends, the plan forecasts a gradual recovery in traveller demand, with a return to pre-pandemic levels beginning in 2024.

The rate used to discount cash flows determined as above is equal to 7.94% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of comparable sector companies. This parameter was also estimated in light of the ESMA Public Statement of 13 May 2022 and the Discussion Paper issued by the OIV on 29 June 2022.

Impairment testing, carried out based on the above methodology, showed a recoverable amount, based on the value in use, of EUR 10,560 thousand, lower than the carrying amount of the net assets referring to the CGU.

Since the Directors, supported by an independent expert, believe that the fair value less costs of disposal of this CGU does not differ significantly from the value in use mentioned above, an impairment loss was recognised in the amount of EUR 6,214 thousand, of which EUR 2,714 thousand attributed to goodwill and EUR 3,500 thousand to “Rights of Use”.

Note 8 Right of use

As at 1 January 2022, the item “Right of use”, recognised upon adoption of IFRS 16, was broken down as follows:

Description	01.01.2022		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	285	(91)	194
Right of use - buildings	25.122	(8.397)	16.725
Right of use - plant and machinery	5.467	(2.237)	3.230
Right of use - other assets	11.625	(3.964)	7.661
Total right of use	42.499	(14.689)	27.810

Changes for the first half of 2022 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - plant and machinery	Right of use - other assets	Total
Net Value as at 01.01.2022	194	16.725	3.230	7.661	27.810
Acquisitions		925	1.421	96	2.442
Closing of contracts Historical Cost	(74)	(32)	(105)	(191)	(402)
Closing of contracts Fund	74	32	102	180	388
Write-down of rights of use		(3.327)	(173)		(3.500)
Amortisation/Depreciation Rates	(60)	(1.866)	(736)	(1.081)	(3.743)
Net Value as at 30.06.2022	134	12.457	3.739	6.665	22.995

Therefore as at 30 June 2022, “Right of use” comprised the following:

Description	30.06.2022		
	Historical cost	Accumulated amortisation/depreciation	Net Value
Right of use - software	211	(77)	134
Right of use - buildings	26.015	(13.558)	12.457
Right of use - plant and machinery	6.783	(3.044)	3.739
Right of use - other assets	11.530	(4.865)	6.665
Total right of use	44.539	(21.544)	22.995

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

The impairment for the period is entirely attributable to the impairment test performed on the subsidiary ATV, discussed in Note 7, which should be referred to for the details.

The item “Right of use - Buildings” is mainly attributable to the premises leased by the subsidiary MISE to carry out its operations.

The item “Right of use - Plant and machinery” is mainly attributable to the vehicles rented by the subsidiary E-Vai to carry out car sharing activities; the increase for the year is attributable to the delivery of such vehicles.

“Right of use - Other assets” comprises, for EUR 6,040 million, the lease of 4 Bombardier TRAXXF140 DC3 locomotives, the contractual expiration on which is planned for 31 December 2025.

The increase in the period is entirely attributable to new contracts signed for vehicles used by the Group as operating vehicles or for fringe benefits.

It should be noted that contracts with a duration of 12 months or less (“short term”) have been excluded from this application of the standard, therefore the rents that have been recognised in the income statement in accordance with these exemptions are shown below:

Lease payments for low value assets and "short term" contracts	Low value assets	"Short term" contracts
Other Assets	411	152
Total	411	152

In the first half of 2022, there were no external or internal indicators that would necessitate updating the impairment tests performed as at 31 December 2021.

Note 9 Equity Investments

The changes in the first half of 2022 are broken down as follows:

Description	01.01.2022 Book Value	Changes				30.06.2022 Value	Book
		Increases	Decreases	Profit for the period	Translation reserve		
Equity investments in joint ventures:							
Trenord S.r.l.	39.604			(14.292)	40	905	26.257
Nord Energia S.p.A.	11.222			1.409			12.631
NordCom S.p.A.	8.243			242		20	8.505
Omnibus Partecipazioni S.r.l.	7.332		(900)	511			6.943
Total equity investments in joint ventures	66.401		(900)	(12.130)	40	925	54.336
Equity investments in associates:							
Autostrada Pedemontana Lombarda S.p.A.	39.325			1.936			41.261
Tangenziali Esterne Milano S.p.A.	25.982		8.400	(649)		2.421	36.154
DB Cargo Italia S.r.l.	12.660			1.055			13.715
Sportit S.r.l.	2.491			(202)			2.289
Busforfun.com S.r.l.	452			257			709
Autotrasporti Pasqualini S.r.l.	181						181
Servizi Trasporti Interregionali S.p.A.	85						85
Total equity investments in associates	81.176		8.400	2.397		2.421	94.394
Total investments measured with the equity method	147.577		7.500	(9.733)	40	3.346	148.730
Other equity investments:							
Azienda Trasporti Veneto Orientale S.p.A.	5.272						5.272
S.A.Bro.M. S.p.A.	3.198						3.198
Tangenziale Esterna S.p.A.	1.706		161			(70)	1.797
CIV S.p.A.	673						673
Fondazione ATV	99						99
Aeroporto Valerio Catullo di Verona Villafranca	50						50
Fap S.p.A.	39						39
Confed.Autostrade Ital.Energia	13		(13)				
Cosmo Scarl	7						7
Consorzio ELIO	4						4
Trasporti Brescia Nord	3						3
Cons. Autostr. Italiane Energia	2						2
Consorzio Tangenziale Engineering	2						2
ATAP	2						2
STECAV	2						2
Imprese Artigiane Soc. Coop.	2						2
Total equity investments in other companies	11.074		148			(70)	11.152
Total equity investments	158.651		7.648	(9.733)	40	3.276	159.882

Changes in the half-year relative to the “Other changes in Comprehensive Income” refer to the effect of measurement using the equity method on the change in actuarial gains and losses recognised, in the financial statements of investees, directly in the Statement of Comprehensive Income, in accordance with IAS 19 and IFRS 9 (Note 48).

Comments are provided below on the principal assessments made on the recoverability of the amounts and the main changes during the half-year, other than recognition of the contribution to the consolidated condensed interim financial statements determined by the realisation of the net profit for the half-year and the above-mentioned components of “Other changes in Comprehensive Income”:

Trenord S.r.l.

The item “Translation reserve”, negative for EUR 40 thousand, is due to the translation into euro of the financial statements of the investee TILO S.A., which prepares its financial reporting using the Swiss franc as the money of account.

The translation was carried out adopting an average exchange rate for the period (equal to 1.03197) to income statement items, and the spot exchange rate at 30 June (0.99600) to assets and liabilities.

In the first half of 2022, there were no external or internal indicators that would necessitate updating the impairment test performed as at 31 December 2021.

The half-year results do not take into account grants for lost traffic revenues due to Covid in the absence of state appropriations (EUR 23,800 thousand as at 30 June 2021).

It is in any event confirmed that the contractual obligations provided for in the current and extended Service Contract, also with specific reference to the provisions of European Regulation no. 1370/2007,

require the economic-financial balance of the overall Service Agreement entrusted to the investee to be guaranteed.

Moreover, the Parent Company FNM S.p.A. has undertaken to support the investee's capital and finances.

Omnibus Partecipazioni S.r.l.

The Group holds 50% of Omnibus Partecipazioni, which in turn holds approximately 49% of ASF Autolinee. The decrease in the investment, equal to EUR 900 thousand, is determined by the distribution of the dividend, carried out in 2022, as approved by the Shareholders' Meeting of the investee, based on the result of 2021.

Tangenziali Esterne Milano S.p.A.

On 15 April 2022, MISE finalised the acquisition of 11,015,963 shares held by the Lombardy Region in the share capital of Tangenziali Esterne di Milano S.p.A. (hereinafter "TEM") for a total value of EUR 8,400 thousand. As a result of the share transfer, MISE's shareholding in the share capital of TEM increased by 3.75%, from 18.80% to 22.55% (total 66,250,652 shares). Please recall that TEM holds a 48.4% stake in the share capital of the motorway concessionaire Tangenziale Esterna S.p.A., which designed, built and has managed since May 2015 the entire motorway infrastructure from Melegnano - Milan/Bologna A1 Motorway - to Agrate Brianza - Milan/Venice A4 Motorway (32 km long) based on a fifty-year concession starting from the entry into operation of the entire motorway link.

Note 10 Current and non-current financial receivables

This item is broken down as follows:

Description	30.06.2022		
	Non Current	Current	Total
Severance indemnities provision policies	4.807		4.807
Time deposit		4.500	4.500
Bonds	1.000		1.000
Collection of tolls in transit		1.062	1.062
Financial receivables	5.807	5.562	11.369
APL interest-bearing loan	49.425		49.425
Sabrom interest-bearing loan	2.706		2.706
TE interest-bearing loan	812		812
Busforfun interest-bearing loan	1.240	324	1.564
Financial receivables for interest to related parties		161	161
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 47)	54.183	439	54.622
Total	59.990	6.001	65.991

Description	31.12.2021		
	Non Current	Current	Total
Severance indemnities provision policies	5.419		5.419
Bonds	1.000		1.000
Collection of tolls in transit		533	533
Others	1		1
Financial receivables	6.420	533	6.953
APL interest-bearing loan	47.820		47.820
Sabrom interest-bearing loan	2.673		2.673
TE interest-bearing loan	786		786
Busforfun interest-bearing loan	840	214	1.054
Financial receivables for interest to related parties		161	161
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Financial receivables from related parties (Note 47)	52.119	329	52.448
Total	58.539	862	59.401

The item “Severance indemnities provision policies” concerns the policies taken out by the subsidiary MISE for the “Employee severance indemnities”. The carrying amount represents the total receivable as at 30 June 2022 from the insurance companies Allianz (formerly Ras) and Assicurazioni Generali (formerly Ina Assitalia).

The item “Time deposit” refers entirely to the escrow account underlying the letter of credit issued to the supplier of the 20 electric buses to provide LPT services in the Municipality of Venice.

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

The item “Collection of tolls in transit”, amounting to EUR 1,062 thousand, is attributable to the receivable from electronic card operators for the collection of motorway tolls.

The item “APL interest-bearing loan” refers to the two interest-bearing loans granted to the associated company Autostrada Pedemontana Lombarda S.p.A. for a total amount of EUR 150 million; a first loan of EUR 100 million granted in 2014 and a second loan of EUR 50 million granted in February 2016.

Following the signing of the addendum of the loan agreement by Autostrada Pedemontana Lombarda S.p.A., with the same Lenders of the Bridge 2 loan, the repayment terms of which were rescheduled, on 2 December 2017 MISE signed a “subordination agreement” with the associate, by which it undertook, in its capacity as Controlling Shareholder, with respect to the Associate, not to ask for repayment - for any reason whatsoever of interest or subordinated debt - until the complete extinction of the Bridge 2 loan and not to withdraw from the existing Shareholders’ loan contracts in favour of the associate. This subordination provision is still in place, also in light of the fact that the project financing was taken out.

This loan, measured at amortised cost in accordance with IFRS 9, has been recorded in continuity of values with respect to MISE’s separate financial statements in accordance with the provisions of IFRS 1, i.e. at its present value determined on the basis of a discount rate, equal to 6.89%, which reflects the characteristics of the loan and which differs from the contractual interest rate (equal to the 3-month Euribor plus a spread of 357 bps stating from 1 January 2021).

The Interest-bearing loan to S.A.Bro.M. S.p.A. refers to two interest-bearing loans: a first for EUR 2,336 thousand maturing on 31 October 2019 with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 October 2021; a second for EUR 156 thousand, under the same conditions as the previous one. The total amount of EUR 2,706 thousand also includes the interest accrued as at 30 June 2022, calculated at an interest rate of 2.75%, as provided for in the agreement.

The Interest-bearing loan to Tangenziale Esterna S.p.A. refers to the interest-bearing loan, as provided for in the contribution agreement to the project loan - Equity Contribution and Subordination Agreement - renewed by MISE on 2 August 2018, under the same economic conditions as the previous one, following the signing of the new loan agreement of the investee. The total amount of EUR 812 thousand also includes the interest accrued from the date on which the quotas were called up to 30 June 2022, calculated at an interest rate of 12.06%, as provided for in the agreement. The receivable of EUR 182 thousand represents the “Equity Reserve” portion, which was repaid on 11 July 2022 as the commitments made under the Capitalisation Agreement had expired.

On 30 July 2021, the Parent Company signed a loan agreement with the associate Busforfun in order to provide it with the necessary funding to strengthen its positioning as a Mobility Partner for large projects, businesses, communities and events.

The loan, totalling EUR 2,000 thousand, matures 6 years after the stipulation date. The credit facility, bearing interest at a floating rate equal to the 6-month Euribor + 165 bps per annum, will be repaid in 5 yearly instalments with the first instalment falling due on 31 December 2022.

Note 11 Current and non-current financial assets measured at fair value

This item is entirely attributable to investments subscribed by the subsidiary ATV:

- in a treasury asset management portfolio, for EUR 5,000 thousand, on 14 December 2021 with Fideuram Asset Management SGR;
- in a treasury asset management portfolio, for EUR 2,000 thousand, on 23 December 2021 with Fideuram Asset Management SGR, repaid in full on 31 January 2022.

The return for the period recorded an impairment loss of EUR 168 thousand.

The investments were classified among financial assets at fair value through profit or loss because the cash flows were not represented only by payments of principal and interest on the amount of the principal to be repaid.

Note 12 Receivables for funded investments

In accordance with IFRIC 12, this item includes the portion of accrued revenues recognised, corresponding to investments made according to the completion percentage, not yet collected at the end of the reporting period.

As at 30 June 2022 and 31 December 2021, the item is broken down as follows:

Description	30.06.2022	31.12.2021
Credit for costs incurred in the period and not collected - Funded investments	39.561	38.789
Credit for costs incurred in the period and not collected - Rolling Stock "2017 - 2032 Programme"	201.200	99.272
Receivables for funded investments	240.761	138.061

The next table shows the change in this item, in the period under review:

Description	Funded investments	Rolling stock	Total
Receivables for funded investments 01.01.2022	38.789	99.272	138.061
Contributions collected during the period	(15.752)	(181.942)	(197.694)
Use of advances	(7.216)		(7.216)
Write-downs during the period			
Receivables for costs incurred in the period (Note 34)	23.647	283.578	307.225
Receivable for general expenses	93	292	385
Receivables for funded investments 30.06.2022	39.561	201.200	240.761

The line item "Credit for costs incurred in the period and not collected - Rolling Stock "2017 - 2032 Programme" is entirely attributable to costs relating to orders under the "Programme for the purchase of rolling stock for the regional railway service for the years 2017 - 2032".

The item "Credit for costs incurred in the period and not collected - Funded investments" relates to orders for the maintenance of Railway Infrastructure under Concession, as well as the procurement of TILO rolling stock, not included in the "2017-2032 Purchase Programme".

Note 13 Contractual assets

This item, amounting to EUR 159,761 thousand, includes the balance of the investments made until 30 June 2022 by the subsidiary MISE within the scope of the existing concession agreement with ANAS S.p.A. These amounts will be reclassified to “Intangible assets - Motorway infrastructure” when the Group is entitled to recognise the investment when determining the tariff to be applied to end users.

Description	01.01.22	Changes in 2022			30.06.2022
		Increases	Reclassification	Decreases	
Historical cost	155.392	24.362	(8.959)	(1.155)	169.640
Financial expenses	5.105	425			5.530
Contributions received	(15.409)				(15.409)
Total Contractual assets	145.088	24.787	(8.959)	(1.155)	159.761

The increase in the half-year for investments made was EUR 24,787 thousand.

The most significant changes relate to:

- redevelopment work on SP 46 Rho-Monza for approximately EUR 17,901 thousand, with this production reaching 87.7% of the economic framework of the work;
- completion of the access road to the intermodal centre of Segrate; the amount of EUR 2,692 thousand also includes the portion of the settlement reached with the contractor in relation to the reserves recorded;
- extraordinary maintenance on the Po bridge viaduct amounting to EUR 2,374 thousand;
- extraordinary maintenance on the Rho viaduct for works amounting to EUR 1,762 thousand.

Decreases for the period refer to the derecognition of costs incurred for feasibility studies, analyses and the start-up of design activities that will not be carried out.

No grants were received during the half-year.

Financial expenses of EUR 425 thousand (EUR 684 thousand in the comparative period in 2021) refer to interest expense accrued on loans for motorway infrastructure.

Note 14 Inventories

The next table shows how this item is broken down:

Description	30.06.2022	31.12.2021
Permanent way material	5.633	5.171
Bus Spare Parts	3.029	3.001
Motorway infrastructure maintenance material	2.665	1.870
Spare parts for contact lines, apparatuses, control units and telephones	1.786	1.697
Gasoil and lubricants	517	359
Other auxiliary materials	672	515
(LESS: Provision for stock obsolescence)	(3.107)	(3.109)
Total	11.195	9.504

The item increased by EUR 1,691 thousand, mainly due to procurement for maintenance work planned on the motorway and railway infrastructure, respectively, for EUR 795 thousand and EUR 687 thousand.

Note 15 Trade Receivables

Description	Current	
	30.06.2022	31.12.2021
Receivables from others - gross (LESS) Provision for bad debts	87.703 (4.232)	74.612 (4.462)
Trade receivables from third parties	83.471	70.150
Receivables from related parties - gross (LESS) Provision for bad debts	60.236 (69)	62.986 (69)
Trade receivables from related parties (Note 47)	60.167	62.917
Total	143.638	133.067

Trade receivables from third parties

Trade receivables mainly comprise:

- receivables for interconnection relationships with interconnected motorway companies, of EUR 59,069 thousand (EUR 45,622 thousand as at 31 December 2021), the main one being Autostrade per l'Italia S.p.A., representing the receivable from users for tolls paid on a deferred basis. The increase in the period, amounting to EUR 13,446 thousand, was impacted by toll trends;
- receivables from the Province of Verona for the service agreement in place for the city and province of Verona, amounting to EUR 7,261 thousand (EUR 3,987 thousand as at 31 December 2021).

The fair value of receivables, obtained by adjusting their nominal value through the provision for bad debts (allocated to estimate the risk of the uncollectability of receivables existing at the end of each reporting period), approximates the carrying amount of the receivables as at 30 June 2022 and 31 December 2021.

Trade receivables from related parties

The decrease in gross trade receivables from related parties, amounting to EUR 2,750 thousand compared to 31 December 2021, was mainly determined by the lower receivable from Trenord, amounting to EUR 1,653 thousand, in relation to higher collections in the half-year, as well as the lower receivable from the Lombardy Region, amounting to EUR 912 thousand, for the Service Agreement relating to the railway infrastructure.

Note 16 Other current and non-current receivables

This item is broken down as follows:

Description	30.06.2022		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		73.176	73.176
Receivables for advances to suppliers on work in progress on railway infrastructure		28.313	28.313
Receivables for grants		13.875	13.875
Receivable from CH Customs Agency		5.227	5.227
Tax receivables		5.385	5.385
Receivables for advances to suppliers on work in progress on motorway infrastructure		3.927	3.927
Receivables from INPS illness costs		718	718
Receivables for Government grants		102	102
Receivable for contractual advance		70	70
Sundry receivables	2.260	13.812	16.072
(LESS) Provision for bad debts		(246)	(246)
Other receivables from third parties	2.260	144.359	146.619
Receivables from related parties	188	12.072	12.260
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other receivables from related parties (Note 47)	188	12.035	12.223
Total	2.448	156.394	158.842

Description	31.12.2021		
	Non Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		47.534	47.534
Receivables for advances to suppliers on work in progress on railway infrastructure		29.826	29.826
Receivables for grants		5.552	5.552
Tax receivables		7.519	7.519
Receivables for advances to suppliers on work in progress on motorway infrastructure		5.016	5.016
Receivables from INPS illness costs		1.490	1.490
Receivables for Government grants		102	102
Receivable for contractual advance		70	70
Sundry receivables	1.911	8.144	10.055
(LESS) Provision for bad debts		(209)	(209)
Other receivables from third parties	1.911	105.044	106.955
Receivables from related parties	7	18.005	18.012
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other receivables from related parties (Note 47)	7	17.968	17.975
Total	1.918	123.012	124.930

“Receivables for advances to suppliers on work in progress on financed Trains”, amounting to EUR 73,176 thousand, is entirely due to the advance portion on the progress (SAL) of the orders relating to the “Programme for the purchase of rolling stock for the regional railway service for the years 2017 - 2032”. The increase in the period, amounting to EUR 25,642 thousand, related to the start of a new application for the Caravaggio train work order, partially offset by utilisations in the period following progress on work orders. The percentage of progress on work orders accrued in relation to the percentage of completion in the half-year period was EUR 283,578 thousand.

“Receivables for advances to suppliers on work in progress on railway infrastructure”, amounting to EUR 28,313 thousand, are entirely due to the advance portion on the progress (SAL) of the orders relating to the maintenance of the Railway infrastructure under Concession, as well as the procurement of TILO rolling stock, not included in the “2017-2032 Purchase Programme”. This item decreased by EUR 1,513 thousand in relation to progress made on railway infrastructure orders, partially offset by higher advances paid to contractors.

Receivables for grants refer to receivables due from the Awarding Body for increased additional services provided under the Service Agreement by the subsidiary ATV, for EUR 9,666 thousand (EUR 5,720 thousand as at 31 December 2021), for grants to be collected to cover the loss of traffic revenues due to the Covid-19 pandemic by the subsidiary ATV, for EUR 2,700 thousand, and receivables relating to amounts to be received from the Province of Verona on bus purchases also made by ATV, for EUR 1,509 thousand.

The item “Receivable from CH Customs Agency” is entirely attributable to the VAT paid in May 2022 to the Agency for the import of 5 STADLER trains, which had not yet cleared customs as at 30 June 2022.

Current tax receivables refer primarily to VAT receivables arising from the monthly settlement for EUR 3,702 thousand (not present as at 31 December 2021), VAT receivables for which a refund has already been requested for EUR 513 thousand (EUR 6,013 thousand as at 31 December 2021), receivables claimed from the tax authorities for the reimbursement of excise duty on diesel fuels for EUR 710 thousand (EUR 817 thousand as at 31 December 2021), and, finally, receivables claimed from the tax authorities for the tax credit deriving from expenses incurred for the energy component purchased and actually used in the first half of 2022.

As regards the VAT receivable for which a refund has already been requested, please note that it refers to receivables recognised by the subsidiary MISE for VAT refund applications for the years 2003, 2004, 2005 and 2006 following notification by the Supreme Court of Cassation of the orders sentencing the Italian Revenue Agency to make payments on those applications. The change for the period, amounting to EUR 5,500 thousand, derives from the collection made during the half-year relating to the request for

reimbursement submitted by the Parent Company on 24 April 2018 with the VAT return for the 2017 tax period.

The item “Receivables for advances to suppliers on work in progress on motorway infrastructure” mainly refers to contractual advances granted to contractors pursuant to Law 11/2015 converting Decree Law 210, art. 7 of 30/12/2015.

“Receivables from INPS illness costs”, amounting to EUR 718 thousand (EUR 1,490 thousand as at 31 December 2021), are attributable to receivables from social security institutions for the recovery of costs incurred for the provision of sickness benefits to employees and decreased in relation to the compensation granted for the reimbursement of higher sickness costs for the years 2015-2016-2017 and 2018 in the first half of 2022.

Receivables for Government grants refer to grants for investments to make to cover expenses sustained by the Group for infrastructure modernisation.

The item “Receivable for contractual advance” relates to the receivable claimed as a result of the application of fines on a contract for the supply of rolling stock, which will be used to offset with the supply of technical inventory relating to the purchased rolling stock.

The item “Current sundry receivables” mainly includes EUR 2,434 thousand (EUR 2,085 thousand as at 31 December 2021) in advances to suppliers, EUR 5,357 thousand (EUR 4,239 thousand as at 31 December 2021) in prepayments for insurance premiums and EUR 1,960 thousand in prepayments for additional monthly salary payments already made to employees (not present as at 31 December 2021).

In particular, prepayments for insurance premiums refer to:

- Warranty & Indemnity (W&I) insurance policies taken out to cover the Representations & Warranties contained in the sale and purchase agreement signed with the Lombardy Region for the acquisition of MISE, amounting to EUR 247 thousand (EUR 1,005 thousand as at 31 December 2021);
- “Green maintenance agreements”, or the contribution paid to the municipalities of Corana (PV) and Silvano Pietra (PV) for the maintenance of areas intended for environmental mitigation. Costs are allocated pro rata to each reporting period until 31 October 2028;
- “Multihole duct agreement”, referring to the agreement renewed during the year with Telecom Italia S.p.A. for the use of optical fibres, expiring on 31 October 2028, charged to the Income Statement on an accrual basis.

Receivables from related parties (Note 47) refer mainly to amounts for services provided to investees in joint ventures and associates, down by EUR 5,933 thousand compared to 31 December 2021, as well as tax receivables, in particular items related to Group VAT for EUR 1,246 thousand (EUR 2,232 thousand as at 31 December 2021).

The decrease in receivables for services rendered relates to higher collections received in the half-year from the related party Trenord.

Note 17 Current and non-current tax receivables

Description	30.06.2022		
	Non Current	Current	Total
IRES (CORPORATE INCOME TAX)	17	31	48
IRAP (REGIONAL BUSINESS TAX)		532	532
Tax receivables	17	563	580

Description	31.12.2021		
	Non Current	Current	Total
IRES (CORPORATE INCOME TAX)	17	1.144	1.161
IRAP (REGIONAL BUSINESS TAX)		357	357
Tax receivables	17	1.501	1.518

The item includes receivables from the Revenue Agency for corporate income tax (IRES) and regional production tax (IRAP) arising with the payment of the advance made in June 2022 by the investees and the parent company as part of the Group tax consolidation.

Note 18 Cash and Cash Equivalents

The next table shows how this item is broken down:

Description	30.06.2022	31.12.2021
Bank and postal deposits	370.534	351.047
(LESS) Impairment IFRS 9	(693)	(693)
Cash on hand	1.354	1.478
Total	371.195	351.832

The breakdown of bank and postal deposits is shown below:

Bank and postal deposits	30.06.2022	31.12.2021	Change
Bank and postal deposits in cash pooling	218.909	99.979	118.930
ATV (and its subsidiary La Linea 80)	4.248	15.732	(11.484)
MISE (and its subsidiary Milano Serravalle Engineering)		136.807	(136.807)
Ferrovienord (accounts dedicated to RL investments)	151.877	98.529	53.348
Total	375.034	351.047	23.987

The FNM Group manages cash and cash equivalents through cash pooling. On a daily basis the balances of current bank accounts of individual companies are transferred to the current accounts of the Parent Company, that concurrently credits/debits the giro account of individual subsidiaries. As at 31 December 2021, the Group companies that did not participate in cash pooling were ATV, its subsidiary La Linea 80, MISE and its subsidiary Milano Serravalle Engineering. On 20 December 2021, MISE's Board of Directors resolved to adhere to the Group's centralised treasury management agreement for the cash pooling portion only and limited to the two bank accounts used for treasury purposes.

The first transfer of MISE's balances to the Parent Company's current accounts took place on 15 February 2022.

On that basis, in view of cash on bank deposits of EUR 375,034 thousand, of short-term payables to banks of EUR 55,630 thousand and non-current payables to banks of EUR 173,987 thousand (Note 22), the Group has payables in giro accounts - inclusive of interest - of EUR 37,548 thousand (EUR 35,986 thousand as at 31 December 2021), as represented below:

Payables in giro account	30.06.2022	31.12.2021	Change
Nord Energia	21.856	19.651	2.205
NordCom	9.132	9.291	(159)
Corporate bodies	6.560	7.044	(484)
Total (Note 23)	37.548	35.986	1.562

On these giro accounts, interest income and expenses are paid at market rates (Note 23).

On 31 May 2018, the subsidiary FERROVIENORD stipulated with Cassa Depositi e Prestiti ("CDP") a loan agreement, with funding provided by the European Investment Bank ("EIB") to support the regional train purchasing programme; this agreement provides that the grants paid by the Lombardy Region after the execution, are credited on a specific current account, pledged in favour of DCP and the EIB. The

balance of this current account as at 30 June 2022 amounts to EUR 111,757 thousand (EUR 58,410 thousand as at 31 December 2021). These amounts may be used by the Group exclusively for the execution of the train purchase program described above.

With regard to the joint provisions of Regional Government Resolution no. XI/6841 of 2 August 2022 “Programme for the purchase of rolling stock for the regional railway service: determinations regarding financing” and Regional Law no. 17 of 8 August 2022 “Adjustment to the 2022 - 2024 budget with amendments of regional laws”, on 29 August 2022, Ferrovienord sent a request to the EIB to cancel, pursuant to article 7.2 (Voluntary cancellation) letter (a) of the Loan Agreement, the entire amount of available funding effective as of 6 September 2022.

On 2 September 2022, the subsidiary also paid the fees due as a result of the voluntary cancellation, amounting to EUR 469 thousand.

On 21 September 2022, the CDP confirmed that the loan had been cancelled in full effective as of 6 September 2022.

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

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

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

Note 19 Investments in other companies

Current investments in other companies	30.06.2022	31.12.2021
Equity investment in Autostrade Lombarde S.p.A.	0	5.802
Equity investment in Società di Progetto Brebemi S.p.A.	0	511
Total		6.313

Following the binding offer received on 9 December 2021, the equity investments held in Autostrade Lombarde S.p.A. and Società di Progetto Bre.Be.Mi. S.p.A. as at 31 December 2021 were reclassified to current assets, adjusting the corresponding value to the price of the offer received, for a total price of EUR 6,313,362, which was considered representative of the fair value of these shares, and thus recording a gain of EUR 184 thousand.

On 28 June 2022 the sales of the shares held by MISE and Milano Serravalle Engineering in the share capital of Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A. to Aleatica S.A.U. were finalised.

Note 20 Assets and liabilities held for sale

With the aim of providing APL with a trusted engineering company with proven capacity to which it can directly entrust, in compliance with regulations in force and concession obligations, the engineering services necessary for the construction of the motorway infrastructure under concession, on 18 May 2022 a Letter of Intent was signed with the aim of outlining a negotiation pathway for the possible transfer of a business unit from Milano Serravalle Engineering to APL, through a newly established company wholly owned by the latter.

The values of the assets and liabilities identified were then reclassified to assets held for sale as shown below:

Description	Misc Eng. Business Unit
Balance as at 01.01.2022	
Assets held for sale	410
Liabilities held for sale	(959)
Net balance as at 30.06.2022	(549)

In the course of June and July, discussions took place between the parties and their advisors aimed at determining the business unit and the relative consideration. The appraisal was completed on 25 July with the identification of the unit to be transferred and its valuation, amounting to EUR 259 thousand. Parallel to the appraisal, the preliminary contractual deed and its annexes were also drawn up. The activity was concluded on 8 August with the signing of the preliminary contract by Milano Serravalle Engineering and Autostrada Pedemontana Lombarda.

Note 21 Shareholders' Equity

Description	Shareholders' Equity attributable to Majority Shareholders							Total Shareholders' Equity attributable to the Group	Shareholders' Equity attributable to Non-Controlling Interests	Total Shareholders' Equity
	Share capital	Other reserves	Reserve for fair value changes in derivatives	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the year			
Balance as at 01.01.2021	230.000	7.788	0	203.387	(7.661)	105	24.185	457.804	19.304	477.108
Total Comprehensive Income			899		219	(15)	(12.465)	(11.362)	1.780	(9.582)
Allocation of 2020 profit				24.185			(24.185)	-		-
Change in the scope of consolidation				(285.809)				(285.809)	13.281	(272.528)
Balance as at 30.06.2021	230.000	7.788	899	(58.237)	(7.442)	90	(12.465)	160.633	34.365	194.998
Balance as at 31.12.2021	230.000	7.788	(915)	(63.596)	(7.478)	147	40.875	206.821	21.512	228.333
Total Comprehensive Income			3.829	0	2.765	40	21.438	28.072	(851)	27.221
Allocation of 2021 profit				40.875			(40.875)	-		-
Balance as at 30.06.2022	230.000	7.788	2.914	(22.721)	(4.713)	187	21.438	234.893	20.661	255.554

On 26 April 2022, the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent Company for the year 2021, and resolved to allocate profit for the year of the Parent Company as follows:

- EUR 270 thousand to legal reserve;
- EUR 5,137 thousand to retained earnings.

The item change in scope of consolidation for the comparative half-year is attributable to the acquisition of MISE on 26 February 2021.

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

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

	La Linea	ATV	Total
	49,00%	50,00%	
Balance as at 01.01.2022	3.917	17.595	21.512
Operating result	573	(1.906)	(1.333)
Reserve for Actuarial Gains/(Losses)	115	367	482
Balance as at 30.06.2022	4.605	16.056	20.661

The following is a reconciliation between the result and shareholders' equity of FNM S.p.A.'s Separate Financial Statements and the Group's Consolidated Financial Statements:

Amounts in thousands of euros	Shareholders' equity 01.01.22	Result in first half 2022	Distribution of FNM dividends	Other result components transited directly to Shareholders' Equity	MISE consolidation	Other changes	Shareholders' equity 30.06.22
Financial Statements of FNM S.p.A.	405.025	4.167		88			409.280
Derecognition of equity investments	(655.426)					(1.500)	(656.926)
Shareholders' Equity contributed by the consolidated companies	459.652	17.271		6.546		1.500	484.969
Put option recognition	(2.430)						(2.430)
FNM Group shareholders' equity	206.821	21.438		6.634			234.893

Note 22 Current and non-current payables to banks

Payables to banks are broken down as follows:

Description	30.06.2022		
	Non Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	87.097	24.766	111.863
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	31.151	12.423	43.574
EIB Funding	31.774	8.403	40.177
UBI Banca-Banco BPM 2010	18.712	7.471	26.183
Banca Carige (BEI intermediation) 2012	4.918	1.931	6.849
Other payables to banks for loans	335	636	971
Payables to banks	173.987	55.630	229.617

Description	31.12.2021		
	Non Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	99.485	24.733	124.218
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	37.363	12.404	49.767
EIB Funding		41.709	41.709
UBI Banca-Banco BPM 2010	22.447	7.463	29.910
Banca Carige (BEI intermediation) 2012	5.886	1.922	7.808
Other payables to banks for loans	502	543	1.045
Payables to banks	165.683	88.774	254.457

The items "Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019", "Banca Nazionale del Lavoro/Monte Paschi di Siena 2010", "UBI Banca-Banco BPM 2010" and "Banca Carige (EIB Intermediation) 2012" represent the bank debt of the MISE subsidiary recognised at amortised cost. All instalments due in the half-year were duly repaid, totalling EUR 23,500 thousand.

The following table summarises the interest rates and covenants set forth in each contract mentioned above:

Funding	Residual Nominal Amount	Expiration	Interest rate	Covenants
INTESA (formerly UBI) - BANCO BPM	30,000	31/12/2025	6-month Euribor (no floor) + margin 2%	NFP/EBITDA \leq 5 NFP/SE < 2
MPS – BNL	50,000	31/12/2025	6-month Euribor (no floor) + margin 2.25%	NFP/EBITDA \leq 5 NFP/SE < 2
CARIGE	8,000	31/12/2025	Fixed rate 3.617%	N/A
INTESA - BANCO BPM-UNICREDIT-BNL- INTESA (formerly UBI)	125,000	31/12/2026	6-month Euribor (no floor) + margin 1.80%	NFP/EBITDA \leq 4 NFP/SE < 2

As at the closing date of 30 June 2022, based on available data, these covenants have been met.

The item “EIB Funding” is entirely attributable to the disbursement of the loan taken out by the Parent Company from the European Investment Bank on 21 December 2017, for a total maximum amount of EUR 50 million. The purpose of the loan is to guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel.

The funding was fully disbursed in the course of 2020. In particular, on 20 March 2020, the first tranche of EUR 10 million was disbursed, and on 12 October 2020 the second tranche of EUR 40 million. The first tranche of the loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021. The second tranche of the loan has a fixed rate of 0.446%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 12 October 2021. The instalment due in the half-year, amounting to EUR 1,657 thousand, was duly repaid.

As a result of the consolidation of MISE, as already described in Notes 22 and 23 to the Consolidated Financial Statements as at 31 December 2021, on 26 February 2021 a reduction of EUR 295.0 million was recorded in the Group’s shareholders’ equity, resulting in failure to comply with the NFP/Shareholders’ equity covenant. Consequently, the “EIB loan” was classified under current payables to banks in compliance with international accounting standards.

In the half-year period, following the receipt of the waiver letter and the contractual amendment regarding the NFP/shareholders’ equity financial covenant, the debt was reclassified as non-current for instalments due beyond 12 months.

As a result, the EIB amended the financial covenants, calculated on the Group's consolidated financial statements (annual and half-year), as of the monitoring date of 31 December 2021:

- NFP/Shareholders’ equity \leq 4.5 at the calculation dates of 31 December 2021 and 30 June 2022, \leq 3.5 at the calculation dates of 31 December 2022 and 30 June 2023, \leq 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, \leq 2.5 for subsequent calculation dates;
- NFP/EBITDA \leq 5.85;
- EBITDA/Financial expenses \geq 5.77.

Reference is made to section 4.3 of the management report for detailed information about the Group's financial structure.

Please also note that, aside from the above-mentioned refinancing, the Group has liquidity headroom of around EUR 141 million in uncommitted lines, thereby offering sufficient financial flexibility.

Note 23 Current and non-current financial payables and lease liabilities

Financial payables are broken down as follows:

Description	30.06.2022		
	Non Current	Current	Total
Payables to bondholders	643.671	3.379	647.050
Lease liabilities	20.941	8.043	28.984
Payables to other non-controlling shareholders		21.993	21.993
Giro account payables		4.864	4.864
Derivative instruments payable	645	899	1.544
Financial Payable Put Option La Linea	2.099		2.099
Other financial payables			-
Financial debts and lease liabilities	667.356	39.178	706.534
Giro account payables		32.684	32.684
Finlombarda financing		3.991	3.991
Lease liabilities	49	101	150
Financial payables and lease liabilities to related parties (Note 47)	49	36.776	36.825
Total	667.405	75.954	743.359

Description	31.12.2021		
	Non Current	Current	Total
Payables to bondholders	642.958	962	643.920
Lease liabilities	22.687	6.926	29.613
Payables to other non-controlling shareholders		21.858	21.858
Giro account payables		4.811	4.811
Derivative instruments payable	1.837	1.562	3.399
Financial Payable Put Option La Linea	2.086		2.086
Other financial payables		62	62
Financial debts and lease liabilities	669.568	36.181	705.749
Giro account payables		31.175	31.175
Finlombarda financing		7.973	7.973
Lease liabilities	106	21	127
Financial payables and lease liabilities to related parties (Note 47)	106	39.169	39.275
Total	669.674	75.350	745.024

On 13 October 2021, the Parent Company 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 is listed on the regulated market of the Irish Stock Exchange - Euronext Dublin. The issue was settled on 20 October 2021.

The securities were placed at an issue price of 99.824% with 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. There are no financial covenants on the bond.

The proceeds of the bond loan were used for the early repayment of 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.

“Payables to other non-controlling interests” are the estimate of the payable relating to the liquidation of the shareholding held by the non-controlling shareholder of the subsidiary MISE, which pursuant to art. 24 paragraph 5 of Legislative Decree 175/2016, requested the liquidation on 19 November 2018. The payable recognised includes legal interest accrued as of the date of the settlement request.

On 1 April 2022, the appraisal of the value of the subsidiary's shares as at 31 December 2018, prepared by the appraiser, was acquired, which determined a unit value per share in the range between EUR 2.88 and EUR 3.13.

On 12 April 2022, the Board of Directors of MISE approved the use, as a preliminary appraisal, of the unit value corresponding to EUR 3.01/share for the liquidation of the 7,200,000 shares held directly and indirectly by the Shareholder Chamber of Commerce of Milan Monza Brianza Lodi and corresponding to 4% of the share capital and, in compliance with the regulatory provision set forth in art. 2437-ter of the Italian Civil Code, submitted the appraisal report drawn up by the professional to the Board of Statutory Auditors and the Independent Auditors, for the performance of their respective duties under the law.

Having obtained the opinions pursuant to art. 2437-ter of the Italian Civil Code from the Independent Auditors and the Board of Statutory Auditors, issued respectively on 8 and 9 June 2022, the Board of Directors met on 14 June 2022 and approved the use of the definitive unit value corresponding to EUR 3.01/share for the liquidation of the shares held directly by the Chamber of Commerce of Milan Monza Brianza Lodi and indirectly by Parcam S.r.l.

On 17 June 2022, MISE then filed the option notice to Shareholders, pursuant to art. 2437-*quater* of the Italian Civil Code. In a note sent by certified email on 8 July, the Parent Company FNM informed the subsidiary of its intention not to exercise its option right.

The shareholding liquidation procedure was concluded on 28 July 2022.

The entire shareholding thus became the property of a sole shareholder, FNM S.p.A. On the same date, the Extraordinary Shareholders' Meeting approved the amendment to article 5 of the Articles of Association, due to a share capital transaction that resulted in the cancellation of the 180,000,000 shares into which the share capital was divided and the simultaneous issue of 93,600,000 shares, with no nominal value.

The item "Giro current account payables" to third parties refers to the cash pooling with various company entities (Supplementary FNM scheme for EUR 4,646 thousand and the FNM Company Recreational Group for EUR 218 thousand).

The item "Derivative instruments payable" represents the derivatives in place as at 30 June 2022 relating to interest rate swap hedging contracts entered into by the subsidiary MISE during 2011 with Banco BPM, Banca Intesa (formerly UBI Banca), Banca Nazionale del Lavoro and Monte dei Paschi di Siena in order to prevent the risk of changes in interest rates, the fair value of which is negative. The total notional value amounts to EUR 120,000 thousand. The qualitative analysis has shown an exact correspondence between the supporting elements of the loan and those of the IRS and furthermore, no particular problems are identified regarding the creditworthiness of the counterparty of the hedging instrument.

The measurement of derivative financial instruments was obtained with the assistance of an expert, as well as on the basis of communications from credit institutions, applying discount cash flow analysis (DCF) techniques, which are based on the calculation of the present value of expected cash flows. This method is internationally recognised as the best financial practice for the valuation of cash flows that have a time lag with respect to the valuation date.

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

The item "Giro account payables" with related parties refers to the balance payable of the cash pooling between FNM and the joint venture investees; specifically, with NORD ENERGIA, for EUR 21,856 thousand, with NordCom, for EUR 9,132 thousand and with the pension fund for EUR 1,696 thousand.

The “Finlombarda financing” payable refers to the loan taken out in December 2017 by the subsidiary MISE from Finlombarda S.p.A. of EUR 40 million with a duration of five years and with a residual value of EUR 3,991 thousand.

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

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

Lease liabilities all relate to the application of IFRS 16.

The value of fees recorded in the income statement for low value and short term contracts amounts to EUR 563 thousand.

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

Minimum future lease payments	30.06.2022	31.12.2021
Less than 1 year	8.386	7.272
2 - 5 years	17.187	18.213
Over 5 years	3.697	4.633
Total	29.270	30.118
Future interest expense	(136)	(378)
Present value of payables related to finance leases	29.134	29.740

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

Present value of payables related to finance leases	30.06.2022	31.12.2021
Less than 1 year	8.153	6.947
2 - 5 years	17.280	18.067
Over 5 years	3.701	4.726
Total	29.134	29.740

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

Description	30.06.2022	31.12.2021
Between 1 and 2 years	8.144	6.947
Between 2 and 5 years	655.560	658.001
Over 5 years	3.701	4.726
Total	667.405	669.674

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

Description	30.06.2022	31.12.2021
Payables to Bondholders	0,9820%	0,9820%
Payables for leases IFRS 16	0.98% - 2.18%	1.47% - 2.18%
Payables for cash pooling	0,004%	0,004%
Payable to Finlombarda	2,500%	2,500%

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

Note 24 Payables for funded investments

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

Payables for funded investments	30.06.2022	31.12.2021
Payables to Lombardy Region - Planning Agreement	30.419	36.978
Payables for funded investments to related parties (Note 47)	30.419	36.978
Total payables for funded investments	30.419	36.978

The item refers mainly to the excess of grants paid by the Region for investments made by the Group, for the portion already allocated to investments and not yet paid to suppliers.

The decrease compared to 31 December 2021 is related to the utilisations made during the half-year due to the progress made on the orders relating to the Planning Agreement.

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

Payables for funded investments	30.06.2022	31.12.2021
Payables to the Ministry of Transport	5.822	5.822
Payables for funded investments	5.822	5.822
Payables to the Lombardy Region	6.759	6.759
Payables for funded investments to related parties (Note 47)	6.759	6.759
Total payables for funded investments	12.581	12.581

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

Note 25 Net financial position

The item net financial position is broken down below, according to CONSOB information notice 5/21 of 29 April 2021, as well as the relative notes that refer data in the table to data in the Statement of Financial Position:

Description	30.06.2022	of which related	31.12.2021	of which related	Notes
A. Cash and cash equivalents	371.195		351.832		18
D. Liquidity (A+B+C)	371.195	-	351.832	-	
E. Current financial payables	(93.951)	(67.094)	(144.566)	(76.126)	22 - 23 - 24
F. Current portion of non-current financial payables	(68.052)	(101)	(56.536)	(21)	22 - 23 - 24
G. Current financial debt (E+F)	(162.003)	(67.195)	(201.102)	(76.147)	
H. Net current financial debt (G-D)	209.192	(67.195)	150.730	(76.147)	
I. Non-current financial payables	(853.973)	(6.808)	(847.938)	(6.865)	22 - 23 - 24
L. Non-current financial debt (I+J+K)	(853.973)	(6.808)	(847.938)	(6.865)	
M. Total financial debt (H+L)	(644.781)	(74.003)	(697.208)	(83.012)	

Current financial payables include current payables to banks and other lenders and therefore in detail the payables arising from advances paid by the Lombardy Region for funded investments relating to the modernisation of railway infrastructure, amounting to EUR 30,419 thousand (EUR 36,978 thousand as at 31 December 2021) (Note 24), the balance of the cash pooling giro accounts with joint ventures and corporate bodies for a total of EUR 37,548 thousand (EUR 35,986 thousand as at 31 December 2021), the payable to non-controlling shareholders of the subsidiary MISE, amounting to EUR 21,993 thousand (EUR 21,858 thousand as at 31 December 2021) and the payable to Finlombarda of the subsidiary MISE, of EUR 3,991 thousand (EUR 7,973 thousand as at 31 December 2021).

The current portion of non-current financial payables includes: current payables to banks of EUR 55,630 thousand (EUR 88,774 thousand as at 31 December 2021) (Note 22), lease liabilities of EUR 8,144 thousand (EUR 6,947 thousand as at 31 December 2021), payables to bondholders of EUR 3,379 thousand (EUR 962 thousand as at 31 December 2021) and the current portion of derivative instruments payable of EUR 899 thousand (EUR 1,562 thousand as at 31 December 2021) (Note 23).

Non-current financial payables include payables to banks and other lenders and, therefore, in detail: the payable for the bond issued on 20 October 2021, amounting to EUR 643,671 thousand (EUR 642,958 thousand as at 31 December 2021), lease liabilities of EUR 20,990 thousand (EUR 22,793 thousand as at 31 December 2021), the liability for the La Linea put option for EUR 2,099 thousand (EUR 2,089 thousand as at 31 December 2021) and derivative instruments payable for EUR 645 thousand (EUR 1,837 thousand as at 31 December 2021) (Note 23).

Payables to banks decreased by EUR 24,840 thousand, of which current for EUR 33,144 thousand, partially offset by the increase in the non-current portion by EUR 8,304 thousand due to the reclassification of the non-current portion of the EIB loan taken out by the Parent Company (Note 22) net of payments made during the half-year.

In order to better represent the Group's NFP, an adjusted NFP has been calculated, which excludes the effects deriving from the application of IFRIC 12, relating to the "Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032", as shown below:

Description	30.06.2022	of which related	31.12.2021	of which related	Notes
A. Cash and cash equivalents	259.438		293.422		18
D. Liquidity (A+B)	259.438	-	293.422	-	
E. Current financial payables	(93.951)	(67.094)	(144.566)	(76.126)	22 - 23 - 24
F. Current portion of non-current financial payables	(68.052)	(101)	(56.536)	(21)	22 - 23 - 24
G. Current financial debt (E+F)	(162.003)	(67.195)	(201.102)	(76.147)	
H. Net current financial debt (G-D)	97.435	(67.195)	92.320	(76.147)	
I. Non-current financial payables	(853.973)	(6.808)	(847.938)	(6.865)	22 - 23 - 24
L. Non-current financial debt (I+J+K)	(853.973)	(6.808)	(847.938)	(6.865)	
M. Total financial debt (H+L) adjusted	(756.538)	(74.003)	(755.618)	(83.012)	
IFRIC 12 Impacts					
of which - D. Liquidity	111.757		58.410		18
N. Total IFRIC 12 financial debt	111.757	-	58.410	-	
Net financial debt (M+N)	(644.781)	(74.003)	(697.208)	(83.012)	

In order to determine the adjusted NFP, the effects of the application of IFRIC 12 corresponding to the bank balances resulting from the crediting of grants from the Lombardy Region for the regional train purchase programme were excluded (Note 18).

In fact, as already mentioned in the management report, in order to improve the representation of balance sheet trends, as of the first quarter of 2022 the “IFRIC 12 Impacts” calculated to determine the adjusted net financial position include only the funded investment items (cash and financial payables) relating to the “Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032 and integration of supplies of the rolling stock purchase programme as per Regional Government Decree no. X/4177 of 16/10/2015” (hereinafter the “2017 - 2032 Rolling Stock Programme”).

As regards indirect financial debt, please refer to Note 27 for the provisions recognised in the financial statements.

Again with reference to indirect financial debt, the final commitments as at 30 June 2022 that oblige the Group to acquire or build an asset in the next 12 months are shown below:

Description	Amount
Investments in funded rolling stock	329.592
Funded railway infrastructure investments	65.015
Motorway infrastructure investments	57.310
Investments in rolling stock with own funds	58.226
Investments in buses	21.205
Other investments	2.661

Note 26 Other non-current liabilities

Other non-current liabilities are broken down as follows:

Description	30.06.2022	31.12.2021
Capital grants	10.562	9.999
Other liabilities	2.079	1.963
Non-current liabilities	12.641	11.962
Capital grants from the Lombardy Region	8.727	8.230
Other liabilities	1.007	203
Other non-current liabilities to related parties (Note 47)	9.734	8.433
Total	22.375	20.395

The item “Capital grants” primarily concerns the non-current portion of loans received by the subsidiary ATV from the Veneto Region for the purchase of new buses for urban and extraurban transport (EUR 9,365 thousand) and loans received in 2001 from the Ministry of Public Works pursuant to Law 270/97 to redevelop the Cadorna Station in Milan (EUR 1,040 thousand). The decrease in the period is due to the recognition of the grant in the Consolidated Income Statement, according to procedures indicated in the accounting standard.

The item “Other liabilities”, of EUR 794 thousand, includes the deferred income relative to future maintenance costs for own rolling stock, with advances paid by lessees during 2017.

“Capital grants from the Lombardy Region” mainly refer to grants from the Lombardy Region for the renovation of property in piazza Cadorna in Milan for EUR 4,099 thousand, as well as for the purchase of buses for EUR 4,599 thousand and for the development of the “La civiltà di Golasecca” (The Golasecca Civilisation) museum equal to EUR 29 thousand. The decrease in the period is due to the recognition of the grant in the Income Statement, according to procedures indicated in the accounting standard.

Note 27 Provisions for risks and charges

Provisions for risks and charges comprise the following:

Description	Cyclical maintenance	Motorway Infrastructure Renewal provisions	Provision for Commitments relating to non-compensated	Personnel	Ancillary charges for the Affori Redevelopment	Other risks	Total
Balance as at 01.01.2022	49.030	53.191	9.472	6.089	1.143	27.007	145.932
Increases	6.949	10.817		1.018		1.010	19.794
Uses	(3.371)	(8.295)	(9)	(1.303)		(441)	(13.419)
Other changes		(1.447)	(341)			256	(1.532)
Releases				(1.375)		(2.950)	(4.325)
Balance as at 30.06.2022	52.608	54.266	9.122	4.429	1.143	24.882	146.450

Provisions for risks and charges have the following dates:

Description	30.06.2022	31.12.2021
Current	54.039	50.159
Non current	92.411	95.773
Total	146.450	145.932

Cyclical maintenance

With reference to rolling stock, owned by the Lombardy Region, the subsidiary FERROVIENORD is the operator of the job order for the purchase of rolling stock, and is also responsible for maintenance of equipment in order to guarantee the effective operation of the service, with particular reference to cyclical maintenance. As regards this maintenance, which is scheduled based on years of use and kilometres travelled, the Group allocated provisions to cyclical maintenance of EUR 6,949 thousand, with use in the year amounting to EUR 3,371 thousand.

Motorway infrastructure renewal provision

The value of the renewal provision, equal to EUR 54,266 thousand (provision for restoration or replacement of assets freely revertible) refers to the coverage of costs for future restoration of the motorway infrastructure and has the function of maintaining and/or restoring the original productive capacity of the “assets freely revertible to the awarding body” both to maintain unchanged the production capacity and to transfer them, on expiry of the concession, to the Awarding Body in good working order, in view of the contractual obligations set out in the Consolidated Agreement signed by MISE with ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Sustainable Mobility).

Provision for Commitments relating to non-compensated assets

The item includes the provision equal to the present value of planned investments for which no tariff increases are expected. The amount of EUR 9,122 thousand was estimated on the basis of information from the business plan available at the date on which these consolidated financial statements were drafted. The provision for risks and charges is used to offset the cash outlays that the Group will incur to finance these investments.

Personnel

During the half-year, allocations of EUR 1,018 thousand were made as an estimate of the contractual increases for the year 2022 for employees under the National Collective Bargaining Agreement for the Railway/Tram sector, particularly as concerns company contracts.

On 10 May 2022, an agreement was signed for the renewal of the National Collective Bargaining Agreement for the Railway/Tram sector, which expired on 31 December 2020, defining the economic coverage for the 2021-2023 three-year period. The agreement, which was confirmed by the workers' referendum in June 2022, establishes for permanent personnel on staff on the date on which the agreement is signed, that the 2021-2023 three-year period will be covered with the payment of a gross one-off sum of EUR 500 at parameter 175, an increase in base pay (equal to EUR 90 at parameter 175) and the recognition of EUR 8 per day for each day of leave taken. The lump sum and the increase are to be revalued according to the current parametric scale. The disbursement of the lump sum was divided into two tranches, the first of EUR 250 to be paid with the salary of July 2022 and the second of EUR 250 to be paid with the salary of November 2022. As a result of this agreement, the provision was utilised for EUR 1,303 thousand and the excess amount of EUR 743 thousand was released.

Charges for the Affori Redevelopment Programme

As regards the sale of areas next to the Affori Station in Milan, the FNM Group undertook to carry out activities related to the redevelopment programme (clean-up of land, development of urban infrastructure works, movement of the electric power unit); the estimate of these future costs payable by the Group was equal to EUR 1,143 thousand.

Other risks

The provision for other risks as at 30 June 2022 included:

- EUR 16,744 thousand relating to the difference between expenses for maintenance carried out with respect to the corresponding provisions of the current MISE Economic and Financial Plan;
- EUR 142 thousand, allocated in the previous years, as the risk estimate from the dispute with the Customs Agency described in paragraph 8 of the Management Report, to which reference is made. Following appeal sentence of the Milan Regional Tax Commission no. 1815/2021, the provision was already released in the year 2021 for EUR 2,237 thousand;
- EUR 7,996 thousand, as the estimate of the risk of losing litigation ongoing with third parties; during the half-year higher provisions were recognised in relation to the change in the risk for EUR 1,266 thousand, while EUR 441 thousand was used in the period, and EUR 2,950 thousand was released due to litigation that had been settled.

Reference is made to the Management Report for considerations on the other commercial and tax dispute situations pending or settled during the half-year; the provisions for risks and charges as at 30 June 2022 are, in this context, deemed commensurate with the risks of loss referenced in the Management Report.

Note 28 Post-employment benefits

Description	30.06.2022	31.12.2021
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial assumptions	22.929	28.011
Total	22.929	28.011

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

Description	30.06.2022	31.12.2021
Service costs	148	379
Interest (Note 43)	134	93
Total	282	472

Actuarial gains and losses arising from changes in assumptions and changes in final and hypothesized data, starting from the year ended 31 December 2011, are recognised in the statement of comprehensive income in a specific reserve of shareholders' equity called "Reserve for actuarial gains/(losses)" (Note 48).

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

Debt at the start of the year	28.011	21.201
Service costs	148	379
Actuarial loss/(gain)	(3.320)	194
Interest cost	134	93
Uses	(1.978)	(2.641)
Change in scope of consolidation	(66)	8.785
Payable as at 30.06.2022	22.929	28.011

The following main actuarial assumptions were used:

Description	30.06.2022	31.12.2021
Discount rate	3,50	1,00
Annual rate of compensation increase	1,50	1,50
Annual rate of inflation	2,50	1,75
Annual rate of post-employment benefit increase	3,00	2,81

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

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx 10+ Eurozone Corporate AA index (3.5% as at 30 June 2022), according to ESMA provisions; this increase caused the emergence of a significant actuarial gain with consequent decrease of the liability.

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

Below is provided the sensitivity analysis carried out on the average annual discount rate entered in the calculation model, considering the scenario described above as the base scenario and increasing or

reducing the average annual discount rate by half a percentage point. The results obtained are summarised in the following table:

Annual discount rate	+0.5%	-0.5%
Post-employment benefits	21.922	23.622

Note 29 Trade payables

Trade payables are broken down as follows:

Description	30.06.2022	31.12.2021
Payables for invoices received	174.611	145.794
Payables for invoices to be received	389.452	215.678
Trade payables	564.063	361.472
Trade payables to related parties	11.571	10.855
Trade payables to related parties (Note 47)	11.571	10.855
Total	575.634	372.327

Trade payables increased by EUR 203,307 thousand, mainly due to the advancement of orders for the renewal of rolling stock (for EUR 179,987 thousand) and investments with own funds (for EUR 44,934 thousand) partially offset by the decrease in payables relating to railway infrastructure modernisation orders (for EUR 21,614 thousand).

In particular, concerning the renewal of the rolling stock, it is noted that the balance includes payables for invoices received for EUR 108,015 thousand (EUR 56,310 thousand as at 31 December 2021) and payables for invoices to be received for EUR 275,951 thousand (EUR 147,668 thousand as at 31 December 2021).

As concerns the railway infrastructure modernisation projects, the balance includes payables for invoices received for EUR 15,043 thousand (EUR 42,296 thousand as at 31 December 2021) and payables for invoices to be received for EUR 10,984 thousand (EUR 5,328 thousand as at 31 December 2021).

The item includes payables to Cogel S.p.A. (equal to EUR 1,696 thousand), in relation to which there is a pending dispute, from whose outcome no additional liabilities from those already allocated are expected.

Note 30 Payables for taxes and duties

Payables for taxes and duties are broken down as follows:

Description	30.06.2022	31.12.2021
IRES (CORPORATE INCOME TAX)	5.872	938
IRAP (REGIONAL BUSINESS TAX)	1.383	613
Payables for taxes	7.255	1.551
IRPEF and withholdings	4.888	4.327
VAT	4.935	1.849
Other	12	13
Tax payables	9.835	6.189

The payable comprises the estimate of the corporate income tax (IRES) and of the regional business tax (IRAP) accrued during the half-year, operated in accordance with IAS 34 (Note 45).

The increase in the half-year is mainly related to the increase in the “VAT” payable of the subsidiary MISE, which is not a member of the VAT Group.

Note 31 Other current liabilities

Other current liabilities are broken down as follows:

Description	30.06.2022	31.12.2021
Payables to personnel	20.287	17.686
Deferred income	10.203	10.796
Payables to social security agencies	10.894	9.330
Motorway concession fee payable	2.714	4.936
Capital grants	1.654	1.543
Advances from customers	265	175
Agencies	125	91
Payables to the Ministry of Infrastructures and Transport	85	85
Other liabilities	3.216	4.668
Current liabilities	49.443	49.310
Payables to Joint Ventures/Associates	10.110	13.969
Capital grants from the Lombardy Region	1.612	1.783
Payable to the Pension Fund	753	678
Payables to the Lombardy Region	1.852	1.986
Current liabilities to related parties (Note 47)	14.327	18.416
Total	63.770	67.726

“Payables to personnel” increased by EUR 2,601 thousand with respect to 31 December 2021, as it includes the monthly wages and bonuses to be paid during the second half-year. For a similar reason, “Payables to social security agencies” increased.

The item “Deferred income”, amounting to EUR 10,203 thousand, of which EUR 6,188 thousand relates to:

- “Junction maintenance agreements”, referring to three agreements signed respectively with the Municipality of Corsico, the Municipality of Milan and Fiordaliso S.p.A., expiring on 31 October 2028, to cover the costs that will be incurred for the maintenance of the works covered by the agreements;
- “crossing fees” relating to contracts entered into up to the end of the concession and charged pro rata to the income statement;
- fibre optic fees mainly referring to the agreement renewed with Telecom Italia S.p.A., expiring on 31 October 2028, recorded on an accruals basis in the Income Statement.

Deferred income also includes the annual and monthly subscriptions (urban and extraurban) purchased by customers, valid for the following year.

The item “Motorway concession fee payable” decreased as it was paid in a single instalment and related to only one half-year. The payable is also affected by traffic trends.

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

The item “Payables to joint ventures/associates” refers to payables for services provided to the Group by investees in joint ventures (NordCom, Nord Energia and Trenord). The decrease in the period relates to payments made to Trenord for the recognition of cyclical maintenance performed on rolling stock.

The item “Capital grants from the Lombardy Region” mainly refers to grants from the Lombardy Region for the purchase of rolling stock (EUR 702 thousand) and for the purchase of buses (EUR 574 thousand),

as well as grants provided by the Lombardy Region for the renovation of the property located at piazza Cadorna in Milan (EUR 267 thousand).

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

CONSOLIDATED INCOME STATEMENT

For a better understanding of the changes in the period, reference should be made to the pro-forma statements included in the Management Report prepared following the acquisition of MISE, on 26 February 2021, described in the previous paragraphs.

Note 32 Revenues from sales and services

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Income from motorway tolls	123.708	72.036
Revenues from service agreement for automotive sector	20.488	19.528
Products of automotive traffic	17.910	14.242
Income from Service Areas concessions	3.102	1.321
Terminal movement revenues	622	756
Car sharing revenues	846	431
Property income	289	198
Services invoiced	4.405	3.535
Revenues from sales and services	171.370	112.047
Hire of rolling stock	32.413	31.443
Railway infrastructure management service agreement	31.707	44.796
Revenues from network access	11.752	566
Services invoiced	5.577	5.349
Train replacements	2.717	2.814
Design services and railway infrastructure project management	2.876	1.443
Car sharing contribution	900	900
Property income	231	227
Revenues from sales and services to related parties (Note 47)	88.173	87.538
Total	259.543	199.585

Revenues from sales and services to third parties increased by EUR 59,323 thousand primarily due to the contribution of MISE, present for only 4 months in the comparative half-year in 2021, equal to EUR 28,441 thousand, as well as the following changes:

- motorway toll revenues increased by EUR 23,697 thousand due to the traffic trend (+25.4% compared to 30 June 2021), its composition and the 2.62% tariff adjustment applied as of 1 January 2022 on the motorway network under concession. It should be noted that against an increase in traffic of 25.4%, toll revenues increased less as a result of the different percentage increase in traffic between light and heavy vehicles;
- revenues from ticketing on public road transport increased by EUR 3,668 thousand due to higher sales, in relation to the easing of the restrictive measures taken for the COVID-19 emergency in the half-year under analysis compared to the first half of 2021, going from EUR 14,242 thousand in the first half of 2021 to EUR 17,910 thousand in the period in question;
- income from service area concessions benefited not only from the positive traffic trend, but also from the renewal of certain contracts, with more favourable economic conditions for the subsidiary MISE, recording an increase of EUR 1,315 thousand compared to 30 June 2021.

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

Hire of rolling stock

Revenues from the lease of rolling stock increased by EUR 970 thousand, mainly due to higher revenues on ROCK, POP and Caravaggio locomotives, for EUR 1,474 thousand, and on TILO trains, for EUR 732 thousand, leased to Trenord, partially offset by the reduction in fees following the renewal of the operating lease agreement with Trenord for CSA trains, for EUR 905 thousand, and TAF trains, for EUR 468 thousand.

Railway infrastructure management service agreement

The fee deriving from the Railway Infrastructure Management Service Agreement decreased by EUR 13,089 thousand, from EUR 44,796 thousand to EUR 31,707 thousand, as a result of the different method for charging the network access fee, as represented below under “Revenues from network access”, the efficiency-boosting mechanism set forth in the Agreement, the rescheduling of railway programming due to the reduced mobility caused by the Covid-19 pandemic, and finally due to the recognition, in the comparative half-year in 2021, of the income recognised by the Concessionaire to cover the rescheduling of railway programming due to the measures taken for the COVID-19 emergency, amounting to EUR 1,162 thousand.

Revenues from network access

The amount refers to the contract with Trenord for access to the railway network managed by FERROVIENORD. It should be noted that with Regional Government Decree no. X/56356 of 30 November 2021 the Lombardy Region approved the amendments and additions to the Service Agreement to bring the content of the contract into line with the provisions of ART regarding the “toll” access fee for trains running on the Milan Branch. These changes mean that the access fee will be collected directly from the Railway companies and no longer as consideration for the Service Agreement from the Infrastructure Manager. This change was implemented with a transitory rule in the period from 12 December 2021 and led to an increase in revenues from network access from EUR 566 thousand to EUR 11,752 thousand, with a parallel reduction in the item Service Agreement.

Services invoiced

The item includes revenues for the performance of services rendered to investees of the Parent Company.

Train Replacements

The item refers to the fee invoiced to Consorzio Elio for buses provided to replace the train service; income for train replacement services amounted to EUR 2,717 thousand compared to EUR 2,814 thousand in the first half of 2021, due to the reduction in extraordinary transit.

Design services and railway infrastructure project management

This item increased from EUR 1,443 thousand to EUR 2,876 thousand and includes chargebacks to the Lombardy Region for planning and project management relating to railway infrastructure maintenance.

Note 33 Grants

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Compensatory measures for loss of traffic revenues	7.135	6.166
Grants for current expenses	508	601
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	269	270
Other grants	835	981
Grants	8.747	8.018
Capital grants Lombardy Region	1.914	1.379
Grants for the renewal of the National Collective Bargaining Agreement, Lombardy Region	1.449	1.449
Compensatory measures for loss of traffic revenues		1.036
Other grants, Lombardy Region	899	923
Grants to related parties (Note 47)	4.262	4.787
Total	13.009	12.805

The item grants remains largely unchanged from the comparative period in 2021.

Other grants to third parties related to funded investments in buses.

Grants to related parties can be broken down as follows:

Capital grants Lombardy Region

This item refers to grants from the Lombardy Region for current expenses concerning car transport, including benefits from the Local Public Transport Agreement.

Grants for the renewal of the National Collective Bargaining Agreement, Lombardy Region

This item includes grants to cover greater costs from renewals of the National Collective Bargaining Agreement for the Railway/Tram sector for the 2002-2003, 2004-2005 and 2006-2007 periods, accrued in the first half of 2022, unchanged with respect to the comparative period.

Other grants, Lombardy Region

This item mainly refers to grants received for the purchase of high frequency trains (EUR 475 thousand), buses (EUR 257 thousand), the redevelopment of the Cadorna station in Milan (EUR 73 thousand), the grant, as per Regional Law 12/88, for the development of car parks at various stations along the Bovisa – Saronno stretch (EUR 60 thousand) and for the development of the “La Civiltà di Golasecca” museum (EUR 34 thousand).

Note 34 Revenues from construction services - IFRIC 12

The adoption of IFRIC 12 meant that investments made in railway and motorway infrastructure and rolling stock, entirely financed by the Lombardy Region, are not shown among tangible assets, but, as required by IAS 15, are charged to costs for the year.

The amount of these investments was EUR 52,823 thousand in the first half of 2022, versus EUR 44,181 thousand of the first half of 2021, and refers to:

- railway infrastructure modernisation and upgrading works of EUR 23,647 thousand (EUR 24,187 thousand in the first half of 2021);
- motorway infrastructure works of EUR 24,772 thousand (EUR 18,394 thousand in the first half of 2021);
- income deriving from the recovery of overhead costs for work orders for both the modernisation of the railway infrastructure and the renewal of rolling stock, respectively for EUR 1,412 thousand and EUR 2,992 thousand (EUR 689 thousand and EUR 911 thousand in the first half of 2021).

The share of the consideration accrued in relation to the percent of completion of the contracts related to the renewal of the rolling stock is recognised net of the costs incurred, in accordance with IFRS 15 (B36), equal to EUR 283,578 thousand.

Note 35 Other income

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Sale of warehouse materials	2.640	1.311
Motorway infrastructure management income	2.510	1.428
Performance of services	1.856	1.170
Lease payments	1.418	954
Non-recurring income	1.176	481
Insurance pay-outs	630	212
Recovery of costs	613	561
Recovery of gasoil excise	886	495
Fines and penalties	508	259
Release of provisions for risks and charges	361	196
Capital gain on property, plant and equipment	349	439
Release of the provision for bad debts	130	
Other income	31	10
Other income	13.108	7.516
Sundry income with related parties	3.877	3.980
Other income from related parties (Note 47)	3.877	3.980
Total	16.985	11.496

“Other income” from third parties increased by EUR 5,592 thousand; the main changes were as follows:

- MISE’s contribution to the consolidation in the first half of 2021 does not include other income for the 1 January - 26 February 2021 period, amounting to EUR 1,269 thousand;
- “sale of inventory materials”, relating to the sale of obsolete material no longer usable for maintenance activities increased by EUR 1,329 thousand;
- higher rental income, in the amount of EUR 464 thousand, in connection with the termination of rent concessions granted during the pandemic period in the comparative half-year period;
- higher insurance pay-outs by EUR 418 thousand;
- services increased by EUR 353 thousand due to higher recoveries for contract work relating to service area maintenance costs, as set forth in the new contracts in place with sub-concessionaires.

“Sundry income with related parties” includes revenues from recovered costs for the Railway Infrastructure Planning and Project Management activities, carried out through funding from the Lombardy Region.

Note 36 Raw materials, consumables and goods used

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

Description	First half 2022	First half 2021
ATV	8.640	5.224
FERROVIENORD	2.930	2.751
FNM Autoservizi	2.064	1.606
Martinibus	272	
La Linea	927	987
MISE and MSE	354	426
Malpensa Intermodale	83	67
Total	15.270	11.061

The item increased with respect to the comparative period, in particular for automotive fuel consumption for the companies operating in the road transport segment, as a result of the increase in the cost of CNG and fuel as well as the increased services performed.

Specifically, with regard to ATV S.p.A.’s costs, in addition to higher production volumes, it should be noted that:

- automotive diesel costs, amounting to EUR 4,015 thousand, rose by EUR 1,295 thousand with respect to those of the first half-year 2021 (EUR 2,720 thousand) as a result of the higher average cost (amounting to 1.388 EUR/litre versus 1.042 EUR/litre in 2021);

- automotive CNG costs, amounting to EUR 2,841 thousand, rose by EUR 2,248 thousand with respect to those of the first half-year 2021 (EUR 593 thousand) as a result of the higher average cost (amounting to 0.967 EUR/m³ versus 0.226 EUR/m³ in 2021).

In particular, as regards the costs of FNM Autoservizi S.p.A., automotive diesel costs, amounting to EUR 1,664 thousand, increased by EUR 512 thousand with respect to those of the first half-year 2021 (EUR 1,152 thousand) by effect of the increased production volumes (from 2,625 bus Km to 2,820) and of the increase of the average cost (amounting to 1.424 EUR/litre versus 1.0822 EUR/litre of 2021) partially offset by the average consumption (2.41 km/litre versus 2.47 km/litre in 2021).

Note 37 Service costs

“Service costs” are broken down as follows:

Description	First half 2022	First half 2021
Motorway infrastructure maintenance	19.616	12.630
Costs for subcontracting of LPT road services	7.771	6.153
Third-party services - Maintenance	7.187	5.910
Utilities	6.034	3.694
Sundry third-party services	5.598	3.245
Motorway infrastructure management	4.055	2.358
Expenses for employees	3.720	2.889
Insurance	3.023	2.117
Cleaning expenses	2.237	2.094
Consulting	2.201	1.267
Supervision expenses	1.692	1.626
Commercial expenses	1.373	972
Third-party services - Bus maintenance	1.358	1.370
IT costs	898	701
Real estate management	797	229
Motor vehicles management	786	798
Legal and notary fees	748	324
Coordinated and ongoing services	651	331
Third-party services - Maintenance of rolling stock	341	177
Provisions for risks and charges	58	13
Other charges	2.617	2.049
Costs for non-ordinary consulting services	36	1.728
Service costs	72.797	52.675
Service costs - related parties	5.146	4.518
Service costs - related parties (Note 47)	5.146	4.518
Total	77.943	57.193

“Service costs with third parties” show a net increase of EUR 20,122 thousand compared to the first half of 2021, mainly due to what is described below:

- increase of EUR 6,750 thousand for the MISE contribution not included in the comparative period as it related to the 1 January 2021 - 26 February 2021 period;
- increase of EUR 5,662 thousand for higher allocations to the renewal provision, net of the relative releases for the period, in order to adjust the provision to scheduled upgrades, the main changes in which concern safety measures as well as the price adjustment set forth in recent legislation on tenders;
- increase of EUR 1,618 thousand for subcontracting of automotive services to third parties;
- increase of EUR 1,277 thousand in ordinary railway infrastructure maintenance costs;
- increase of EUR 1,141 thousand in utilities due to price increases;
- increase of EUR 790 thousand in insurance charges for policy renewals under more onerous economic conditions;
- increase of EUR 702 thousand in collection charges relating to the increase in traffic.

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

Note 38 Personnel costs

The item personnel costs is broken down as follows:

Description	First half 2022	First half 2021
Wages and salaries	60.107	52.368
Social security contributions	15.185	15.105
Allocation to supplementary pension fund	3.954	3.501
Allocation to National Collective Labour Agreement provision	203	1.632
Provision for pensions and similar obligations	251	202
Allocation for post-employment benefit payable	148	157
Other costs	1.979	2.064
Recovery of personnel costs	(569)	(888)
Total	81.258	74.141

Personnel costs showed an overall net increase of EUR 7,117 thousand, mainly due to the contribution of MISE in the first two months, which was not present in the comparative six-month period of 2021, amounting to EUR 7,515 thousand.

The National Collective Bargaining Agreement for the Railway/Tram sector is applied to all Group employees, apart from MISE employees, for whom the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia applies, E-Vai and La Linea employees, to whom the National Collective Bargaining Agreement for Commerce applies, Martini Bus employees, to whom the National Collective Bargaining Agreement for the Garages sector applies, and senior managers, to whom the contract for senior managers of industrial companies applies.

Note 39 Amortisation, depreciation and impairment

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Depreciation	17.296	14.156
Amortisation	19.962	17.045
Amortisation of right of use	3.743	2.957
Write-downs on Property, plant and equipment	233	
Write-down of rights of use	3.500	
Impairment Goodwill	2.714	
Total Depreciation, amortisation and write-downs	47.448	34.158

Depreciation of property, plant and equipment increased in connection with the depreciation of 4 TILOs put into service in the first half of 2022.

The increase in the item “amortisation of intangible assets” was influenced by the depreciation of the motorway infrastructure, which, being a revertible asset, is reclassified under intangible assets.

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

For comments on the items “Write-down of rights of use” and “Impairment Goodwill”, please refer to Note 7 Goodwill.

Note 40 Write-down of financial assets and contractual assets

This item includes the amounts relating to provisions for bad debts, in the amount of EUR 154 thousand, and the write-downs made on contractual assets, in the amount of EUR 1,155 thousand.

In the comparative half-year of 2021, an impairment loss of EUR 1,980 thousand was recognised in relation to receivables relating to funded work orders.

Note 41 Other operating costs

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Concession fee	13.549	8.104
Allocations to the provision for risks and charges	7.213	5.605
Non-recurring expenses	446	1.051
Taxes and duties	960	864
Fines, penalties and settlements	193	115
Capital losses on property, plant and equipment	35	38
Losses on receivables	1	31
Release of non-recurring provisions for risks and charges		(2.237)
Other charges	2.281	921
Other operating costs	24.678	14.492
Other operating costs	91	126
Other operating costs to related parties (Note 47)	91	126
Total	24.769	14.618

The item “Concession fees” refers to motorway concession fees. The comparative half-year period does not include the first two months of 2021, amounting to EUR 3,101 thousand, as this was prior to MISE’s entry into the scope of consolidation. The change for the period was therefore EUR 2,344 thousand due to the change in toll revenues and traffic trends.

The item “Provision for risks and charges” refers to provisions made for the cyclical maintenance of rolling stock (Note 27), which increased compared to the previous year in relation to the rolling stock funded by the Lombardy Region, progressively put into service in the second half of 2021 and in the half-year under review. The following were delivered during the first half of 2022:

- 10 high-capacity (EMU), long configuration, “Caravaggio” type trains;
- 6 high-capacity (EMU), short configuration, “Caravaggio” type trains;
- 4 “Donizetti” type (EMU) trains.

The release of the provision for non-recurring risks and charges, present in the first half of 2021, is entirely attributable to the release of the provision set aside in previous years for the dispute with the Customs Agency described in paragraph 8 of the Management Report, to which reference should be made.

Note 42 Financial income

Financial income accrued on:

Description	First half 2022	First half 2021
Income from fund discounting	1.774	
Capital gains from sale of equity investments	79	
Current bank accounts and deposits	13	37
Other financial income	433	404
Financial income	2.299	441
Other financial income	1.834	1.195
Financial income from related parties (Note 47)	1.834	1.195
Total	4.133	1.636

Income from fund discounting

The income is entirely attributable to the change in the discount rate for the motorway infrastructure renewal provision, in accordance with IAS 37, from 1.24% to 3.10%.

Capital gains from sale of equity investments

The capital gain relates to the sale of the equity investment in Confederazione Autostrade S.p.A., which took place on 28 June 2022.

Current bank accounts and deposits

Financial income on current bank accounts and deposits decreased by EUR 24 thousand in relation to the lower quantity of cash and the lower average remuneration rate, which declined from 0.017% to 0.008% in 2022.

Other financial income from related parties

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

Note 43 Financial expenses

Financial expenses are accrued on:

Description	First half 2022	First half 2021
Financial expenses on the corporate bond	3.130	
Financial expenses on loans	2.342	6.031
Discounting of renewal provision	509	
Finance lease agreements as lessee	191	178
Financial expenses from measurement at fair value through profit or loss	168	
Post-employment benefit (Note 29)	134	44
Bridge Loan up front fees, extension fees and accessory expenses		5.497
Fees and charges for not using loans		18
Other financial expenses	186	287
Financial expenses	6.660	12.055
Financial expenses to related parties	117	
Financial expenses on giro account		1
Lease agreement as lessee	1	47
Financial expenses to related parties (Note 47)	118	48
Total	6.778	12.103

Financial expenses on the corporate bond

This item includes the financial expenses relating to the bond loan (Note 23) issued on 20 October 2021, calculated by applying the amortised cost method at an effective interest rate of 0.982% (nominal rate of 0.75%).

Financial expenses on loans

The item includes financial expenses for the:

- loan taken out by the Parent Company from the European Investment Bank on 21 December 2017 for EUR 50 million, and calculated at the contractual interest rate equal to a fixed rate of 0.377% on the first tranche of EUR 10 million and 0.446% on the second tranche of EUR 40 million, for a total of EUR 96 thousand (EUR 117 thousand in the first half of 2021).
- loans taken out by MISE, for a total of EUR 2,246 thousand (EUR 2,735 thousand in the first half of 2021).

In the comparative period of 2021, the item also included financial expenses relating to the loans described below:

- loan taken out by the Parent on 7 August 2018 and disbursed only for the Term Loan Facility on 14 September 2018, and calculated at the contractual interest rate equal to 6-month Euribor + 1.3% spread, equal to a total of EUR 71 thousand, of which EUR 18 thousand for non-use commissions. When the bridge loan was taken out, on 29 January 2021 FNM paid off that loan in full, as it was no longer consistent with the Group's financial structure, repaying in advance the entire amount used of EUR 50 million;
- the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks including Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch, calculated at an interest rate equal to EURIBOR plus a margin of 1.25% for the 26 February - 28 April period and 1.50% for the 29 April - 30 June period, for a total of EUR 8,623 thousand, of which EUR 4,567 thousand for the upfront fee and EUR 930 thousand for the extension fee;

Note 44 Net profit of companies measured with the equity method

Details of the result of companies measured with the equity method as at 30 June 2022 and 30 June 2021 are reported below:

Description	First half 2022	First half 2021	Change
Trenord S.r.l. *	(14.292)	(26.245)	11.953
Autostrada Pedemontana Lombarda	1.935	(1.144)	3.079
Tangenziali Esterne di Milano S.p.A.	(649)	(1.107)	458
NORD ENERGIA S.p.A. **	1.410	921	489
DB Cargo Italia S.r.l.	1.055	872	183
Omnibus Partecipazioni S.r.l. ***	511	(306)	817
NordCom S.p.A.	242	153	89
Busforim.Com S.r.l.	257		257
SportIT	(202)	(10)	(192)
Result of companies valued at equity	(9.733)	(26.866)	17.133

* includes the result of TILO SA

** includes the result of CMC MeSta SA

*** includes the result of ASF Autolinee S.r.l.

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

Note 45 Taxes and duties

The next table shows the breakdown of this item:

Description	First half 2022	First half 2021
Current	(12.920)	(5.883)
Prepaid/Deferred	(541)	330
Total	(13.461)	(5.553)

The taxes estimated for the first half of 2022 amount to EUR 12,920 thousand versus EUR 5,883 thousand of the first half of 2021 and increased in relation to the higher taxable income earned by the Group.

Reference is made to the notes to the 2021 consolidated financial statements for the breakdown by nature of the temporary differences that originate the balance of the receivables for deferred tax assets, whose change in the half-year is EUR 541 thousand.

Deferred tax assets recognised directly in equity in relation to the recognition of actuarial gains/losses and the change in the fair value of derivatives amount to EUR 1,374 thousand.

Note 46 Earnings per share

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

Description	30/06/2022	30/06/2021
Profit attributable to parent company shareholders in Euro	21.438.000	(12.465.000)
Weighted average number of shares	434.902.568	434.902.568
Basic earnings per share in Euro	0,05	(,03)

Diluted earnings per share coincide with basic earnings per share.

Note 47 Related-party transactions

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

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

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

Description	Notes	30/06/2022			31/12/2021		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
BALANCE SHEET							
Non-current financial receivables	10	59.990	54.183	90,3%	58.539	52.119	89,0%
Other non-current receivables	16	2.448	188	7,7%	1.918	7	0,4%
Trade receivables	15	143.638	60.167	41,9%	133.067	62.917	47,3%
Other current receivables	16	156.377	12.035	7,7%	123.012	17.968	14,6%
Current financial receivables	10	6.001	439	7,3%	862	329	38,2%
Receivables for funded investments	12	240.761	238.764	99,2%	138.061	136.064	98,6%
Payables for funded investments	24	12.581	6.759	53,7%	12.581	6.759	53,7%
Lease liabilities	23	20.990	49	0,2%	22.793	106	0,5%
Other non-current liabilities	26	22.375	9.734	43,5%	20.395	8.433	41,3%
Current financial payables	22	67.810	36.675	54,1%	68.403	39.148	57,2%
Payables for funded investments	23	30.419	30.419	100,0%	36.978	36.978	100,0%
Lease liabilities	23	8.144	101	1,2%	6.947	21	0,3%
Trade payables	29	575.634	11.571	2,0%	372.327	10.855	2,9%
Other current liabilities	30	63.770	14.327	22,5%	67.726	18.416	27,2%

Description	Notes	First half 2022			First half 2021		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
INCOME STATEMENT							
Revenues from sales and services	32	259.543	88.173	34,0%	199.585	87.538	43,9%
Grants	33	13.009	4.262	32,8%	12.805	4.787	37,4%
Grants for funded investments	34	52.823	28.054	53,1%	44.181	25.787	58,4%
Other income	35	16.985	3.877	22,8%	11.496	3.980	34,6%
Service costs	37	(77.943)	(5.146)	6,6%	(57.193)	(4.518)	7,9%
Other operating costs	41	(24.769)	(91)	0,4%	(14.618)	(126)	0,9%
Financial income	42	4.133	1.834	44,4%	1.636	1.195	73,0%
Financial expenses	43	(6.778)	(118)	1,7%	(12.103)	(48)	0,4%

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

The “Other current receivables from related parties” refer to receivables from the Lombardy Region for investment grants and to cover personnel costs for the renewal of the National Collective Bargaining Agreement for the Railway/Tram sector, to receivables for services rendered to joint venture investees and to receivables deriving from the Group VAT (Note 16).

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

“Current financial payables to related parties” remain substantially unchanged and comprise the balance of the debt to Finlombarda, in addition to the balance of the giro account held with joint venture investees and the Pension Fund (Note 23).

“Payables for funded investments to related parties” include payables to the Lombardy Region relative to the excess of grants paid by the Region for investments made by the Group, for the portion already allocated to investments and not yet offset (Note 24).

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

Note 48 Other comprehensive income

Details of related items recorded in shareholders’ equity as at 30 June 2022 and 30 June 2021 are reported below:

Description	First half 2022			First half 2021		
	Gross value	Tax (Charge)/Benefit	Net Value	Gross value	Tax (Charge)/Benefit	Net Value
Post-employment benefit actuarial gain/(loss)	3.319	(929)	2.390	375	(106)	269
Reserve for fair value changes in derivatives	1.855	(445)	1.410	1.232	(296)	936
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	855		855	29		29
Reserve for fair value changes in derivatives of companies measured with the equity method	2.421		2.421			
Gains/(losses) arising from the translation of financial statements of foreign companies	40		40	(15)		(15)
Total	8.490	(1.374)	7.116	1.621	(402)	1.219

Post-employment benefit actuarial gain/(loss)

It should be recalled that, starting from the year ended 31 December 2011, actuarial gains/(losses) are not recognised in the income statement, but in a specific reserve of shareholders' equity, net of the tax effect, recognised in the statement of comprehensive income of the half-year (Note 28).

Reserve for fair value changes in derivatives

Reference is made to Note 23.

Post-employment benefit actuarial gain/(loss) of companies measured with the equity method

This item includes the change in actuarial gains and losses recognised in the financial statements of joint ventures (Note 9).

Gains/(losses) arising from the translation of financial statements of foreign companies

Reference is made to Note 9.

Note 49 Fair value estimate

The fair value of the financial instruments listed on an active market is based on market prices at the reporting date. The fair value of the financial instruments that are not listed on an active market is determined using measurement techniques based on a series of methods and assumptions tied to market conditions at the reporting date.

The fair value of the financial instruments based on the following hierarchical levels is provided below:

- Level 1: Fair value determined with reference to (unadjusted) listed prices on active markets for identical financial instruments;
- Level 2: Fair value determined with measurement techniques with reference to variables observable on active markets;
- Level 3: Fair value determined with measurement techniques with reference to non-observable market variables.

<i>Amounts in thousands of euros</i>	<i>Notes</i>	<i>Book value as at 30/06/2022</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>Financial assets measured at fair value through OCI</i>		0			
<i>Financial assets measured at fair value through profit or loss</i>	10 - 12	17.984		6.832	11.152
<i>Financial derivative liabilities</i>	23	1.544		1.544	

During the first half of 2022, there were no transfers between different hierarchical levels. The accounting value already approximates fair value, where the related hierarchical level is not expressed.

Note 50 Description of the impacts of the COVID-19 epidemic and the Russia-Ukraine conflict on the income statement

The first half of 2022 was characterised by a trend of gradual recovery, which began in 2021, in demand for mobility for both local public transport and motorway traffic.

As regards Motorways, total traffic during the half-year reached levels that are broadly aligned with 2019, with heavy traffic fully recovered with respect to pre-pandemic levels and light traffic making a marked recovery from 2021.

With regard to road passenger Mobility and railway traffic trends, significant growth was recorded in 2022, but with levels still lower than in 2019.

At the same time, the period was characterised by rising commodity prices, and more generally by inflation, particularly of diesel, natural gas and electricity as a result of the continuing conflict between Russia and Ukraine, which has already affected the first-half 2022 results of companies in the Road Passenger Mobility segment. In relation to the indirect impacts, an analysis was carried out on the performance of investments and the CGUs to which the definite and indefinite life assets recognised in the financial statements belong, aimed at verifying any presence of impairment indicators.

Taking into account the results of the analyses performed, an indicator of impairment emerged on a CGU included in the Road Passenger Mobility segment, coinciding with the subsidiary ATV. As a result of the impairment test, an impairment loss of EUR 6,214 thousand was recognised (Note 7).

These effects were partially mitigated by the governmental measures to counter them, including the energy consumption tax credit due to companies with high natural gas consumption as set out in Decree Law no. 17 of 1 March 2022.

Note 51 Significant non-recurrent events and transactions

In the comparative year, in relation to the development projects, primarily relating to the MISE acquisition, a non-recurring expense of EUR 1,728 thousand was recognised.

Note 52 Subsequent events

Concerning significant data and events occurred after 30 June 2022, the following is pointed out:

- on 18 July 2022, in order to reinforce its commitment to the greater integration of ESG principles within the Group's strategies and management, and with a view to stakeholder transparency, FNM voluntarily asked Morningstar Sustainalytics to assign an ESG Risk Rating to the FNM Group. Sustainalytics assessed the ESG risk profile to which the FNM Group is exposed as negligible, assigning an ESG Risk Rating of 7.4 (on a scale between 0 and > 40, where 0 indicates the best rating and >40 the worst).

Its score ranks in the top 50 amongst the approximately 15,000 entities evaluated by Sustainalytics worldwide and in 4th place amongst the 171 entities active in the transport infrastructure sector.

Milan, 28 September 2022

The Board of Directors

ATTACHMENT 1 TO THE NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

Name	Registered Office	Nature of Control	Consolidation method	Percentage of ownership	Type of Control
FERROVIENORD S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
NORD_ING S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Indirect
FNM Autoservizi S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
E-Vai S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
Nuovo Trasporto Triveneto S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
Malpensa Intermodale S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
Malpensa Distripark S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
FNMPAY S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
FNM POWER S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100,0%	Direct
Milano Serravalle - Milano Tangenziali S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100,0%	Direct
Milano Serravalle Engineering S.r.l.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100,0%	Indirect
Azienda Trasporti Verona S.r.l.	Verona - Lungadige Galtarossa 5	Subsidiary	Line-by-line Consolidation	50,0%	Direct
La Linea 80 Searl	Belluno - via Garibaldi 77	Subsidiary	Line-by-line Consolidation	50,30%	Indirect
La Linea S.p.A.	Venice - Via della Fisica 30	Subsidiary	Line-by-line Consolidation	51,0%	Direct
Martini Bus S.r.l.	Venice - Via Mutinelli 11	Subsidiary	Line-by-line Consolidation	51,0%	Indirect
Trenord S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50,0%	Direct
TILO SA	Bellinzona CH - Via Portaccia 1a	Joint Venture	Measured with the Equity method	25,0%	Indirect
NordCom S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	58,0%	Direct
NORD ENERGIA S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	60,0%	Direct
CMC MeSta SA	Bellinzona CH - Viale Officina 10	Joint Venture	Measured with the Equity method	60,0%	Indirect
Omnibus Partecipazioni S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50,0%	Direct
ASF Autoleece S.r.l.	Como - via Asiago 16/18	Joint Venture	Measured with the Equity method	24,5%	Indirect
DB Cargo Italia S.r.l.	Milan - via Lancetti 29	Associate	Measured with the Equity method	40,0%	Direct
Busforfun.com S.r.l.	Venice - via Botteghino 217	Associate	Measured with the Equity method	40,0%	Direct
Sportit S.r.l.	Milan - Viale Abruzzi 41	Associate	Measured with the Equity method	33,3%	Direct
Autostrada Pedemontana Lombarda S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Associate	Measured with the Equity method	36,66%	Indirect
Tangenziali Esterne di Milano S.p.A.	Milan - Via Fabio Filzi 25	Associate	Measured with the Equity method	22,55%	Indirect

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

1. The undersigned, Andrea Gibelli as “Chairman of the Board of Directors” and Valentina Montanari as “Executive in charge of financial reporting” of FNM S.p.A., also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, no. 58, attest to:
 - a) the adequacy in relation to the characteristics of the company and
 - b) the effective application of the administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements during the first half of 2022.

2. No major issues have arisen in this respect

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

Milan, 28 September 2022

The Chairman
of the Board of Directors
Andrea Gibelli

The Executive in charge of
financial reporting
Valentina Montanari

FNM S.p.A.

Piazzale Cadorna, 14
20123 Milano
Tel. +39 02 85111
Fax +39 85111 4708

Cap. Soc. € 230.000.000,00 i.v.
Iscrizione al Reg. Imp. della C.C.I.A.A.
di Milano/Monza Brianza/Lodi
C.F. e P. IVA 0077614-0154 - REA MI 28331
PEC fnm@legalmail.it
www.fnmgroup.it





Review report on consolidated condensed interim financial statements

To the shareholders of
FNM SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of FNM SpA and its subsidiaries (the FNM Group) as of 30 June 2022, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cashflow and related notes. The directors of FNM Group are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

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

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of FNM Group as of 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 29 September 2022

PricewaterhouseCoopers SpA

Signed by

Alessandro Turris
(Partner)

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