Joint Stock Company
Registered Office in Milan - Piazzale Cadorna 14
Share capital EUR 230,000,000.00 fully paid up

FNM S.p.A. Consolidated financial statements and Separate financial statements as at 31 December 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 Piuri

Executive in charge of financial reporting	Eugenio Giavatto

Independent Auditor	PricewaterhouseCoopers S.p.A.

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Corporate bodies

MANAGEMENT REPORT

of the year 2022

1. LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The year 2022 was characterised, on one hand, by the recovery of mobility thanks to the progressive easing of the consequences of the COVID-19 pandemic, which resulted in a steady recovery of MISE's motorway traffic to levels now only marginally lower than in the pre-pandemic period, and a significant recovery of passenger volumes handled by Trenord. Demand for local public transport by both rail and road, although increasing compared to 2021, is still lower than in 2019.

On the other hand, the financial year was affected by higher energy prices and higher inflation - especially on certain key components in the infrastructure sector - which, although they had already started to emerge in the final months of 2021, were exacerbated by the serious uncertainties linked to the continuation of the conflict between Russia and Ukraine that broke out on 24 February 2022.

In this context, the FNM Group has confirmed its resilience and ability to handle market changes while preserving its role as an integrated and sustainable mobility operator, a leader in Lombardy and an enabler of local development, by guaranteeing connections and responding to changes in people's mobility needs.

Despite the problems encountered in the supply chain, which also led to delays in the delivery of new fleets, in 2022 the FNM Group pursued the achievement of its strategic objectives thanks to the renewal of the RoSCo fleet, with the entry into service of 4 new TILO trains and the revamping of TAF rolling stock, as well as the modernisation of the bus fleet with 84 new buses.

FERROVIENORD also oversaw the supply of 47 new trainsets (bringing the number of trains delivered to 86) on behalf of the Lombardy Region as part of the multi-year programme for the renewal of the rolling stock leased to Trenord.

With regard to the management of MISE's motorway infrastructure, the S.P. 46 Rho-Monza road redevelopment with motorway characteristics was fully opened to traffic; on the other hand, work continues on the structural upgrading and seismic adaptation of the bridge over the Po River along the A7. It should also be noted that, in the first half of the year, the project was launched for the construction of five hydrogen refuelling stations in the same number of unused areas along the MISE motorway infrastructure, which obtained non-repayable financing of EUR 13.7 million from the European Union within the framework of the European call for tenders “CEF Transport 2021 for Alternative Fuels Infrastructure Facility (AFIF)”, in view of its contribution to transport network decarbonisation. This is the first phase of a modular project aiming to create Italy's first motorway hydrogen refuelling network, consistent with the Group's strategy to promote the energy transition process through the introduction of hydrogen as a low environmental impact fuel.

As is well known, the iconic initiative in this area launched with the 2021-2025 Strategic Plan is the H2iseO project for the decarbonisation of Valcamonica, which will see the first hydrogen-powered train available in 2023 for the first test runs and in 2024 the delivery of 6 trains to begin commercial service. In 2022, the FNM Group focused on project implementation with the establishment of FNM Power, which will be active in the field of hydrogen production and distribution plants, the authorisation of the hydrogen production, storage and distribution plant in Iseo and the start of construction of the hydrogen train maintenance plant in Rovato. The authorisation process for the mobile refuelling plant in Rovato is also currently underway. It should be noted that the Lombardy Region has made EUR 80.1 million available for the financing of the project's infrastructure, through the Ferrovienord Programme Agreement, and has submitted a funding request to the Ministry to access the resources provided by the NRRP.

As part of the FILI urban redevelopment project, and in particular with regard to the development of the platform covering the tracks from Cadorna station to the Via Mario Pagano bridge, in the heart of Milan, in 2022 a public-private partnership proposal was received from an international financial group, which was positively evaluated in terms of relevance to and consistency with the Group's strategic objectives, and was forwarded to the Lombardy Region for the promotion of a programme agreement aimed at completing the evaluation process.

As far as the development of the logistics terminals is concerned, despite a slowdown in 2022 compared to growth expectations due to some problems on the international and national infrastructure, the track extension work planned for 2023 is expected to allow longer trains to be managed and thus increase the competitiveness of the Sacconago Terminal.

Also with reference to the implementation of the Strategic Plan, and specifically the development of intermodal and digital mobility services, in 2022 activities were intensified to organise on-demand solutions made available on the FlexyMob platform, to meet the mobility needs expressed by demand, specifically in relation to generator/aggregator hubs or events of various kinds (commuting, fairs, concerts, sporting events, etc.).

From the contractual perspective, 2022 was characterised by the renewal for the 2023-2027 period of the Public Service Contract between Ferrovienord and the Lombardy Region within the scope of the concession for the management of the railway infrastructure, while the Public Service Contract between Trenord and the Lombardy Region, which expired at the end of 2020, was extended further to 31 July 2023. In light of the ruling of the Piedmont Regional Administrative Court (TAR) no. 24/2023, which rejected MISE's appeal against the ART resolutions on tariffs, MISE began the process for the approval of the new Economic and Financial Plan, which fully incorporates the indications of ART Resolution 69/2019, particularly with regard to boosting efficiency and the effects of shifting the 2020-2024 tariff regulatory period. With regard to road LPT, pending the launch of tenders for the award of new concessions/Public Service Contracts, FNMA's existing concessions/Public Service Contracts currently expire on 31 December 2023, while the extension of the ATV Public Service Contracts that expired at the end of 2022 is still pending.

Thanks to the actions undertaken, in 2022 the FNM Group strengthened its mechanisms for managing ESG topics, achieving significant results in line with the targets set out in the 2021-2025 Strategic Plan, including a reduction of more than 7% to 68.4 tonnes CO_2eq/M€ of Scope 1 e Scope 2 CO_2 emissions compared to 2021. On the other hand, the use of renewable energy for services decreased from 51% in 2021 to 47% in 2022, mainly due to the growing use of electricity, attributable in particular to MISE's consumption, which in 2022 is considered for 12 months compared to 10 months in the previous year, partly offset by lower consumption for services along the managed railway infrastructure. It should be noted that FNM has embarked upon the path of defining the targets for the reduction of GHG (greenhouse gas) emissions based on a scientific calculation by joining the SBTi (Science Based Target initiative) to align with the Paris Agreement targets. This year, activities were implemented with the calculation of Scope 3 indirect emissions that are generated by FNM's value chain. Confirming its commitment to its sustainability strategy, once again, the FNM Group has renewed its adherence to the 10 founding principles of the Global Compact in the areas of human rights, working conditions, the environment and the fight against corruption, with the aim of contributing to the achievement of the Sustainable Development Goals (SDGs) defined by the UN, and for the first time has voluntarily requested an ESG Risk Rating. In particular, the FNM Group obtained a score from Morningstar Sustainalytics of 7.4, placing it amongst the 50 top-rated companies worldwide and in 4th place amongst those active in the transport infrastructure sector.

With a particular focus on the people who make up the corporate community, again in 2022 the FNM Group dedicated itself to a project for the evolution of the company welfare system as a distinctive and strategic element to guarantee the Group's social sustainability. A new way of "looking" at people, valuing them, responding to their needs, improving individual and organisational well-being, and leveraging a sense of identification and belonging.

In addition, FNM has taken steps to contribute to the ecological and digital transition through projects of social value, starting with sustainable mobility: in 2022 the development of a business foundation as a tool for study, research and innovation, education and the promotion of historical heritage was completed.

In spite of the uncertainties that characterised the past year, the financial year closed with improving results, in line with expectations, and a solid financial structure, with the Adjusted NFP/ EBITDA ratio down to 4.0 from 4.6 in 2021, consistent with the investment grade profile, supporting future growth plans. Based on these results, the Board of Directors proposes a unit dividend of EUR 0.023 to the Shareholders' Meeting to be held on 21 April, confirming an attractive and sustainable shareholder remuneration policy.

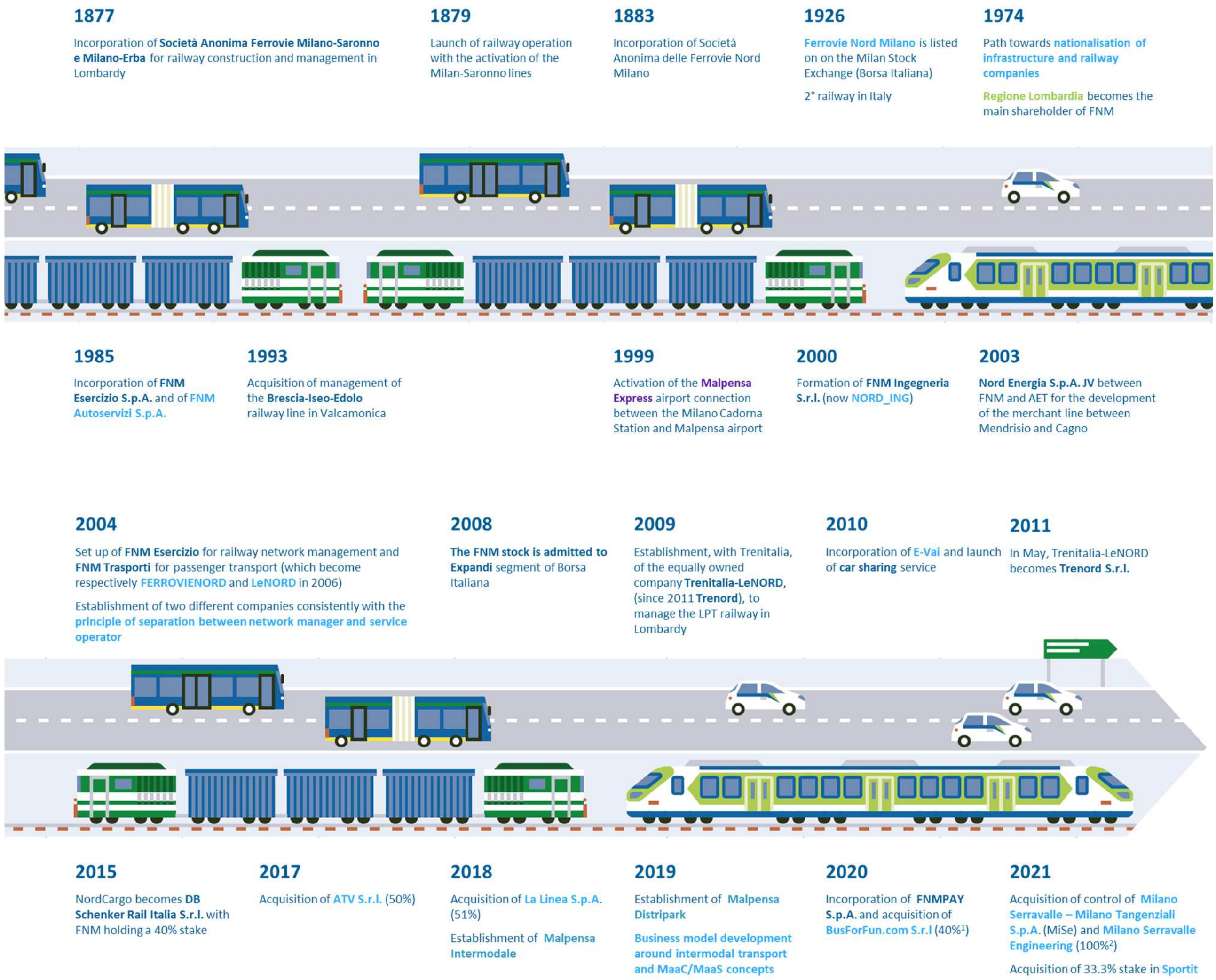
2 VISION

Improving the lives of people, of cities and businesses, by developing connections and meeting mobility needs.

3 MISSION

Developing an integrated platform of mobility services, built according to environmental and economic sustainability criteria, which incorporates in a system and connects (physically and digitally) attractions, urban hubs and transport networks, to **create social value and promote the productivity** of the territory.

4 HISTORY



1. 24.7% stake acquired, subsequently increased to 40% in December 2021, following the subscription of a share capital increase by FNM S.p.A.

2. Acquisition of a 13.6% share from ASTM on 29 July 2020 and an 82.4% share from the Lombardy Region on 26 February 2021, the date from which MISE was consolidated in the FNM financial statements. The shareholding in MISE increased to 100% following the liquidation of the minority shareholders in 2022.

5 SIGNIFICANT INDICATORS FOR THE YEAR

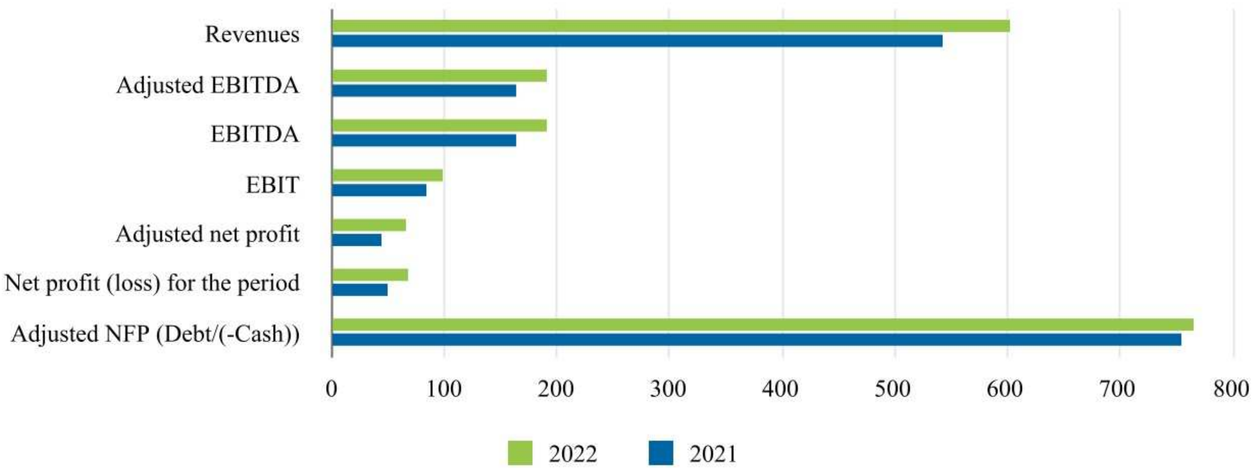
5.1 FNM GROUP

Amounts in millions of euros	2022	2021	*Change*	*Change %*
Revenues*	605.4	543.7	*61.7*	*11.3 %*
Adjusted EBITDA*	193.1	165.3	*27.8*	*16.8 %*
EBITDA*	193.1	165.7	*27.4*	*16.5 %*
Operating income*	101.1	86.0	*15.1*	*17.6 %*
Earnings Before Tax*	97.0	64.7	*32.3*	*49.9 %*
Adjusted net profit*	68.8	45.6	*23.2*	*50.9 %*
Operating result*	69.6	50.7	*18.9*	*37.3 %*
Shareholders' equity (A)	306.9	228.3	*78.6*	*34.4 %*
Net Financial Position (Cash) (B)	724.6	697.2	*27.4*	*3.9 %*
Adjusted net financial position (Debt / (-Cash))	766.9	755.6	*11.3*	*1.5 %*
Net invested capital (A+B)	1,031.5	925.5	*106.0*	*11.5 %*
Market capitalisation at 31.12	184.6	267.0	*(82.4)*	*-30.9 %*
Investments*	634.0	417.9	*216.1*	*51.7 %*

* The values for the year 2021 consider the consolidation of MISE as of 1 January 2021.

Market capitalisation as at 31.12.2022: EUR 184.6 million

As at 31.12.2021: EUR 267.0 million



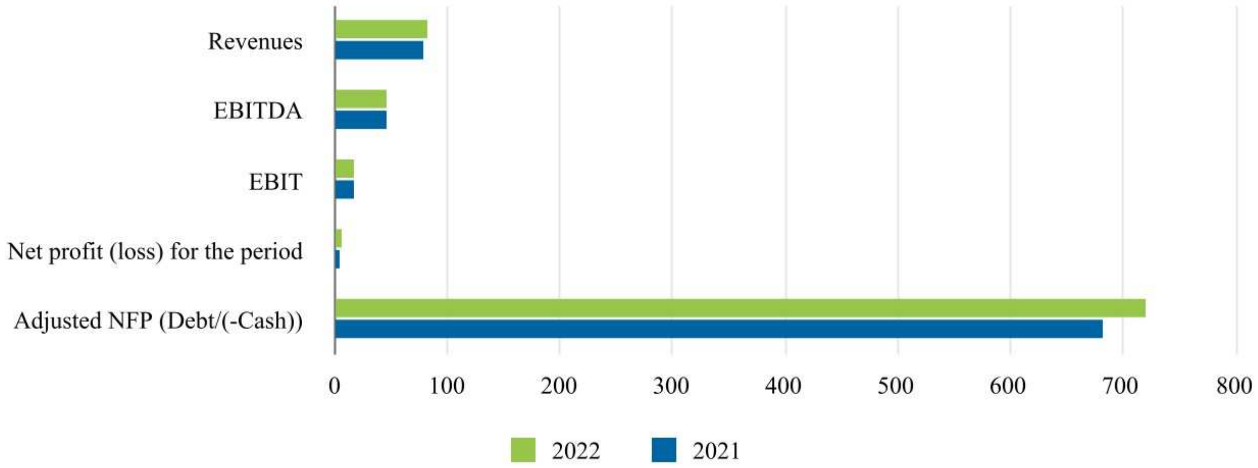
Credit Ratings[1]

Moody's	
Long term	Baa3
Outlook	stable
Assignment date	25 January 2021
Fitch	
Long term	BBB
Outlook	stable
Assignment date	20 December 2021

[1] After the assignment date, the credit ratings in the table were confirmed by the rating agencies following periodic credit assessments.

5.2 FNM S.p.A.

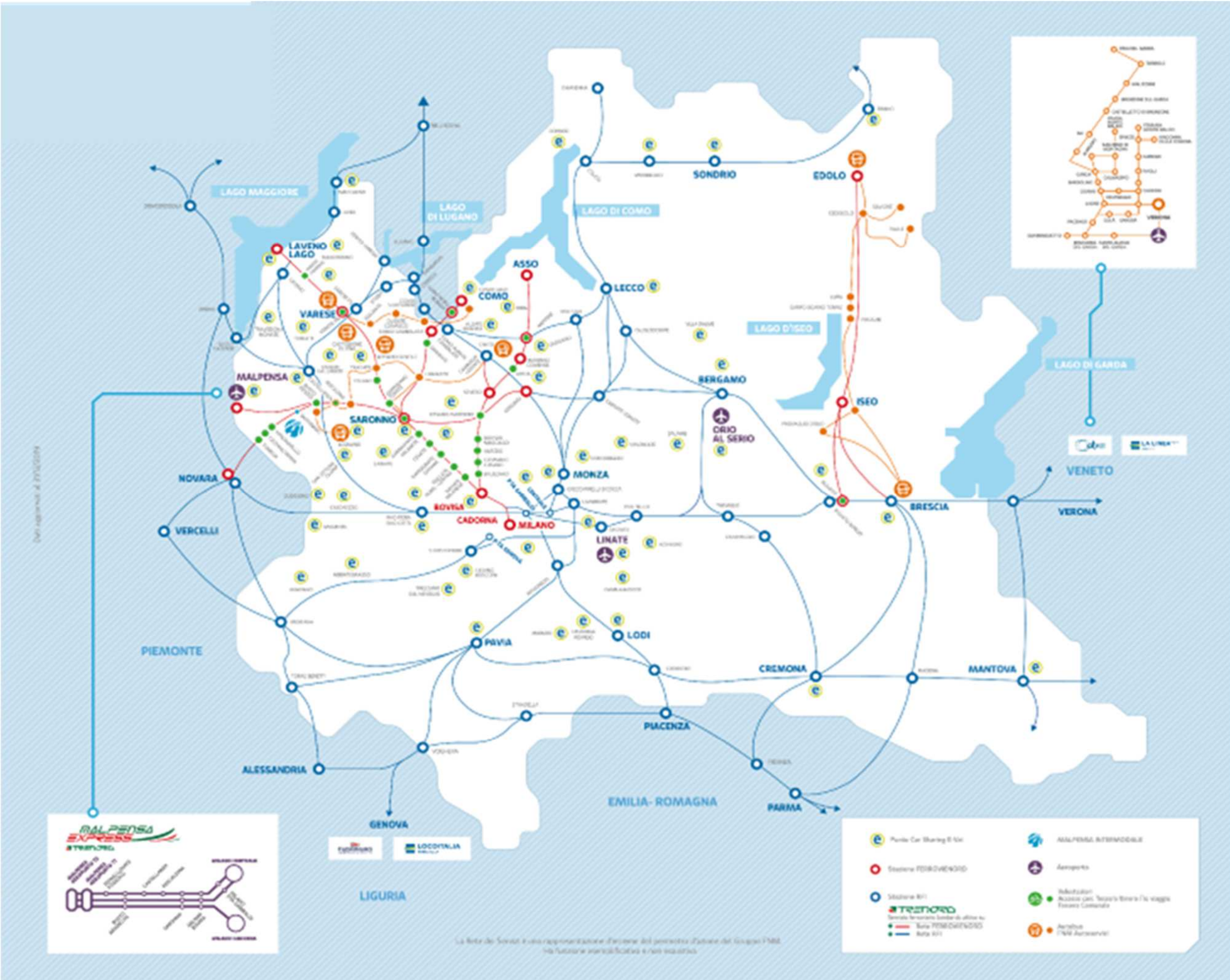
Amounts in thousands of euros	2022	2021	Change	Change %
Revenues	84.2	79.0	5.2	6.6 %
EBITDA	47.3	47.9	(0.6)	-1.3 %
EBIT	17.3	18.8	(1.5)	-8.0 %
Net profit	8.00	5.40	2.60	48.1 %
Shareholders' equity (A)	413.1	405.0	8.1	2.0 %
(Net financial position)/Net financial debt (B)	721.8	684.3	37.5	5.5 %
Net invested capital (A+B)	1,134.9	1,089.3	45.6	4.2 %
Investments	51.8	29.8	22.0	73.8 %



6 GROUP STRUCTURE AND BUSINESS SEGMENTS AS AT 31 DECEMBER 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 OPERATIONS



98 Owned Trains

702 Buses

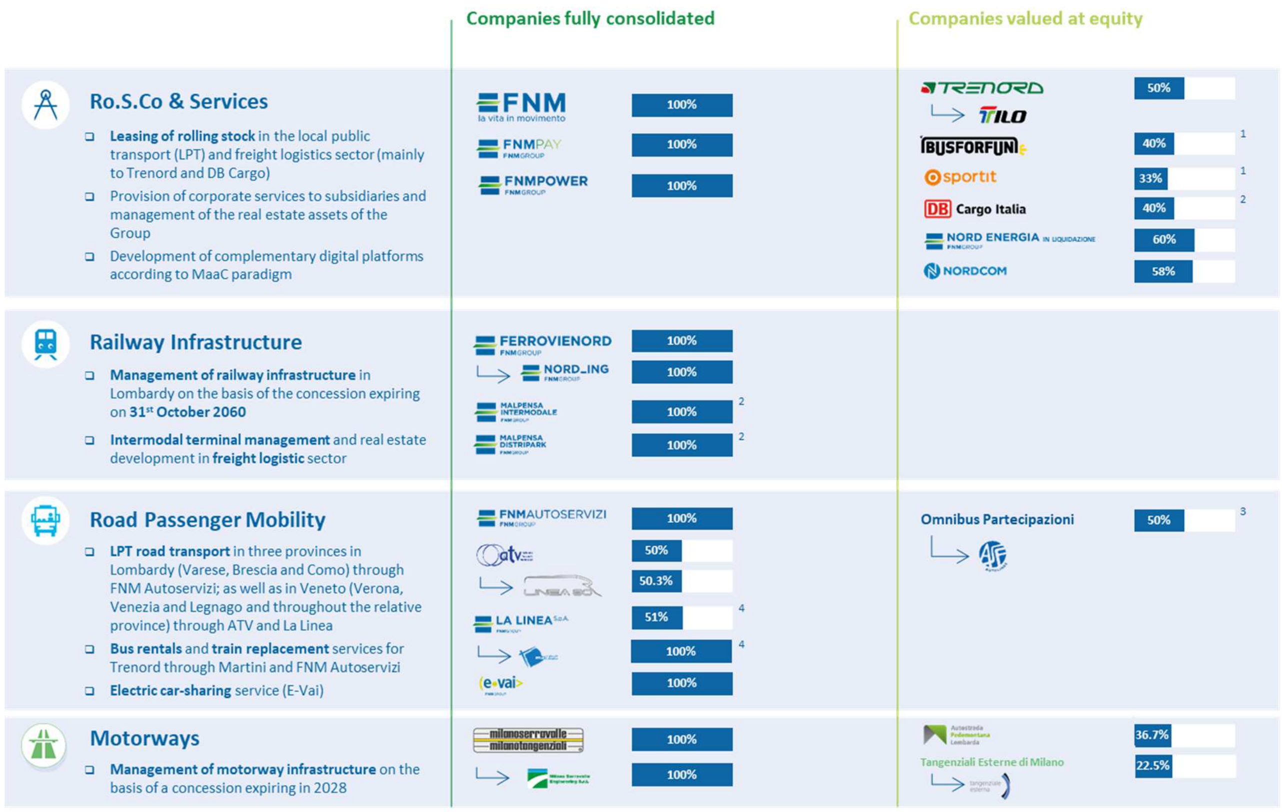
124 Stations

330 km FN railway network

185 km Motorway network

2.200 Trains per day TRENORD)

CORPORATE STRUCTURE



1. Companies that manage complementary digital platforms, enabling the implementation of Mobility as an EU strategic paradigm (MaaC).The Snowit and Bikeit brand names refer to Sportit.
2. Companies operating in the freight transport and logistics sector, today included respectively in the Railway Infrastructure and Ro.S.Co. & Services segments. Malpensa Distripark is in the start-up phase.
3. Company operating in road passenger road mobility, but considered in the Ro.S.CO. segment for the purposes of preparing the financial statements.
4. Companies classified as “Discontinued Operations” under IFRS 5 following a resolution of the FNM Board of Directors that on 20 July 2022 approved the sale of the shares in La Linea S.p.A. and Martini Bus S.r.l.

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

6.1 RO.S.CO. & SERVICES

The parent company FNM S.p.A.(or FNM) purchases and leases rolling stock directly to its subsidiaries operating in the LPT (Local Public Transport) and freight transport sector, primarily Trenord and DB Cargo Italia, acting as Rolling Stock Company (hereinafter referred to as “**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. For further details please refer to section 6.5. DB Cargo Italia (40% owned by FNM S.p.A. with DB Cargo Italy S.r.l.) offers logistics and freight movement services, mainly in Italy and on the infrastructure network managed by the Italian Railway Network (RFI), relying on a fleet of 42 electric and diesel locomotives.

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

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 to replace the current diesel-powered 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 for the initial trial runs by the end of 2023. The first 6 trainsets are scheduled to start commercial service by 2024. By 2025, the hydrogen fuel solution is also expected to be extended to road transport, starting with the roughly 40 vehicles operated in Valle Camonica by FNMA.

Also as part of the H2iseO Project, the construction of hydrogen production facilities is planned, initially intended for the new trainsets. To this end, the company FNM Power S.r.l. was established in April 2022 (FNM Power - wholly-owned by FNM S.p.A.), which will be active in the field of hydrogen production and distribution plants, also with reference to the subsequent operational phase. During 2022, the hydrogen production, storage and distribution plant in Iseo was authorised; the construction of the hydrogen train maintenance plant in Rovato began and the authorisation process for the mobile refuelling plant in Rovato is currently under way. It should be noted that the Lombardy Region, through Regional Government Decree no. 7328 of 14 November 2022, made EUR 80.1 million available to finance the project's infrastructure through the FERROVIENORD Programme Agreement and submitted a funding request to the Ministry of Infrastructure and Sustainable Mobility to access the resources provided by the NRRP (measure M2C2, investment 3.4 "*Hydrogen experimentation for rail transport*"). In February 2023, FERROVIENORD published four calls for tenders for the construction of production and distribution facilities for hydrogen trains and buses, and for the upgrading of the railway infrastructure in Edolo and Brescia Borgo San Giovanni, aimed at allowing trains to be refuelled and parked. The entire project is expected to be completed by 2025, and in any case within the timeframe set forth in the NRRP.

The total investment is estimated to be around EUR 300 million, of which more than EUR 165 million for trains, of which EUR 80.1 million financed with funds made available by the Lombardy Region through the FERROVIENORD Programme Agreement, EUR 82.6 million contributed by FNM S.p.A. for the purchase of trains and, to define the coverage of the remaining part, the company is awaiting the decree for the allocation of the resources provided by the NRRP.

FNM S.p.A. also provides administrative services to its subsidiaries, manages its real estate assets and is involved, together with its subsidiary FERROVIENORD, in the development **FILI project** dedicated to the redevelopment of FERROVIENORD's main connection centres on the Milan-Malpensa line, as described in more detail in section 14.

Consistent with the 2021-2025 Strategic Plan, within the People/Community pillar, FNM 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 EU's Mobility as a Community (MaaC) strategic paradigm as an enabling tool of the new digital mobility focusing on the mobility needs of communities. From this perspective, in 2020 the Group entered the digital payment services sector with the establishment of FNMPAY S.p.A. (hereinafter referred to as "**FNMPAY**"), a wholly-owned subsidiary of FNM S.p.A., active in digital payment services to perform primarily acquiring services (payment acceptance through physical/virtual POS) focusing firstly on the Group's captive companies.

The development of the MaaC strategy includes the equity investments in Busforfun.Com S.r.l. ("**Busforfun**") and Sportit S.r.l. ("**Sportit**"). Busforfun, of which FNM S.p.A. currently holds 40% of the share capital, is a startup that develops innovative road transport solutions, capable of responding to the new mobility needs of both people (B2C) and businesses (B2B), acting as a mobility partner with a green and shared transport solution. Sportit, of which FNM S.p.A. acquired a 33.3% shareholding in December 2021, is 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.

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. The company was therefore placed in liquidation as of 10 January 2023.

6.2 RAILWAY INFRASTRUCTURE

The Group is active in the management of railway infrastructures in Lombardy through FERROVIENORD S.p.A. (FERROVIENORD), which is entrusted with the management and maintenance of a 330 km railway network, divided between the Milan (222 km) and Iseo (108 km) branches, on the basis of the concession expiring on 31 October 2060 (the "**Concession**"), the Programme Agreement for investments (the “**Programme Agreement**”) and the Public Service Contract for management (the “**Public Service Contract**”), both expiring in 2027, entered into with the Lombardy Region. Furthermore, FERROVIENORD avails itself of the services provided by NORD_ING S.r.l. for design activity, as well as technical and administrative support for investments in the railway network.

As concerns the **Concession**, with Regional Council Resolution no. X/4823 of 15 February 2016, the Lombardy Region ordered the Concession to FERROVIENORD 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 governed by the Programme Agreement, Public Service Contract or other administrative measure, which constitute the contractual deeds implementing the principles and obligations set forth in the Concession.

The **Public Service Contract** governs the specific terms and conditions, including economic terms, of the ordinary management and maintenance of the railway infrastructure, as well as the activities concerning the purchase and management of the rolling stock made available to the railway companies on behalf of the Region by FERROVIENORD, in accordance with the principles and obligations established in the Concession. In particular, the Public Service Contract establishes a fee aimed at compensating the cost items that the law does not require be covered by the fees paid by railway companies for infrastructure use. In December 2022, the Public Service Contract expiring on 31 December 2022 was renewed for the 1 January 2023 - 31 December 2027 period under the conditions described in section 9.2.

The **Programme Agreement** is aimed at governing the programmatic framework of investments relating to the renewal, expansion and modernisation of infrastructure and technology, as well as extraordinary maintenance works on the infrastructure network managed by FERROVIENORD, in line with the regional planning of railway services, as well as the financial management procedures for such interventions. In particular, FERROVIENORD is called upon to perform the following tasks: (i) design and implementation of the works necessary for the development, upgrading and improvement of the safety levels of the regional railway network and (ii) performance of the extraordinary maintenance activities necessary to keep the network operating safely and reliably.
The financial coverage of the activities in question derives for the most part from EU, state and regional resources, disbursed by the Lombardy Region in favour of FERROVIENORD through the reimbursement of costs incurred, in line with work progress, and the lump-sum reimbursement of "technical costs" and "general costs" calculated as a percentage of the value of the works and the amount of the works.
On 28 July 2016 - following Regional Council Resolution no. X/5476 of 25 July 2016 - the new "*Programme Agreement for investments and extraordinary maintenance on the regional rail network under concession to FERROVIENORD S.p.A. between the Lombardy Region and FERROVIENORD S.p.A. for the 28/07/2016 - 31/12/2022 period*" was signed (later extended to 31 December 2027). The Programme Agreement defines:

1. activities for the renewal, extension and modernisation of the infrastructure and technological systems, to improve service quality, develop the infrastructure and achieve high levels of safety in accordance with the provisions of the Regional Mobility and Transport Programme ("PRMT");
2. extraordinary maintenance activities to maintain network efficiency in accordance with the provisions of the Public Service Contract of 16 March 2017.

Pursuant to Art. 7, paragraph b) of the Programme Agreement - which provides for "*the update of the agreement if the Region identifies the need to amend the Programme of activities, as agreed to be necessary by the Parties, or as a consequence new available financial resources*" - in the 2017-2021 period the programme of activities[2] was updated five times, incorporating, *inter alia*, the "*MARSHALL PLAN*" - *PROGRAMME OF MEASURES FOR ECONOMIC RECOVERY*, approved by the Lombardy Region in 2020, aimed at further improving the safety and regularity of the

[2] Regional Government Decree no. 7645 of 28 December 2017, Regional Government Decree no. 383 of 23 July 2018, Regional Government Decree no. XI/2054 of 31 July 2019, Regional Government Decree no. XI-4010 of 14 December 2020 which in particular incorporates the "MARSHALL PLAN" - PROGRAMME OF ACTIVITIES FOR ECONOMIC RECOVERY, approved by the Lombardy Region with Regional Government Decree no. 3531 of 5 August 2020 and updated with Regional Government Decree no. 3749 of 30 October 2020 and, lastly, Regional Government Decree no. XI/5589 of 23 November 2021.

service, upgrading the infrastructure and renewing the facilities. In particular, infrastructural enhancements include the construction of the railway connection of the Malpensa T2 station with the RFI Sempione line, the activation of hydrogen trains for the Brescia-Iseo-Edolo line, as well as the selective doubling and the redevelopment of crossings along the Varese-Laveno line.
At 31 December 2022, the total financial resources allocated to the Programme Agreement amounted to EUR 1,553 million, including the following updates approved last year:

Sixth update of the Programme Agreement

With Regional Government Decree no. XI/6047 of 1 March 2022 the Region, within the "*Programme of activities for economic recovery*", approved, *inter alia*, the allocation of additional resources for some works included in the Programme Agreement programming. In particular:

- EUR 11.0 million for "Bovisa Node" works;
- EUR 10.0 million for the "Adaptation of facilities with the construction of crossing kits, station underpasses, the redevelopment of platforms and shelters (Castegnato) and infrastructural enhancement connected to the activation of hydrogen trains";
- EUR 1.67 million for the "Completion of the replacement of ACEI equipment and centralisation with ACC-M installations - Milan network and network interventions for timetable stabilisation".

With Regional Government Decree no. XI/7328 of 14 November 2022, the Lombardy Region approved the sixth "*Update of the Programme Agreement for investments and extraordinary maintenance on the Network under concession signed on 28 July 2016 and updated on 28 December 2017, 23 July 2018, 31 July 2019, 14 December 2020, 23 November 2021 and 1 March 2022 (Regional Law no. 6/2012). Amendments to Regional Government Decree no. XI/6047/2022 of 01/03/2022 - Lombardy Plan - Programme of activities for economic recovery*", which specifically provides for:

- the "freezing" of certain projects in order to shift the relative resources (amounting to EUR 106.4 million) to other priority projects - in the approval or tendering or execution phase - to deal, as requested by FERROVIENORD, with the increase in the relative financial requirements, resulting from the increase in the costs of construction materials and the extraordinary updating of the reference price lists;
- the allocation of EUR 35.0 million (EUR 7.0 million for 5 years) for extraordinary maintenance works for the 2023-2027 period.

Finally, pursuant to the provisions of the agreement and the Public Service Contract, on behalf of the Lombardy Region, FERROVIENORD purchases, manages, maintains and keeps in custody the rolling stock for the regional railway service against the payment of a commission set at 1% of the amount of the train supply contracts as remuneration for the overhead costs of managing the order.

The **programme for the renewal of rolling stock for regional rail services for the years 2017 - 2032** of the Lombardy Region currently being implemented calls for the introduction of 222 new trainsets into service by 2025, thanks to a total budget of EUR 1.740 billion, and has been updated over the years as illustrated below:

Original Purchase Programme

By Resolution of the Regional Council no. X/6932 of 24/7/2017 "*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*", the Lombardy Region has authorised FERROVIENORD to purchase 161 new trainsets (100 high-capacity electric trains to be used on high-frequency lines, 31 medium-capacity electric trains to be used on medium-frequency lines and 30 diesel trains to be used on non-electrified lines) by 2025, covered in the total amount of EUR 1.607 billion guaranteed by the Lombardy Region[3]. For the supply of trainsets, following a tender process, FNM, on behalf of FERROVIENORD, entered into three framework agreements with HITACHI RAIL ITALY S.p.A. ("Hitachi"), ALSTOM FERROVIARIA S.p.A. ("Alstom") and STADLER BUSSNANG AG ("Stadler").

In relation to the financial strategy necessary to combine the time requirement for the purchase of new trains by 2025 with the cash flows authorised by the Lombardy Region under the "*Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032*", please recall that in 2018 FERROVIENORD and Cassa Depositi e Prestiti ("CDP") had signed a loan agreement for EUR 650 million, with funding granted by the European Investment Bank ("EIB").Considering the amount of the resources allocated by the Lombardy Region, which make it possible to ensure alignment with the supply timetables currently under way with no need to request any loans, 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 Council Resolution no. XI/6841 of 2 August 2022 "*Programme for the purchase of rolling stock for the*

[3] Attachment A, Part 1 of Resolution no. X/6932 of 24 July 2017 sets out the framework of resources, amounting to a total of EUR 1.607 billion, available subject to the approval of the budget-balancing law for 2017-2019 (see Bill 358/2017), on the 2017-2019 Budget and on Budgets from 2020 to 2032.

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*".

With Regional Government Decree no. 7207 of 24 October 2022, the Lombardy Region re-determined the cost of the fleet renewal programme as EUR 1.389 billion in order to take into account the tender discounts on supplies as well as the voluntary cancellation of the initially planned CDP loan. At the same time, the new outline of the Implementation Agreement was approved and signed on 27 October 2022 by FERROVIENORD.

Supplementary Purchase Programme

By Resolution of the Regional Council no. XI/1619 of 15/5/2019, the Lombardy Region authorised FERROVIENORD to purchase an additional 15 trainsets (5 "Rock" type high-capacity trainsets to be used on medium-frequency lines and 10 "Pop" type medium-capacity trainsets to be used on high-frequency lines), taking advantage of the assignment of the supply contract with Hitachi and ALSTOM respectively by Trenitalia S.p.A.. The resources to cover the investment became available thanks to savings on the first two tenders awarded by FNM[4].

Marshall Plan

With Regional Council Resolution no. XI/3531 of 5 August 2020 "*Programme of activities for economic recovery*" ("Marshall Plan"), in Annex 3, the Lombardy Region provided funding of EUR 351 million for the "*Acquisition of trains to upgrade services on the Milan/Sondrio/Tirano and Milan/Airports routes*", with the aim of putting the trains into service in time for the Milan-Cortina 2026 Winter Olympics.

With Regional Council Resolution no. XI/4421 of 17 March 2021 "PROGRAMME FOR THE ACQUISITION OF ROLLING STOCK FOR THE REGIONAL RAILWAY SERVICE: PURCHASE ORDER FOR 46 TRAINS WITH RESOURCES FOR ECONOMIC RECOVERY (Regional Law 9/2020)", the Lombardy Region authorised FERROVIENORD to proceed with the purchase of the following types of trainsets under the existing Framework Agreements: 10 Hitachi Caravaggios to be used for the Malpensa airport service("Malpensa Express"); 20 Donizetti Alstoms for service on the Milan/Sondrio/Tirano route ("Valtellina"); 16 Hitachi Caravaggios to be used for the Bergamo airport service ("Orio al Serio").

[4] Resolution no. XI/1619 of 15 May 2019 approves, as a supplement to the original purchase programme, the supplementary purchase programme, financed by means of tender discounts on High Capacity and Diesel trains, to be implemented operationally by means of the transfer by Trenitalia in favour of Ferrovienord of supply implementation contracts, resulting from the framework agreements of Trenitalia entered into with Alstom Ferroviaria S.p.A. (Pop trains) and Hitachi Rail ltaly S.p.A. (Rock trains) on 3 August 2016, concerning, respectively, 10 "Pop" type medium-capacity trainsets and 5 "Rock" type high-capacity trainsets.

The tables below illustrate the implementation of the rolling stock renewal programme. In addition to the supply of trains, the contracts also cover scheduled first-level maintenance, corrective maintenance for vandalism and accidental events, as well as the supply of technical stock:

Hitachi Framework Agreement of 12 September 2018, duration 8 years supply of 120 **Caravaggio** high-capacity electric trains (later augmented by a further 8 short configuration trains)					
Implementing contract	**Quantity**	**Type of trains**	**Amount (EUR million)**	**Delivery status**	
First of 12/09/2018	30	4-body short trains	237.5	at 31.12.2022 all delivered	**Original Purchase Programme**
Second of 23/11/2020	20	5-body long trains	186.3	at 31.12.2022 all delivered	
Third of 30/09/2021	10 40	4-body short trains 5-body long trains	451.8	deliveries started in February 2023 with completion scheduled by November 2024	
Fourth under negotiation	10	long configuration electric trains (ETR 522)	93.7	deliveries from October 2024 to March 2025	**Marshall Plan**
Fifth under negotiation	16	short configuration electric trains (ETR 421)	126.7	deliveries from May 2025 to December 2025	

Alstom Framework Agreement of 20 November 2019, duration 8 years supply of 61 **Donizetti** medium-capacity electric trains					
Implementing contract	**Quantity**	**Type of trains**	**Amount (EUR million)**	**Delivery status**	
First of 20/11/2019	31	medium-capacity trains	193.8	at 31.12.2022 16 trains delivered; first delivery June 2022, last delivery planned by April 2024	**Original purchase order**
Second of 31/03/2021	20	medium-capacity electric trains (ETR 204)	125	scheduled deliveries from June 2023	**Marshall Plan**

Stadler Framework Agreement of 21 November 2018, duration 8 years supply of 50 **Colleoni** diesel-electric traction trainsets					
Implementing contract	**Quantity**	**Type of trains**	**Amount (EUR million)**	**Delivery status**	
First of 21/11/2018	30	diesel trains	191.9	at 31.12.2022 5 trains delivered; first delivery August 2022, last delivery planned by March 2024	**Original Purchase Programme**

Assignment of supply contracts from Trenitalia to Ferrovienord (July 2019)					
Contract	**Quantity**	**Type of trains**	**Amount (EUR million)**	**Delivery status**	
Hitachi for Rock trains	5	5-body high-capacity long trains	45.7	completed in October 2020	**Supplementary Purchase Programme**
Alstom for Pop trains	10	3- and 4-body medium-capacity short trains	60.4	completed in October 2020	

More details on the progress of deliveries are provided in section 9.2.

The segment also includes the management activities of the **Sacconago intermodal terminal** in Busto Arsizio (VA), near the Malpensa airport, carried out by Malpensa Intermodale S.r.l. The company receives complete trains which it manages by means of self-propelled cranes, positioning the intermodal transport units in the storage locations, or it provides direct delivery to the customer. The terminal is equipped with two operational tracks with an extension of approximately 48,000 square metres and benefits from a service and logistics development area of more than 200,000 square metres.

Malpensa Distripark S.r.l. is instead 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.

6.3 ROAD PASSENGER MOBILITY

FNM operates in the road mobility sector with different companies depending on territorial competence or the service rendered.

In Lombardy, FNM Autoservizi S.p.A. (hereinafter also referred to as "**FNMA**") is the concessionaire of portions of public transport services by road in the provinces of Varese and Brescia, and is the holder, as part of an A.T.I. (temporary association of companies) with ASF Autolinee S.r.l. (49% owned by Omnibus Partecipazioni[5] - 50% owned by FNM S.p.A.) of a Public Service Contract for those in the Province of Como. FNMA also operates substitute train services on behalf of Trenord.

LPT activities in the provinces of Varese and Brescia are carried out under Concession, while those in the province of Como are governed by a Public Service Contract; the subsidiary is operating under an extension of the original contracts and the duration has currently been extended until 31 December 2023. It should be noted that, under Regional Law no. 8 of 25 May 2021, art. 30, the Lombardy Region approved the amendment to art. 60 of Law no. 6/2012, 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).

In Veneto, FNM is present with 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 on the basis of three Public Service Contracts, which expired on 31 December 2022 and are currently awaiting extension. 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[6] was suspended,

[5] 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.
[6] In December 2017, the restricted procedure announcement was published for the selection of the public transport manager in Verona and the province; essentially relating to the services currently provided by ATV, it provides for the assignment of two lots (one urban with Catullo airport

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.
As things currently stand, the Government Authority has not yet defined the continuation of activities at the end of the 12 months following the end of the emergency period. Also under consideration, at the initiative of ATV, is the possibility of an extension to 31 December 2026 in application of the provisions of art. 24, paragraph 5-*bis* of Legislative Decree 4/2022, i.e. following the presentation of an economic and financial plan for the following years that calls for, among other things, significant investments, including partial self-financing.
Regarding the **remuneration of local public transport services** carried out by FNMA and ATV, they receive remuneration agreed upon *ex ante*, which takes into account the budgeted tariff revenues ("Net Cost" type), updated on an actual basis considering the actual kilometres travelled defined in local programming.

With regard to the three Public Service Contracts pertaining to the Verona LPT area, every year the Veneto Region defines the level of minimum services eligible for contribution for each contract/authority and the fee per kilometre for the current year (the parameter used is Euro/km). During 2022, there were two adjustments in the fee recognised per kilometre travelled: the first resulting from one-off funding from the Veneto Region following the increase in traction costs (Regional Government Decree 1012/2022), and the second came about with Regional Government Decree 1657/2022 following the adjustment of FNT funding at a national level (from 2022 to 2025 about EUR 100 million per year is expected for the sector). The tariff model is instead based on increasing kilometre classes according to the distance travelled, the unit amounts of which have remained largely unchanged over the years. Precisely on the subject of fare adjustments, talks are underway with the government authority with the aim of obtaining a partial adjustment of current ticket prices, which date back to 2012.
Activities relating to Lombardy road LPT, also because of the different regulatory requirements of the Public Service Contracts and Concessions, are characterised by a rather complex scenario: (i) with reference to the Como Public Service Contract, the Resolution of the Board of Directors of the Como-Lecco-Varese LPT Agency no. 50 of 3 November 2021 calls for the redefinition of fee adjustments as a result of inflation, assessed through the actual price index for wage earners and employees, up to the limit of 2%; (ii) with reference to the Varese and Brescia Concessions, to date no fee adjustment is planned as a result of inflation trends. With regard to tariffs, art. 26, par. 1,

service, the other extra-urban including the Municipality of Legnago). In 2018, the company filed an appeal with the Veneto Regional Administrative Court challenging both the type of tender planned and the division in lots. The date of the first hearing still has to be set.

letter b) of Tariff Regulation no. 4 of 10 June 2014 establishes that tariff adjustments are to be defined by means of the regulatory authorities' own measures, with regard to the aspects under their jurisdiction. Furthermore, art. 26, par. 2 of the same Regulation establishes that the adjustments for which the Regulatory Authorities are responsible are to be determined by a measure normally issued by 15 July of each year, effective as of 1 September of the same year. Paragraph 3 of the same article 26 also states that the above adjustments are calculated according to an automatic annual adjustment mechanism consisting of two items: (i) generalised and weighted sector cost trends, calculated in April of each year by the Lombardy Region on the basis of the general price index for wage earners and employees, excluding tobacco; and (ii) the quantity and quality of services measured through the definition of appropriate indicators for the LPT Agencies.
The following table shows the situation of existing credit lines at 31 December 2022, following the procedures described above:

Company	*Awarding body*	*Legal instrument*	*Remuneration system*	*Expiration*	*LPT network extension*
FNMA (Varese)	Como - Lecco - Varese LPT Agency	Concession	Net Cost + Regulated tariff	31/12/2023	223
FNMA (Brescia)	Brescia LPT Agency	Concession	Net Cost + Regulated tariff	31/12/2023	331
FNMA (Como, temporary grouping	Como - Lecco - Varese LPT Agency	Public Service Contract	Net Cost + Regulated tariff	31/12/2023	196
ATV (Verona Area)	Province of Verona	Public Service Contract	Net Cost + Regulated tariff	31/12/2022	3,828
ATV (Verona)	Municipality of Verona	Public Service Contract	Net Cost + Regulated tariff	31/12/2022	417
ATV (Legnano)	Municipality of Legnago (VR)	Public Service Contract	Net Cost + Regulated tariff	31/12/2022	32

Lastly, please note that as regards the future dates of tenders for the award of road LPT services, any loss of services would have a significant impact on the company's revenues, but would also lead to a proportional reduction in costs, since under current legislation, the incoming company must take over the staff and equipment dedicated to the service. Any depots owned by the company would remain under its ownership, without any obligation of transfer to, or use by, the incoming company.
Also in the Veneto region, FNM operates in the sector of local public road transport and also hires out buses with driver, through La Linea S.p.A. (“**La Linea**” – with a 51% share) and its subsidiary Martini Bus S.r.l.

In order to rationalise its operations in the area of public bus transport services, on 20 July 2022, the FNM Board of Directors resolved to sell the shares of the company La Linea S.p.A. for an amount of EUR 5.4 million (a value aligned to the value of the assets and liabilities recognised in the financial statements, classified according to IFRS 5). On 7 December 2022, a preliminary agreement was entered into with Alilaguna S.p.A., Powerbus S.r.l. and Mr Massimo Fiorese for the sale of the 1,611,600 shares held by FNM, representing 51% of the share capital of La Linea S.p.A. As set forth in the aforementioned preliminary agreement, the sale of 893,332 shares, corresponding to 28.27% of the share capital, was finalised on 16 January 2023 ("First Closing"). By 31 March 2023 ("Second Closing"), the parties undertake to finalise the sale of the remaining 718,268 shares, corresponding to 22.73% of the share capital. At the same time as the Second Closing, La Linea shall also proceed with the full settlement of its payables to FNM, deriving from the two existing loan agreements, for a total of EUR 7.3 million. Any failure to extinguish these loan agreements constitutes a condition subsequent of the First Closing and a condition precedent of the Second Closing. To this end, on 16 December 2022, the La Linea Board of Directors decided to submit a request for the disbursement of a bank loan for a total of EUR 8.0 million, which has not yet been taken out.

Lastly, the road transport offer is complemented by the car sharing service provided by E-Vai S.r.l. (hereinafter also referred to as "**E-Vai**") integrated with the railway service (covering 46 railway stations) and the three main airports in Lombardy. The service offering currently comprises the following models, the first aimed at the consumer segment and the others at the B2B segment:(i) Regional Electric - "station-based" regional electric car sharing service integrated with the regional rail service network; (ii) Public - service aimed at municipalities during working hours and at citizens at other times and on weekends; (iii) Corporate - service aimed at companies and their employees during working hours and for private use.

Lastly, 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. The latter contribution ceased with the renewal of the Public Service Contract in force as of 1 January 2023 (see section 9.2 for further details).

6.4 MOTORWAYS

The FNM Group is also present in the motorway infrastructure management sector thanks to its shareholding in Milano Serravalle – Milano Tangenziali S.p.A. ("**MISE**"), fully consolidated in the FNM Group's financial statements starting on 26 February 2021. Thanks to the acquisition of MISE, FNM created a strategic group in the infrastructure sector in Lombardy for the management of the mobility system that integrates rail transport, local public road transport and motorway infrastructure. On the one hand, the transaction allowed FNM to strengthen its presence in

Lombardy and in the areas of highest demand for transport, on the other hand it allowed the FNM Group to diversify its revenues, with an improvement in its income profile and a simultaneous diversification of its regulatory risk.

The investment in MISE derives from the acquisition, at the end of July 2020, of the 13.6% stake in MISE's share capital held directly and indirectly by ASTM, and the acquisition of a further 82.4% stake in the share capital held by the Lombardy Region, completed on 26 February 2021. The total consideration paid for the 96% stake in MISE was EUR 604.8 million (or EUR 3.5 per share). Following the request to liquidate the 4% minority shareholding held by the Milan Monza Brianza Lodi Chamber of Commerce and Parcam S.r.l. - and the waiver by FNM to exercise 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 Italian 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.

MISE operates under a concession, which will expire on 31 October 2028, on the basis of the Consolidated Agreement entered into with the Awarding Body ANAS (now the Ministry of Infrastructure and Sustainable Mobility - or “MIMS”) on 7 November 2007, approved by Law no. 101 of 6 June 2008, which converted Decree Law no. 59 of 8 April 2008. On 10 March 2017, following communication by the Awarding Body, the Additional Agreement, relating to the second regulatory period 2013-2017, approved by ID no. 422 of 2 December 2016 and registered by the Court of Auditors on 1 February 2017, became effective. In particular, MISE is the concessionaire of the A7 Motorway, from Milan to Serravalle Scrivia, and the three Milan ring roads: A50 Tangenziale Ovest, A51 Tangenziale Est, A52 Tangenziale Nord. The Company also manages the western ring road of Pavia (A54) and the Bereguardo-Pavia (A53) motorway link. Located at the centre of one of the main European motorway networks, the network covers 184.9 km - of which 124.1 km with three lanes- and consists of the following:

	Section	*Km*
A7	**Milan Serravalle Motorway from Milan Piazza Maggi to Serravalle Scrivia**	**86.3**
A53	Bereguardo-Pavia link road	9.1
A54	Pavia bypass	8.4
A50	**Milan West bypass Motorway with Fiera Rho-Pero link**	**33.0**
A51	**Milan East bypass Motorway**	**29.4**
A52	**Milan North bypass Motorway**	**18.7**
	TOTAL	**184.9**

The total length of the network in operation has increased compared to 31 December 2021. In particular, the Milan North Bypass Motorway, following the opening to traffic on 14 November 2022 of the redeveloped S.P. 46 Rho-Monza with motorway characteristics, increased by 5.8 km.

The network is interconnected to the main motorway sections in northern Italy:

- A4 SATAP S.p.A., Turin-Milan
- A4 Autostrade per l'Italia S.p.A. (Area 2 Office), Milan-Venice
- A8 Autostrade per l'Italia S.p.A. (Area 2 Office), Milan-Laghi
- A1 Autostrade per l'Italia S.p.A. (Area 2 Office), Milan-Bologna
- A7 Autostrade per l'Italia S.p.A. (Area 1 Office), Serravalle-Genoa
- A21 SATAP S.p.A., Turin-Piacenza
- A26 Autostrade per l'Italia S.p.A. (Area 1 Office), A7-A26 link road, Predosa Bettole

MISE's activities also include the management of contractual relations with sub-concessionaires, which are entrusted with the management of the 19 service areas located along the concession sections. In this regard, it should be recalled that in 2018 the service area sub-concession contracts came to an end and, with the expiry of the contracts – as provided for in the "*Plan for the restructuring of the network of service areas on motorway sites*" approved by the MIMS in agreement with the Ministry of Economic Development, by Interministerial Decree of 7 August 2015 – three service areas were definitively closed to the public and a tender procedure was started for the assignment under concession of 32 lots. On 9 October 2020, the award measures for all 32 lots subject to the tender became effective and draft agreements were sent to the new successful bidders for review in the first half of December 2020. However, given the continuation of the COVID-19 epidemiological emergency and the restrictions imposed, the transition activities between the outgoing operators and the successful bidders slowed down, and the sub-concession contracts were not signed with the first new incoming operators until February 2021. The signing of new sub-concession contracts continued during the year, and at 31 December 2022, the takeover of 29 lots in 17 service areas had been finalised. In 2023, the takeover of the remaining lots is expected to be completed and work on upgrading facilities and enhancing services will begin. In fact, as set forth in the deeds defined over time with the outgoing sub-concessionaires, the aforementioned properties must be transferred and/or assigned free of charge since they fall within the scope of motorway areas (to be subsequently given free of charge to the Awarding Body).

The gradual transition from the old sub-concession contracts entered into starting in the 1960s to the new agreements resulting from the tender process has resulted in a shift of revenues from fixed fees to royalties. The new concessions call for only a variable fee calculated on the sales of fuel and refreshment areas, plus a maintenance fee to reimburse the costs incurred by the Company for maintenance activities on the common parts of the service areas (road paving, horizontal and vertical signage, guardrails, yard lighting, etc.). In addition, the new contracts establish more favourable economic conditions for MISE, especially with regard to fuel sales. Lastly, as set forth during the tender, the new sub-concessionaires have planned significant modernisations of the facilities and enhancements of the services offered so as to make them more suited to the needs of motorway customers, including the installation of photovoltaic panels and charging stations for electric cars, the latter in every service area throughout the network under concession.

MISE also provides design, as well as technical and administrative support, services for infrastructure investments on the motorway network through Milano Serravalle Engineering (“**MISE Engineering**”), of which it holds 100% of the share capital.

On 18 May 2022 MISE Engineering, MISE and its subsidiary Autostrada Pedemontana Lombarda S.p.A. (“APL”) signed a “Letter of Intent” with the aim of outlining a negotiation process for the possible acquisition by APL of a business unit belonging to the subsidiary MISE Engineering. Indeed, APL, taking into account the signing of the Senior Loan Agreement 1, the signing of the contract with the General Contractor for the construction of sections B2 and C, as well as the need to rapidly define section D (as specified in more detail in section 6.5), decided to internally consolidate the engineering activities necessary for the construction of the work by making recourse to an extraordinary transaction.

In the months that followed, talks took place between the parties and their consultants, aimed at defining the “business unit” and the relative consideration, which were finalised, subject to the acquisition of authorisations from the financing banks, on 16 December 2022 with the signing between the parties of a contract for the “sale of the Business Unit”.

The total value of the business unit, EUR 259 thousand, was determined by an independent appraiser on 31 May 2022. This amount was subjected to a price adjustment mechanism that, while the value of goodwill remained unchanged, took into account the net book value of the business unit at the effective date of the final deed. On 31 January 2023, in accordance with contractual timelines, a financial position adjustment as at 16 December 2022 was submitted. Subsequently, on 27 February 2023, the parties - also after obtaining the favourable acknowledgement of the lending banks on 24 February 2023 - signed the deed defining the scope of the Business Unit and ascertaining the price adjustment, allowing the transaction to become fully effective on the basis of the values defined on 16 December 2022, with the resulting transfer of two active orders - job order

320 *Dalmine-Como-Varese-Valico del Gaggiolo motorway link and associated works - Drafting of the Final Plan of "short" section D*, and job order 285 "*Visual inspection and assessment of the maintenance status of structures along the sections*" as well as the relative dedicated resources. Based on the financial position at 16 December 2022, the total value of the transaction was set at EUR 1.3 million. As a result, a gain on disposal of EUR 0.9 million was recognised in 2022.

Lastly, MISE holds minority interests in some motorway concession companies, the main ones being APL (with 36.7% of the capital) and Tangenziali Esterne di Milano S.p.A.(hereinafter referred to as "**TEM**"), described in more detail in section 6.5.
With respect to TEM, 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. 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). 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 Aleàtica 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.

Renewal and approval of the Economic and Financial Plan

With regard to the issues relating to the renewal and approval of the Economic and Financial Plan (EFP) attached to the motorway concession, and the relative impacts on tariff trends, please recall that motorway sector regulations require the EFP to be updated every five years by 30 June of the first year of the new regulatory period. Pursuant to the Consolidated Agreement entered into on 7 November 2007, the second regulatory period 2013-2017 ended on 31 December 2017 and therefore it was necessary to proceed with the approval of Additional Agreement no. 2, and the updating of the EFP.

As mentioned in previous reports, although the subsidiary took action within the regulatory timeframe, the process of updating the EFP has been affected by numerous regulatory changes over the years and therefore is still ongoing. In this sense, on 23 February 2022 MIMS sent MISE the draft of Additional Agreement no. 2 for the complete drafting of the EFP update file to be submitted to ART to obtain its opinion. Lastly, on 9 January 2023, with ruling no. 24/2023, the Piedmont Regional Administrative Court rejected the appeal filed by the subsidiary against ART resolutions no. 16/2019 and no. 69/2019, aimed at introducing a toll rate system relating to motorway concessions that includes elements of strong discontinuity with respect to the provisions of the Consolidated Agreement signed on 7 November 2007.

In light of the foregoing, in order to define Additional Agreement no. 2, MISE began the process of approving a new proposal to update the EFP that fully incorporates the indications of the above-mentioned ART resolutions, particularly with regard to efficiency gains and the effects of shifting the tariff regulatory period. It should be noted that, complying with the dictates of ART Resolution no. 69/2019, the EFP update was prepared starting from the development of a Regulatory Financial Plan (RFP) for the period from 2020 to 2028. Indeed, in accordance with the resolution, 2018 represents the “base” year and 2019 represents the “bridge” year on which to calculate the changes in the operating tariff at the beginning of the regulatory period, which extends from 2020 to 2024 (originally 2018-2022).

In addition, activities began for the certification of relief relating to the quantification of the economic effects of COVID-19. The recovery of these lost revenues, as well as the simulation of the impact of the adoption of estimated new inflation rates as of financial year 2024, will be included in the EFP by way of the “notional items” mechanism as of the next regulatory period.

Automotive hydrogen distributors

The subsidiary developed the project for five hydrogen refuelling stations at unused service areas on the A50 in Rho, the A51 in Carugate, and the former motorway toll stations in Tortona on the A7. The project is modular and allows for progressive implementation (according to the evolution of hydrogen demand and new technologies, providing a state-of-the-art design) in terms of number of hydrogen filling stations on the network and capacity (quantity of hydrogen).

The investment fits within the Group's strategies, with reference to Directive 2014/94/EU, transposed by Legislative Decree 257/2016, which calls for the construction of an adequate number of hydrogen refuelling points. The project aims to develop Italy's first motorway hydrogen refuelling network by creating a “Zero-Emission” motorway corridor and has as its main objective the activation of a coordinated network of hydrogen refuelling points.

In June 2022, the five projects were submitted to the European Commission to obtain a grant (EU action grant) through participation in the “CEF Transport 2021 for Alternative Fuels Infrastructure Facility” call for tenders. Also in June, the SUAP (One-stop service desk for business activities) procedures of the respective municipalities were activated for the initiation of service conferences aimed at obtaining authorisations, clearances and permits for the construction of the five fuelling stations. All relevant authorisations were received at 31 December 2022.

On 12 September 2022, the project received the above-mentioned CEF contribution of EUR 13.7 million from the European Commission, representing 30% of the total investment. One of the grant's condition is the co-financing of at least 10% of the initiative amount by a financial intermediary. In order to meet this requirement, on 2 December 2022 MISE took out a loan for about EUR 4.7 million from the credit institution Intesa Sanpaolo S.p.A, which expressed its willingness to support the initiative.
At its meeting on 30 November 2022, the Board of Directors decided to proceed with a restricted procedure pursuant to art. 61 of the Code for the conclusion of a framework agreement with a single operator pursuant to art. 54, paragraph 3 of the Code for the executive design and construction of the five hydrogen service stations.

6.5 MAIN INVESTEES MEASURED WITH THE EQUITY METHOD

TRENORD

Trenord (50% jointly owned with Trenitalia S.p.A.) is one of the most important suburban and regional local public rail transport companies in Europe, in terms of both size and widespread service: its 460 stations, located across 2,000 kilometres of railway network in Lombardy and some provinces in neighbouring regions under the jurisdiction of two operators (FERROVIENORD and RFI of the FS Group), mean that 77% of Lombardy's municipalities have a railway station within a radius of 5 km, serving 92% of the region's residents. Trenord also manages passenger transport services on the Milan Railway Link and connects seven provinces of neighbouring regions (Alessandria, Novara, Parma, Piacenza, Verbano-Cusio-Ossola, Vercelli and Verona), as well as the Canton of Ticino, through TILO (50% owned jointly with the Swiss Federal Railways) and operates the Malpensa Express airport connection to Malpensa International Airport.
The subsidiary has a fleet of more than 400 trainsets leased from FNM and TRENITALIA, or made available, through FERROVIENORD, by the Lombardy Region, which enable it to operate around 2,200 trains every day.

The railway service is managed under a Public Service Contract for public rail transport 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, until 31 July 2023, under the same contractual conditions. In addition to the basic contract, Trenord manages the Public Service Contract - in a temporary grouping of companies with ATM S.p.A. - concerning services on the S5 Varese/Gallarate/Pioltello/Treviglio Line signed on 18 December 2008.

The renewal of the Public Service Contract for the duration of 120 months starting from 1 August 2023 is currently being negotiated, consistent with the pre-information notice regarding the assignment to Trenord of the public rail transport service pursuant to Regulation (EC) no. 1370/2007 published in the Official Journal of the European Union on 27 December 2019, as amended on 20 December 2021.

The subsidiary also provides traction and personnel for international train connections between Italy, Germany and Austria on the Brennero line in cooperation with Deutsche Bahn and Österreische Bundes Bahn.

AUTOSTRADA PEDEMONTANA LOMBARDA (APL)

Another one of MISE's investee companies is APL: a concessionaire company for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and associated works, for a total of approximately 200 km (including junctions and associated works), of which 85 km in operation since 2015 (A and B1 sections, A59 and A60), based on a 30-year concession starting from the entry into operation of the entire motorway link.
Relations between APL and the Awarding Body (Concessioni Autostradali Lombarde S.p.A. or "CAL") are governed by the Consolidated Agreement entered into on 1 August 2007 and the relative Additional Agreements (Additional Agreement no. 1 entered into on 6 May 2010, Additional Agreement no. 2 entered into on 29 September 2016 and effective as of February 2020).

It is a complex intervention, on an engineering and environmental level, due to the development of the route, the importance of the connected infrastructures and the type of territory crossed. APL is also the first motorway in Italy to have the Free Flow Multi Lane collection system, which allows the amount of the toll to be calculated according to the actual use of the infrastructure, avoiding the use of toll booths and physical barriers.

Sections B2, C and D

For the complete implementation of the services covered by the Agreement, as of today the executive design and construction activities of the second part of the work, consisting of motorway sections B2, C and D, and associated works, remain under the responsibility of APL.

With regard to the B2 and C sections, in the second half of 2022 the dispute with Consorzio Stabile SIS, which, on 2 October 2021, had challenged the tender award decision before the Milan Regional Administrative Court, was settled in APL's favour, thus permitting the operational phase of relations with the General Contractor to begin. Therefore, on 5 December 2022, a contract was signed with Webuild Italia S.p.A. (lead company of the temporary grouping of companies consisting of the companies Webuild Italia S.p.A., Partecipazioni Italia S.p.A and Impresa Pizzarotti & C S.p.A.[7]) for the assignment of executive design activities, safety coordination during the executive design phase and the execution of the works. With a start order dated 12 December 2022, contractual activities began, including the drafting of the executive project. Lastly, by means of an appeal notified on 25 November 2022, Consorzio Stabile SIS lodged an appeal before the Council of State to annul and/or amend the ruling of the Lombardy Regional Administrative Court that ruled on the first instance case concerning the challenge against the final award of the tender to the General Contractor. The hearing was scheduled by the Council of State for 23 February 2023, after which judgement in the case was deferred to a later date.

With regard to the works for section D, it should be noted that the updating of the final project for the section in question was temporarily suspended, consistent with the provisions of Additional Agreement no. 2 to the Consolidated Agreement and the requests of the Awarding Body to evaluate alternatives to the final project of 2010. Following the approval of the Technical-Economic Feasibility Project on 13 July 2021, the final design of "short section D" began on 12 October 2021, and is expected to be completed by 30 June 2023. The acquisition of the business unit from MISE Engineering, described in more detail in section 6.4, fits within this context.

Renewal and approval of the Economic and Financial Plan

Following the conclusion, with a negative outcome, of the legal proceedings on the appeal brought by APL against ART resolution no. 106/2020, the work of the technical roundtable continued in the course of 2022 to finalise the approval of Additional Agreement no. 3 and the relative EFP - the conclusion of which is one of the conditions precedent to the disbursement of the Senior Loan 1 referred to below - which led on 18 May 2022 to the approval by APL of the *2020 EFP Rev. 2* as well as its submission to the MIMS and ART on 8 June 2022. ART opinion no. 11/2022 published on 23 September 2022 highlighted new observations, the implementation of which entailed amendments to the Consolidated Agreement and subsequent Additional Agreements, in order to adapt the agreement provisions to the changed regulatory framework on motorway concessions and, in particular, in consideration of the tariff system approved by the above-mentioned ART resolution

[7] The companies Webuild S.p.A. and Astaldi S.p.A. were involved in extraordinary corporate transactions, concerning the sale of business units affected 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.

no. 106/2020. This activity was concluded with the approval by APL's Board of Directors on 6 December 2022 of the EFP and the draft Additional Agreement no. 3 to the Consolidated Agreement, updated in accordance with ART opinion no. 11/2022 and the ART note of 6 May 2021, subsequently sent to CAL on 14 December 2022. The above documents were transmitted by the Awarding Body to the MIMS for the continuation of the approval process on 19 December 2022.

Financing the construction of sections B2 and C

To support the construction of sections B2 and C, on 31 August 2021 APL took out a EUR 1,741 million loan (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 lead partner.

Having met the deadline of 31 August 2021, APL will also be able to benefit from the tax exemption as per Additional Agreement no. 2 to the Consolidated Agreement approved by the CIPESS for a nominal total of EUR 800 million. The tax exemption measures were granted in lieu of an additional public grant due to APL to ensure the economic-financial balance of the infrastructure works and consist of the possibility of offsetting, in full or in part, both direct and indirect taxes (IRES, IRAP and VAT) for the entire duration of the concession.

It should lastly 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.

With reference to Senior Loan Agreement 1, the constant discussions with the financing institutions aimed at enforcing the fulfilment of the requirements set forth in the Senior Loan Agreement 1 in order to have the funds disbursed led, in the course of 2022, to the formulation by APL of certain requests for waivers/authorisations. In this regard, APL obtained the second letter of consent in March 2022, postponing certain authorisations until more visibility could be obtained as to the work construction schedule. The company also formalised an “overall” request for consent on 22 December 2022 - followed by a supplement on 20 January 2023 - in which it mainly: (i) informed the banks of the contractual text signed with the General Contractor as well as the approval of Additional Agreement no. 3 and the EFP as described above; (ii) requested the postponement of the “Long Stop Date” from 31 January 2023 to 15 December 2023 (the date from which, theoretically, the financing institutions have the right to revoke the credit lines if the conditions precedent have not been met); (iii) requested consent for the acquisition of the business unit from MISE Engineering (as described in section 6.5); (iv) requested the possibility of making short-term investments with available liquidity, pending the investment in the construction of sections B2 and C. The lending institutions expressed their consent to the Company's requests.

TANGENZIALI ESTERNE DI MILANO (TEM)

As mentioned in chapter 6.4, MISE owns 22.55% of the share capital of TEM, which in turn holds a single shareholding of 48.4% of the capital of the motorway concessionaire Tangenziale Esterna S.p.A.(hereinafter “TE”), responsible for the design, construction and management of the Milan East Outer Bypass (hereinafter “TEEM”), entrusted to it under a concession by public tender with a negotiated project financing procedure. Following the awarding of the tender on 27 March 2009, the Consolidated Agreement was signed with the Awarding Body CAL, the content of which was subsequently supplemented and amended: the new Agreement signed on 29 July 2010 became fully effective on 22 November 2010.

The TEEM motorway route has a length of 32 km, from Melegnano (A1 Milan - Bologna motorway) to Agrate Brianza (A4 Milan - Venice motorway). Together with the motorway section, important work was also carried out on the ordinary provincial and municipal roads, for a total of 38 km of associated newly constructed road works and 15 km of upgraded existing roads.
On 11 June 2012, work began on the construction of the works, while the entry into operation of the motorway infrastructure took place for a first section on 23 July 2014 and for the entire project on 16 May 2015. The duration of the Concession is set at fifty years starting from the entry into operation of the entire motorway link.

In 2019, coinciding with the expiry of the first regulatory period, the application for the revision of the EFP and Additional Agreement no. 3 was formally initiated. On 18 July 2022, the Court of Auditors proceeded with the registration of Interministerial Decree no. 169 of 1 June 2022, which approved Additional Agreement no. 3 to the Concession Agreement, signed on 22 December 2021 by Tangenziale Esterna and the Awarding Body CAL. With the registration of the Court of Auditors, the long process of updating the EFP which began in 2019 was therefore concluded and the investee company was able to have the toll rate increases for 2022 and 2023 recognised, respectively equal to 4.34% as of 1 August 2022 (Interministerial Decree no. 553 of 31 December 2021) and 4.34% as of 1 January 2023 (Interministerial Decree no. 438 of 30 December 2022).

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It should be noted that, as a result of the valuation using the equity method, the contribution of the jointly controlled companies Trenord (and its associated company TILO), NORD ENERGIA (and its subsidiary CMC Mesta), NordCom, Omnibus Partecipazioni and the associated companies DB Cargo, Busforfun, SportIT, APL and Tangenziali Esterne di Milano 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.

7 INFORMATION FOR INVESTORS

FNM is a joint-stock company listed since 1926 on the Euronext Milan market (EXM, formerly Mercato Telematico Azionario - MTA) organised and managed by Borsa Italiana.

The FNM share is also present in the general indexes of the Italian Stock Exchange (FTSE Italia All Share, FTSE Italia All Share Capped and FTSE Italia Small Cap) and is part of the FTSE Italy Travel and Leisure super sector.

Market on which the shares are listed	EXM (ex. MTA)
ISIN Code	IT0000060886
Ticker	FNM

7.1 THE MACROECONOMIC SCENARIO IN 2022[8]

During 2022, the international economic environment was 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 first half of the year. 2022 was also affected by rising geopolitical tensions culminating in Russia's invasion of Ukraine and the restrictive orientation of monetary policies aimed at limiting inflation.

The various shocks that struck the global economy dampened the pace of global GDP growth, which came to +3.3%. The global economy was also affected by the health restrictions imposed in China to control new pandemic outbreaks and the recession in the housing sector, which led to a sharp slowdown in China's GDP growth rate. As regards economic activity in the Eurozone, the macroeconomic projections formulated in December 2022 by Eurosystem experts forecast annual real GDP growth of +3.4% in 2022, mostly due to the strong recovery over the summer. Italy's GDP is expected to grow at a sustained pace in 2022 (+3.9%) driven by the trend in domestic demand, thanks to the high level of private savings accumulated in past years.

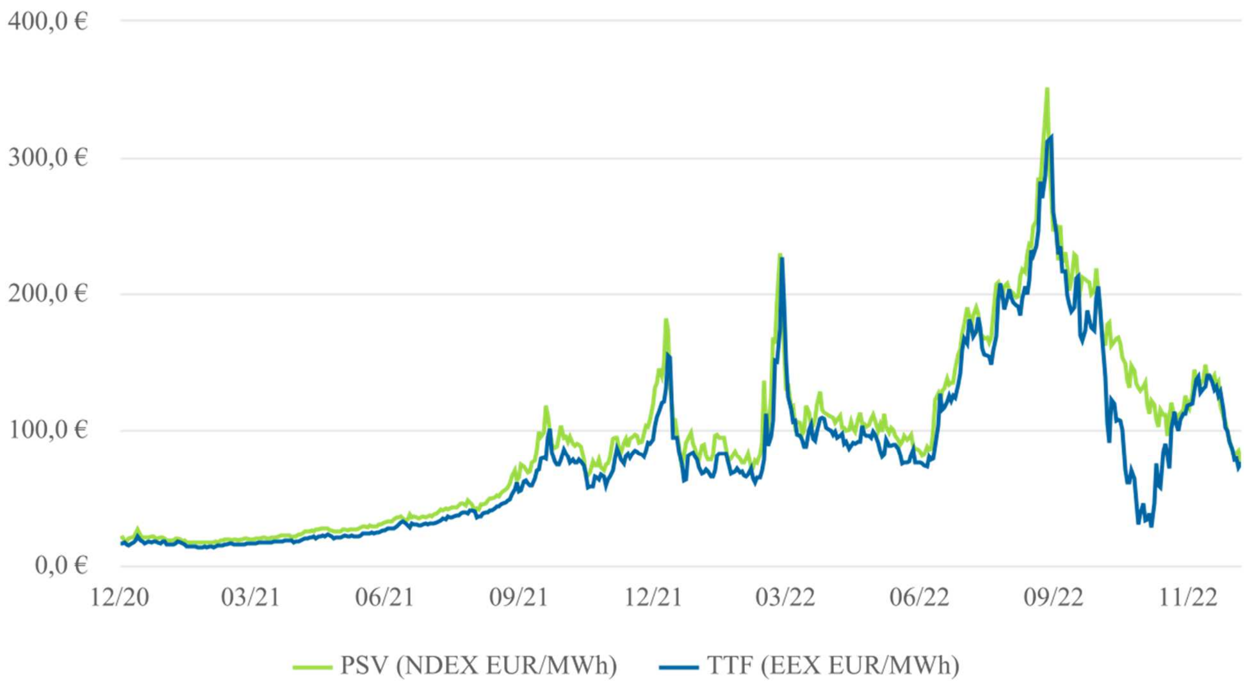
Starting at the end of February, the Russian invasion of Ukraine caused sharp rises in the prices of several commodities. According to ANCE data, the price of reinforcing bars rose by +40.2% compared to the same period last year, after +54.1% in 2021, reaching an annual increase of +111% in May 2022 and then gradually falling back over the following months. Similarly, bitumen also recorded a price increase of +37.6% in the period under review, although the price is beginning a slight decline from the peaks reached in Q1 2022. The impact was particularly strong in the natural gas market - quickly transferring to electricity prices - due to the increased relevance of

[8] Sources: Economic Bulletin 2, 3 and 4/2022, 1/2023, Istat, Ance, Factset, Ministry of Environment and Energy Security

infrastructure constraints and the European Union's high dependence on imports from Russia to cover its energy needs. In addition, strategic considerations led many European states to embark on an accelerated path of reducing oil and gas imports from Russia.

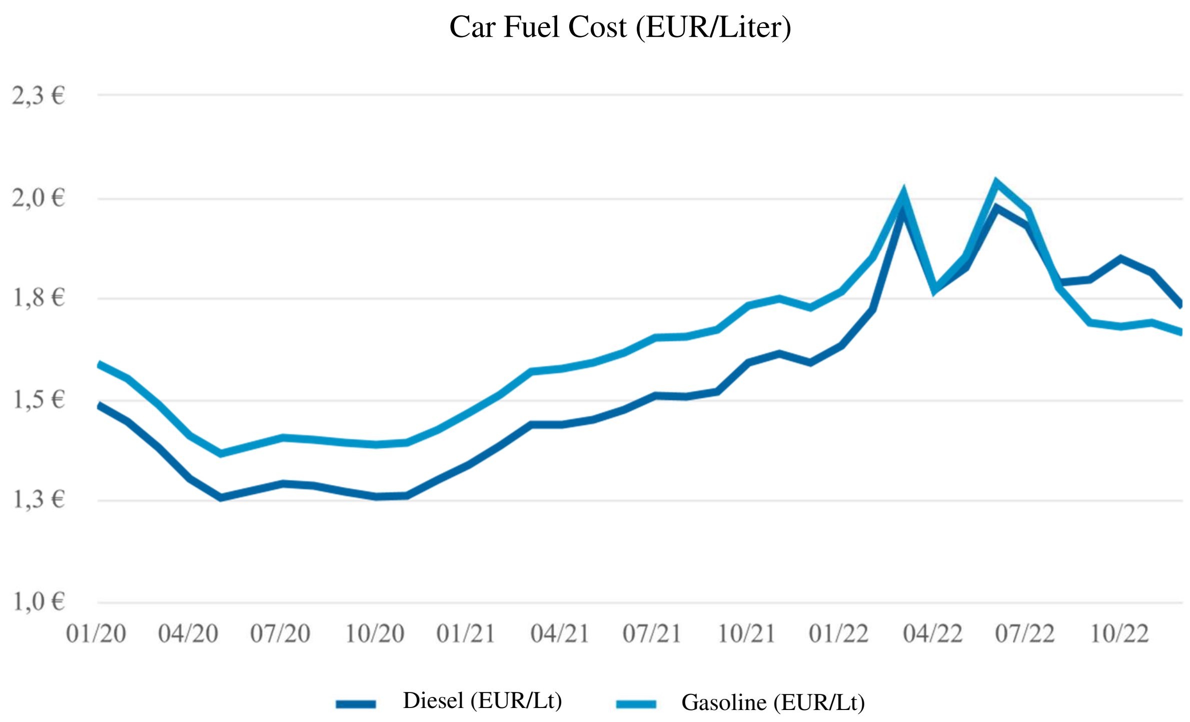
In particular, the price of European natural gas traded on the Dutch Title Transfer Facility (TTF) market was extremely volatile, reaching an all-time high of EUR 345.7 per megawatt-hour following the announcement that the taps would be closed on the NordStream pipeline. Efforts to secure alternative non-Russian gas supplies, particularly mild weather conditions, and European storage facilities close to full capacity in mid-November led to a sharp drop in gas prices in Europe, close to the values recorded in 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 1.2 per cubic metre in December 2022, basically stable compared to December 2021.

Natural gas spot price (EUR/MWh)



Source: FactSet

A similar trend, albeit less pronounced, can be seen in the price of oil (the average Brent price was USD 99.8 per barrel in 2022 vs. USD 70.8 per barrel in 2021) which, together with the EUR/USD exchange rate trend, drove fuel prices upwards: the price of automotive diesel was around EUR 1.7 per litre in December 2022 (a trend that takes into account the Government's mitigating measures such as excise duty cuts) compared to EUR 1.6 per litre at the end of 2021.



Source: Ministry of Environment and Energy Security, Energy and Mining Statistics

Inflation, already on the rise since 2021, accelerated rapidly on a global scale, also due to the indirect effects of the energy shock on other goods and services: for 2022, the change in the HCPI harmonised consumer price index is strongly influenced by energy price trends (+35%) and amounted to +8.7%.

As regards the labour market, the number of employed persons as well as total hours worked returned to the levels observed at the end of 2019: the employment rate in November stood at 60.3%, while unemployment stood at 7.8%. Contractual wage trends, excluding one-off components, remained moderate, reflecting the multi-year duration of national collective agreements and the limited impact of automatic wage indexing mechanisms. The agreements signed in 2022 (including the renewal of the National Collective Labour Agreement for road, rail and tram workers) resulted in average increases of between 2% and 3%.

The rapid rise of inflation to extraordinarily high levels and a faster-than-expected post-pandemic recovery led central banks to begin to phase out their monetary stimulus measures, resulting in a net contraction of security purchases and an increase in the cost of money:

- the Federal Reserve raised the reference rate (federal funds rate) target range by 25 basis points in March, followed by a series of consecutive hikes bringing the target rate to a level between 4.25% and 4.5% (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 European Central Bank started the process of normalising monetary policy, gradually ending its net purchases of financial assets and announcing from July onwards a phase of raising official rates. Accordingly, the interest rates on the main refinancing operations, marginal refinancing transactions and deposits at the central bank will be raised to 3.00%, 3.25% and 2.50% respectively, effective as of 8 February 2023. In view of the risks for financial stability, the ECB also announced its intention to implement a new instrument to counter market fragmentation (the “anti-spread shield”).

The shift in monetary policy caused a rapid rise in medium- and long-term rates in European markets. The 5- and 10-year rates rose by 354 and 345 basis points respectively compared to December 2021. Together with increasing uncertainty in the international scenario, the rise in rates and the reduction in official purchases by the ECB led to a further expansion of the BTP-Bund spread, which stood at around 210 basis points at the end of December. The euro depreciated sharply against the dollar, reflecting the faster reorientation of monetary policy in the United States and reaching its lowest levels in September, to then return to parity at the end of the year.

7.2 OUTLOOK 2023[9]

According to projections published by the ECB in December, Eurozone GDP is expected to grow by 0.5% in 2023, and thereafter by 1.9% in 2024 and 1.8% in 2025. Compared to the September projections, the outlook for the GDP growth rate was revised upwards by 0.3 percentage points for 2022, due to the better-than-expected data in the summer, and downwards by 0.4 percentage points for 2023, while it is unchanged for 2024. On the other hand, the updated projections for the Italian economy published by the Bank of Italy estimate a GDP that, after an increase of nearly 4% in 2022, will slow its rate of growth over the next three years, coming to 0.6% in 2023 and 1.2% in 2024-2025. Inflation is expected to fall to 6.5% in 2023 and more decisively thereafter, to 2% in 2025. Wage trends should accelerate moderately in 2023, partly mitigated by protracted negotiation processes in some private service sectors, where the share of employees awaiting renewals remains high.

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[9] ECB (December 2022) - Eurosystem staff macroeconomic projections for the euro area, Bank of Italy (January 2023) - Economic Bulletin 1/2023

Last November - following the achievement of the 45 targets and objectives set out in the National Recovery and Resilience Plan (NRRP) for the first half of last year - Italy received EUR 21 billion (EUR 10 billion in grants and EUR 11 billion in loans) relating to the second tranche of NRRP funds, bringing the total funding received so far to almost EUR 67 billion. By virtue of the achievement of the 55 targets and objectives for the second half of the year, on 30 December 2022 the Ministry of Economy and Finance sent the European Commission the request for the payment of the third instalment of the resources provided under the plan; the disbursement of the amount due, equal to EUR 19 billion, will take place at the end of the assessment process in the coming months. In the first half of 2023, 27 actions are planned, which will need to be completed before the fourth instalment can be paid.

In December, the European Parliament and the EU Council reached an initial agreement on REPowerEU financing, the funds of which may be used in national plans to respond to the energy crisis; the agreement calls for the plan to be fuelled mainly by unused loans from the Next Generation EU programme. The possibility of transferring additional resources from other European funds is also established. Once REPowerEU has received final approval, Member States will be able to receive additional resources by including a special chapter in their national plan.

7.3 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 COVID-19 Omicron variant. However, the improvement in the epidemiological scenario, and the concomitant relaxation of restrictions, generally supported both demand for local public transport and mobility by private means. Indeed, according to the quarterly report published by the Observatory on Mobility Trends prepared by the MIMS[10], the transport sector showed strong growth in demand for essentially all modes of transport in 2022.

A summary of the mobility demand trend during 2022 compared to the corresponding period in 2021 is provided below:

[10] Quarterly report of the Observatory on Mobility Trends prepared by the Technical Mission Structure of the Ministry of Infrastructure and Sustainable Mobility (MIMS), March 2023.

			Var. % I trim. 2022 – I trim. 2021	Var. % II trim. 2022 – II trim. 2021	Var. % III trim. 2022 – III trim. 2021	Var. % IV trim. 2022 – IV trim. 2021
TRASPORTO STRADALE	VEICOLI LEGGERI	ANAS	+19%	+11%	-3%	+2%
		AUTOSTRADE	+51%	+27%	-	+2%
	AUTOBUS	ANAS	n.d.	n.d.	+2%	+1%
	VEICOLI PESANTI	ANAS	+9%	+7%	-	-
		AUTOSTRADE	+7%	+7%	-1%	-1%
TRASPORTO FERROVIARIO	DOMANDA PASSEGGERI	AV	+269%	+212%	+90%	+61%
		IC/ICN	+70%	+86%	+57%	+33%
	OFFERTA SERVIZI	AV	+155%	+74%	+10%	+8%
		IC/ICN	-1%	-1%	+4%	+4%
TRASPORTO PUBBLICO LOCALE	DOMANDA PASSEGGERI	FERRO	+63%	+57%	+22%	+22%
	OFFERTA SERVIZI	FERRO	+3%	+2%	-1%	-

With regard to **road transport**, the traffic volumes of light vehicles on the ANAS network and on the motorway network under concession showed a positive trend when compared with 2021, reflecting the full resumption of work activities and the lifting of travel restrictions. In contrast, the traffic recorded in the second half of the year did not show similar increases since the recovery of traffic was already under way in the same months of 2021. A comparison with the pre-pandemic period shows that traffic levels are still 5% and 3% lower than in 2019, respectively. On the other hand, the traffic volumes of heavy vehicles showed an acceleration of travel in 2022, respectively 4% higher on the ANAS network and 3% higher on the motorway network, now stably above 2019 levels.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019
TRASPORTO STRADALE	VEICOLI LEGGERI	ANAS	-22%	-10%	-5%
		AUTOSTRADE	-32%	-15%	-3%
	AUTOBUS	ANAS	-28%	-8%	-1%
	VEICOLI PESANTI	ANAS	-9%	0%	+4%
		AUTOSTRADE	-14%	0%	+3%

Rail transport - High-Speed (HS), Intercity (IC) and Intercity Night (ICN) - against a decline in the supply of HS services of 10% compared to 2019, showed a strong yearly rebound in passenger traffic, especially in the first part of the year, but was still 16% lower than in 2019. Regarding

IC/ICN services, despite a stable offer due to the regulated nature of the segment, the number of passengers was still 10% lower than in 2029, showing a less marked recovery than HS.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019
TRASPORTO FERROVIARIO	DOMANDA PASSEGGERI	AV	-70%	-62%	-16%
		IC/ICN	-58%	-43%	-10%
	OFFERTA SERVIZI	AV	-45%	-36%	-10%
		IC/ICN	-23%	-1%	0%

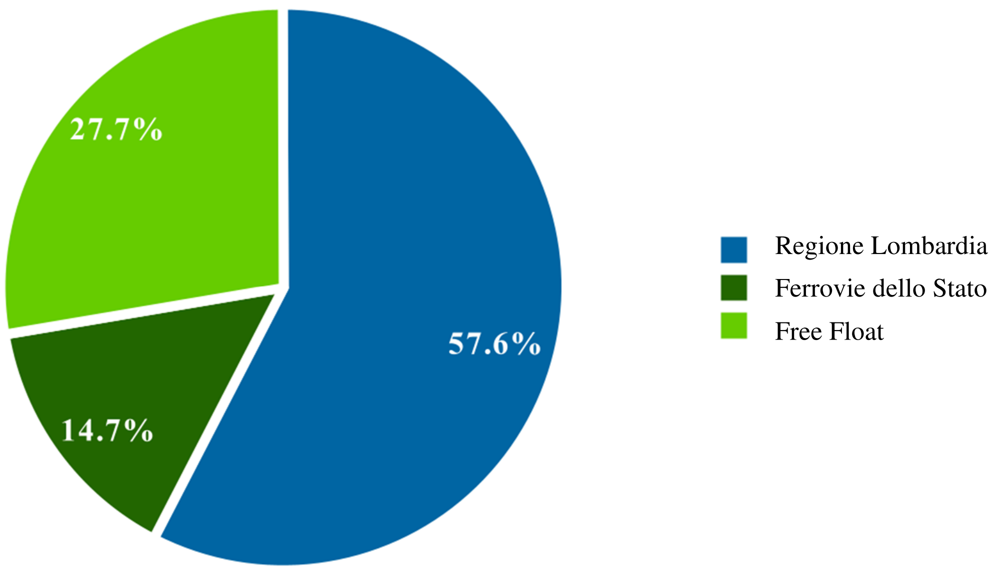
As concerns local public transport trends, in particular with regard to **regional rail transport**, the recovery in travel that had already begun in 2021 continued in 2022, stabilising however at levels still 21% lower than in 2019. This trend is influenced by many factors, including the type of routes served and passengers, also in view of the changing economic environment and changes in traveller habits (e.g. the introduction and institutionalisation of smartworking policies). Finally, it is significant to point out that, except for the period coinciding with the lockdown, there was no phase of reduction in kilometres travelled, in accordance with Ministerial Decrees, in order to ensure social distancing and avoid congestion.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019
TRASPORTO PUBBLICO LOCALE	DOMANDA PASSEGGERI	FERRO *	-54%	-43%	-21%
	OFFERTA SERVIZI	FERRO *	n.d.	n.d.	n.d.

7.4 SHAREHOLDINGS

As at 31 December 2022 the share capital amounted to EUR 230,000,000.00, corresponding to 434,902,568 ordinary shares with no par value.

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:

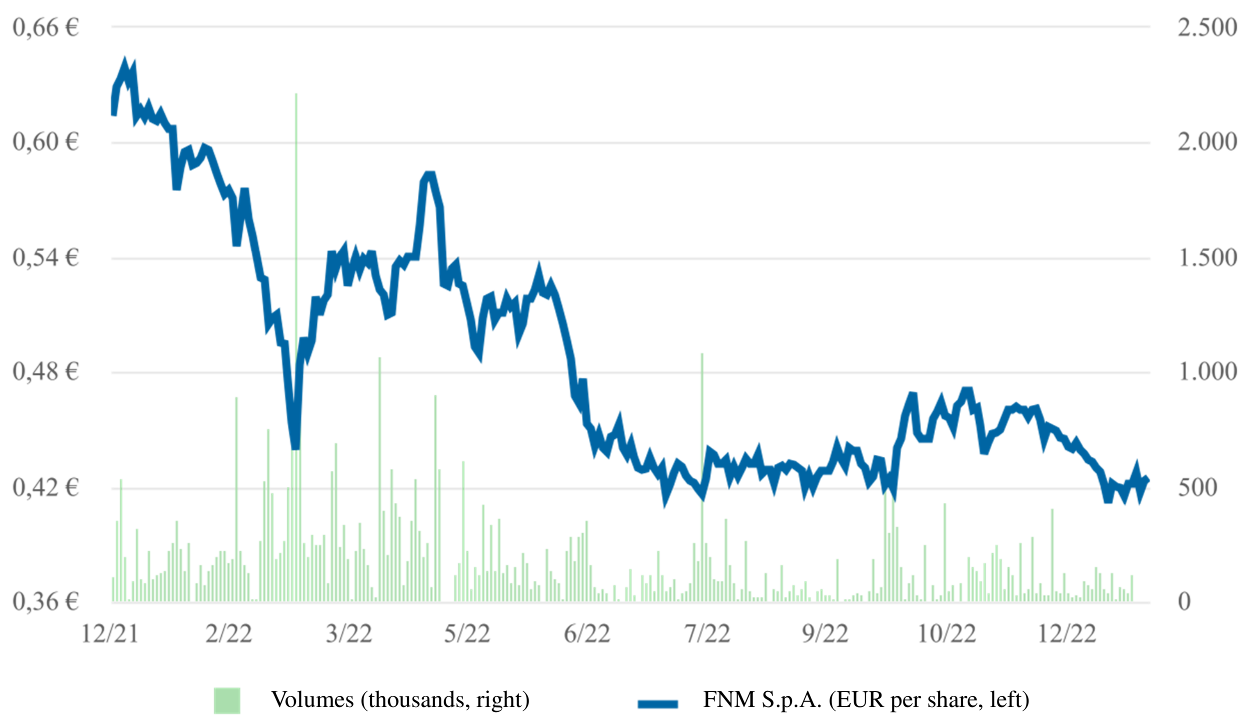


The graph shows the composition of shareholders who own stakes of over 5% of the total share capital and who have voting powers. The Lombardy Region is the majority shareholder with a 57.57% shareholding. A further 14.74% of the share capital is owned by Ferrovie dello Stato Italiane S.p.A., while the remaining shares are owned by private parties, as the Company is listed on the stock exchange.

7.5 FNM STOCK PERFORMANCE

The FNM share price at 31 December 2022 was EUR 0.42, which corresponds to a market capitalisation of EUR 184.6 million, showing a decrease of -30.9% compared to the same period in 2021. 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 0.41 at 16 December 2022. The average price for the year was EUR 0.49, corresponding to an average market capitalisation of EUR 211.1 million. Average daily trading of the shares amounted to approximately 194.1 thousand shares traded daily. In the period under analysis, a total of 49.9 million shares were traded, i.e. approximately 11.5% of the share capital, a value lower than the previous year (103.1 million shares, amounting to 24.0% of the share capital).

The share price performance during the current financial year is shown below:



Key share and stock market data for 2022	
Closing price on 30/12/2022	EUR 0.42
Number of ordinary shares (million)	434.9
Market capitalisation (EUR million)	EUR 184.6
Average price	EUR 0.49
Maximum price	EUR 0.64
Minimum price	EUR 0.41
Average volumes traded (thousand)	194.1
Maximum volumes traded (thousand)	2,220.9
Minimum volumes traded (thousand)	8.8

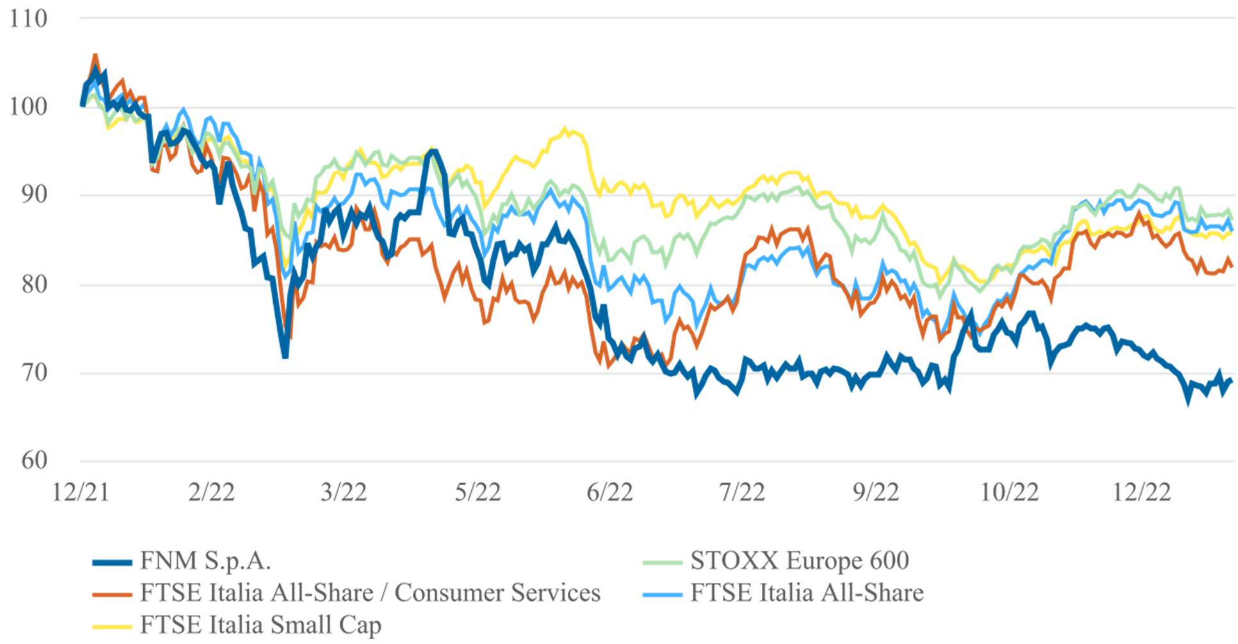
Source: FactSet Prices

Financial conditions in international markets became tenser overall, affected by high inflation, the accelerating normalisation of monetary policy by the major central banks and downside risks to the international economy. 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. From mid-October to mid-December, share prices rose in all major markets, returning to mid-2022 levels.

As regards the Italian market, in the first half of 2022 the FTSE Italia All Share fell by 14.1% since the start of the year, more than the other major Eurozone economies (Stoxx Europe 600 index -12.9%).Similar trends were recorded for the small cap indexes. Over the same period, FNM's share price fell by 30.9% from EUR 0.61 per share at 31 December 2021 to EUR 0.42 per share at 31

December 2022. In the second half of the year, the share price substantially stabilised around an average of EUR 0.44 per share, not benefiting from the recovery in market sentiment in the final quarter of 2022.
The FNM stock performance compared to the main reference indexes in 2022 is shown below:

Price at 31/12/2021 = 100



Source: FactSet Prices

7.6 RATING

The Company's creditworthiness has been evaluated as investment grade by two leading rating agencies, with Fitch assigning it a rating of BBB with stable outlook and Moody’s assigning it a rating of Baa3 with stable outlook, both unchanged compared to 2021.
Both ratings also apply to the EMTN Programme (Euro Medium Term Note Programme), the constitution of which was approved on 16 September 2021, and the EUR 650 million bond issue placed on 13 October 2021.

For further information, please refer to the notes published on the Agencies' websites, and in the Investor > Debt and Credit Rating > Credit Rating section of the Group's website.

8 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

8.1 ECONOMIC DATA SUMMARY

The reclassified income statement for the year is shown below, compared with that of 2021. For the sake of a complete disclosure, in the following reclassified income statement the items “costs of construction services - IFRIC 12” and “revenues from construction services - IFRIC 12”, relating exclusively to the concessionaire companies FERROVIENORD and MISE in which, in application of IFRIC 12, the amounts of the funded investments made during the year and the corresponding contributions are recognised, are stated net in “Other revenues and income”. Comments on the gross values of investments are provided in section 8.3.

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 6.4 below, the twelve-month period of 2021 includes the economic effects arising from the line-by-line consolidation of MISE and its subsidiary Milano Serravalle Engineering from 26 February 2021.

Amounts in millions of euros	**2022**	**2021**	**Change**	***Change %***
Revenues from sales and services	567.2	483.3	83.9	*17.4 %*
Other revenues and income	38.2	30.7	7.5	*24.4 %*
TOTAL REVENUES AND OTHER INCOME	***605.4***	***514.0***	***91.4***	***17.8 %***
Operating costs	(250.2)	(207.0)	(43.2)	*20.9 %*
Personnel costs	(162.1)	(153.5)	(8.6)	*5.6 %*
ADJUSTED EBITDA	***193.1***	***153.5***	***39.6***	***25.8 %***
Non-ordinary Income and Expenses	—	0.4	(0.4)	*-100.0 %*
EBITDA	***193.1***	***153.9***	***39.2***	***25.5 %***
Depreciation, amortisation and write-downs	(92.0)	(78.0)	(14.0)	*17.9 %*
EBIT	***101.1***	***75.9***	***25.2***	***33.2 %***
Financial income	8.7	2.9	5.8	*N/A*
Financial expenses	*(12.8)*	*(24.3)*	*11.5*	*N/A*
NET FINANCIAL INCOME	*(4.1)*	*(21.4)*	*17.3*	*N/A*
EARNINGS BEFORE TAX	***97.0***	***54.5***	***42.5***	***N/A***
Income taxes	(28.2)	(17.1)	(11.1)	*N/A*
ADJUSTED COMPREHENSIVE INCOME	**68.8**	**37.4**	**31.4**	***N/A***
Profit of companies measured with the Equity method	0.8	5.7	(4.9)	*N/A*
COMPREHENSIVE INCOME	**69.6**	**43.1**	**26.5**	***N/A***
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**1.1**	**2.3**	**(1.2)**	***N/A***
COMPREHENSIVE GROUP INCOME	**68.5**	**40.8**	**27.7**	***N/A***

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

Amounts in millions of euros	2022	2021 FNM GROUP	01 January 2021 - 26 February 2021 MISE	2021 PRO-FORMA	Difference 2022 vs 2021 PRO-FORMA	Difference 2022 vs 2021 PRO-FORMA %
	A	B	C	D= B+C	E = A - D	*E/D*
Revenues from sales and services	567.2	483.3	28.4	511.7	55.5	*10.8%*
Other revenues and income	38.2	30.7	1.3	32.0	6.2	*19.4%*
TOTAL REVENUES AND OTHER INCOME	***605.4***	***514.0***	***29.7***	***543.7***	***61.7***	***11.3%***
Operating costs	(250.2)	(207.0)	(10.4)	(217.4)	(32.8)	*15.1%*
Personnel costs	(162.1)	(153.5)	(7.5)	(161.0)	(1.1)	*0.7%*
ADJUSTED EBITDA	***193.1***	***153.5***	***11.8***	***165.3***	***27.8***	***16.8%***
Non-ordinary Income and Expenses	-	0.4	-	0.4	(0.4)	*n.d.*
EBITDA	*193.1*	*153.9*	*11.8*	*165.7*	*27.4*	*16.5%*
Depreciation, amortisation and write-downs	(92.0)	(78.0)	(1.7)	(79.7)	(12.3)	*15.4%*
EBIT	***101.1***	***75.9***	***10.1***	***86.0***	***15.1***	***17.6%***
Financial income	8.7	2.9	1.1	4.0	4.7	*n.d.*
Financial expenses	(12.8)	(24.3)	(1.0)	(25.3)	12.5	*n.d.*
NET FINANCIAL INCOME	*(4.1)*	*(21.4)*	*0.1*	*(21.3)*	*17.2*	*n.d.*
EARNINGS BEFORE TAX	*97.0*	*54.5*	*10.2*	*64.7*	*32.3*	*n.d.*
Income tax	(28.2)	(17.1)	(2.0)	(19.1)	(9.1)	*n.d.*
ADJUSTED COMPREHENSIVE RESULT	**68.8**	**37.4**	**8.2**	**45.6**	**23.2**	***n.d.***
Profit of companies measured with the Equity method	0.8	5.7	(0.6)	5.1	(4.3)	*n.d.*
COMPREHENSIVE RESULT	**69.6**	**43.1**	**7.6**	**50.7**	**18.9**	***n.d.***
RESULT ATTRIBUTABLE TO NCIs	**1.1**	**2.3**	**-**	**2.3**	**(1.2)**	***n.d.***
COMPREHENSIVE GROUP RESULT	**68.5**	**40.8**	**7.6**	**48.4**	**20.1**	***n.d.***

The income statement is shown below with only the pro-forma balances for 2022 and the comparison year 2021.

Amounts in millions of euros	2022	2021 PRO-FORMA	Change	*Change %*
Revenues from sales and services	567.2	511.7	55.5	*10.8 %*
Other revenues and income	38.2	32.0	6.2	*19.4 %*
TOTAL REVENUES AND OTHER INCOME	***605.4***	***543.7***	***61.7***	***11.3 %***
Operating costs	(250.2)	(217.4)	(32.8)	*15.1 %*
Personnel costs	(162.1)	(161.0)	(1.1)	*0.7 %*
ADJUSTED EBITDA	***193.1***	***165.3***	***27.8***	***16.8 %***
Non-ordinary Income and Expenses	—	0.4	(0.4)	*-100.0 %*
EBITDA	***193.1***	***165.7***	***27.4***	***16.5 %***
Depreciation, amortisation and write-downs	(92.0)	(79.7)	(12.3)	*15.4 %*
EBIT	***101.1***	***86.0***	***15.1***	***17.6 %***
Financial income	8.7	4.0	4.7	*N/A*
Financial expenses	*(12.8)*	*(25.3)*	*12.5*	*N/A*
NET FINANCIAL INCOME	***(4.1)***	***(21.3)***	***17.2***	***N/A***
EARNINGS BEFORE TAX	***97.0***	***64.7***	***32.3***	***N/A***
Income taxes	(28.2)	(19.1)	(9.1)	*N/A*
ADJUSTED COMPREHENSIVE INCOME	**68.8**	**45.6**	**23.2**	***N/A***
Profit of companies measured with the Equity method	0.8	5.1	(4.3)	*N/A*
COMPREHENSIVE INCOME	**69.6**	**50.7**	**18.9**	***N/A***
PROFIT ATTRIBUTABLE TO NON-CONTROLLING	**1.1**	**2.3**	**(1.2)**	***N/A***
COMPREHENSIVE GROUP INCOME	**68.5**	**48.4**	**20.1**	***N/A***

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

The **revenues from sales and services**, inclusive of public grants, recorded a net increase of EUR 55.5 million, i.e. approximately 10.8%, for the following reasons:

– motorway toll revenues of EUR 255.0 million (EUR 225.7 million in 2021) increased by EUR 29.3 million, or 13.0% compared to 2021, mainly due to the 2.62% toll increase applied as of January 2022 on the motorway network under concession, as well as the traffic trend (+12.35%) and its composition between light and heavy vehicles;

– revenues related to design and construction supervision for works on the railway network increased by EUR 4.7 million;

– revenues from ticketing on public road transport increased by EUR 6.6 million, in relation to the gradual regression of the COVID-19 emergency and the associated easing of the restrictions on movement, going from EUR 31.9 million in 2021 to EUR 27.8 million during the year;

– revenues from the rental of rolling stock increased by EUR 3.5 million mainly due to higher revenues on ROCK, POP, Caravaggio and Donizetti trains, for EUR 3.8 million, on TILO trains rented to Trenord, for EUR 2.8 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 trains, for EUR 1.8 million, and TAF, for EUR 1 million.

– income from service area concessions benefited not only from the positive traffic trend but also from the renewal of several contracts, with more favourable economic conditions, resulting in an increase of EUR 3.1 million, equal to a 66.8% increase compared to 2021;

– the fee from the Infrastructure Management Public Service Contract decreased by EUR 21.2 million, from EUR 84.9 million to EUR 63.7 million. The change is mainly due to the different way in which the network access fee is charged, which, as a result of Regional Government Decree no. X/56356 of 30 November 2021, means that the access fee is paid directly by the railway companies (thus rising from EUR 2.4 million to EUR 23.6 million, an increase of EUR 21.3 million compared to 2021) and no longer as a consideration for the Public Service Contract;

– revenues from public contracts and grants relating to the public road transport service remained substantially unchanged due to the combined effect of the Veneto Region's recognition of two adjustments to the per-kilometre fee recognised against the kilometres travelled, which offset the decrease in offsetting measures (EUR -4.2 million) relating to the loss of LPT traffic revenues as a result of the COVID-19 emergency[11]. Specifically with regard to adjustments, the first comes from a one-off contribution by the Veneto Region, amounting to EUR 0.9 million, to offset the increase in the cost of fuels (Regional Government Decree 1012/2022), and the second was obtained as a result of the allocation of additional resources by the State to the National Transport Fund (about EUR 100 million/year for the LPT sector from 2022 to 2025), amounting to about EUR 1.3 million.

Other revenues and income showed a net increase of EUR 6.2 million compared to 2021, attributable, for EUR 3.3 million, to higher income from the recovery of general expenses related to construction services for the renewal of rolling stock and the modernisation of railway infrastructure, in relation to higher investments compared to the comparative year and, for EUR 2.4 million, to the higher recovery of management costs of the Agrate and Terrazzano barriers, recoveries of service area maintenance expenses and income from the management of the interconnected network.

[11] 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".

Total revenues and other income thus rose by 11.3% and can be broken down into the four business areas as follows:

Amounts in millions of euros	**2022**	**2021 PROFORMA**	***Change***	***Chg %***
Rosco & Services	82.1	77.1	*5.0*	*6.5 %*
Railway infrastructure	144.4	131.8	*12.6*	*9.6 %*
Road passenger mobility	133.5	124.0	*9.5*	*7.7 %*
Motorways	280.7	242.6	*38.1*	*15.7 %*
Intercompany eliminations	(35.3)	(31.8)	*(3.5)*	*11.0 %*
Total	**605.4**	**543.7**	**61.7**	***11.3 %***

Operating costs recorded a net increase of EUR 32.8 million (15.1%) for the following main reasons:

– diesel and methane costs, at EUR 20.0 million, increased by EUR 8.0 million in relation to the increase in the purchase price recorded during the year and the increase in kilometres travelled;

– an increase of EUR 6.1 million in expenses of design, project management and safety coordination activities outsourced to third parties, of which EUR 4.6 million for railway infrastructure maintenance and EUR 1.0 million for motorway infrastructure maintenance;

– increase in utilities due to price increases, of EUR 4.9 million;

– increase of EUR 3.2 million in motorway traffic-related costs (collection costs and concession fee);

– increase in provisions for cyclical maintenance due to the entry into service of the ROCK, POP, Caravaggio and Donizetti trains, in the amount of EUR 2.1 million;

– increase in insurance costs due to the renewal of policies at more onerous conditions, in the amount of EUR 1.6 million.

Personnel costs, which increased from EUR 161.0 million to EUR 162.1 million, are substantially in line with the 2022 comparative period due to the combined effect of higher costs due to the increase in the average number of employees (+12 FTEs), partially offset by lower provisions for the CCNL (National Collective Bargaining Agreement) renewal fund amounting to EUR 1.1 million, and by the reimbursement for the higher social security charges incurred by companies in the local public transport sector as a supplement to sickness benefits for the years 2015, 2016, 2017 and 2018, amounting to EUR 1.9 million.

Adjusted EBITDA (excluding non-ordinary items), amounting to EUR 193.1 million, increased by 16.8% and is broken down into the four business segments as follows:

Amounts in millions of euros	**12 MONTHS 2022**	**12 MONTHS 2021**	***Change***	***Chg %***
Rosco & Services	45.5	46.2	*(0.7)*	*-1.5 %*
Railway infrastructure	7.7	5.1	*2.6*	*51.0 %*
Road passenger mobility	11.9	12.7	*(0.8)*	*-6.3 %*
Motorways	128.0	101.3	*26.7*	*26.4 %*
Total adjusted EBITDA	**193.1**	**165.3**	***27.8***	***16.8 %***

Non-ordinary income/expenses for the comparative year amounted to EUR 0.4 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 1.8 million, mainly attributable to costs incurred for the MISE acquisition.

Depreciation, amortisation and write-downs showed a net increase of EUR 12.3 million, primarily due to the impairment of goodwill referring to the subsidiary ATV and the right of use of E-Vai, amounting to EUR 2.7 million and EUR 2.9 million, respectively.

Comprehensive EBIT amounted to EUR 101.1 million, compared with EUR 86.0 million in 2021, a net increase of EUR 15.1 million compared to the previous year.

The **comprehensive net financial loss** in 2022 was EUR -4.1 million compared to a loss of EUR -21.3 million in 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 period. Also, it should be noted that income of EUR 4.2 million related to the change in the discount rate for the motorway infrastructure upgrade and rolling cyclical maintenance provision.

Earnings before taxes, that do not include the result of the companies accounted for using the equity method, amounted to EUR 97.0 million, an increase compared to EUR 64.7 million in 2021.

Income taxes, amounting to EUR 28.2 million, increased by EUR 9.1 million compared to 2021 due to the Group’s higher taxable income.

The **profit/(loss) of companies valued by the equity method** recorded a profit of EUR 0.8 million, compared with a profit of EUR 5.1 million in 2021, mainly due to the trend in the result of the investees Trenord and APL. This item is broken down as follows:

Amounts in thousands of euros	**2022**	**2021**	***Change***
Trenord S.r.l. *	(3,553)	57	*(3,610)*
Autostrada Pedemontana Lombarda	(402)	626	*(1,028)*
Tangenziali Esterne di Milano S.p.A.	(1,383)	(1,866)	*483*
NORD ENERGIA S.p.A. in liquidation**	1,705	2,068	*(363)*
DB Cargo Italia S.r.l.	2,774	2,356	*418*
Omnibus Partecipazioni S.r.l. ***	1,711	1,937	*(226)*
NordCom S.p.A.	231	453	*(222)*
Busforfun.Com S.r.l.	(4)	(550)	*546*
SportIT	(262)	(9)	*(253)*
Result of companies valued at equity	**817**	**5,072**	***(4,255)***

* 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 9, "Operating performance of business segments", in the sections dedicated to Ro.S.Co. & Services and Motorways, respectively.

In the FY 2022, as in the comparative year 2021, there were no profits from discontinued operations.

The consolidated **comprehensive Net Result** of the year 2022 is a profit of EUR 69.6 million, versus a profit of EUR 50.7 million in 2021, due to the effects described above essentially deriving from the regression of the epidemic emergency.

8.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 31 December 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 6.2 of the management report 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 year.

Amounts in millions of euros	31/12/2022	31/12/2021	Change
Inventories	12.1	9.5	2.6
Trade receivables	153.0	133.1	19.9
Other current receivables	85.8	83.2	2.6
Current financial assets	8.9	7.8	1.1
Receivables for funded investments	47.6	39.8	7.8
Trade payables	(166.6)	(168.3)	1.7
Other current payables and current provisions	(147.4)	(120.1)	(27.3)
Operating Net Working Capital	***(6.6)***	***(15.0)***	***8.4***
Other receivables - Rolling Stock 2017 - 2032	64.0	47.5	*16.5*
Receivables for funded investments - Rolling stock 2017 - 2032	201.7	98.3	*103.4*
Trade Payables - Rolling Stock 2017 - 2032	(304.1)	(204.0)	*(100.1)*
Net Working Capital Funded Investments	***(38.4)***	***(58.2)***	***19.8***
Net Working Capital Total	***(45.0)***	***(73.2)***	***28.2***
Fixed assets	840.8	748.4	92.4
Equity investments	171.8	158.7	13.1
Assets and liabilities held for sale	14.9	—	14.9
Non-current receivables	175.1	241.3	(66.2)
Non-current payables	(31.1)	(25.9)	(5.2)
Provisions	(95.0)	(123.8)	28.8
NET INVESTED CAPITAL	***1,031.5***	***925.5***	***106.0***
Equity	*306.9*	*228.3*	*78.6*
Adjusted Net Financial Position (Debt / -Cash)	**766.9**	**755.6**	**11.3**
Net Financial Position for funded investments (cash)	(42.3)	(58.4)	16.1
Total net financial position (Debt / -Cash)	*724.6*	*697.2*	*27.4*
TOTAL SOURCES	***1,031.5***	***925.5***	***106.0***

Net operating working capital, net of changes for funded investments, increased by EUR 8.4 million as a result of the following changes:

- **trade receivables** increased by EUR 19.9 million, mainly due to the increase in receivables for interconnection relations with interconnected motorway companies;
- **receivables for funded investments** include receivables for funded investments in railway infrastructure, an increase of EUR 7.8 million due to the fact that the progress on orders for the renewal of rolling stock was greater than the advances granted by the Lombardy Region;
- **other current payables** increased as a result of the reclassification from non-current to current provisions relating to cyclical maintenance and motorway renewal provisions, as well as the higher payable deriving from the Group's tax consolidation.

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

- **other receivables - Rolling Stock 2017 - 2032**, amounting to EUR 64.0 million, increased by EUR 16.5 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 83.7 million, partially offset by the progress made on projects already started, amounting to EUR 67.3 million;

- **receivables for funded investments - Rolling Stock 2017 - 2032** increased by EUR 103.4 million due to the recognition of the progress on the investments made, measured according to the percentage of completion and not yet collected during the period, amounting to EUR 425.4 million; collections from the Awarding Body for the year amounted to EUR 324.0 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 341.4 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 480.5 million, of which EUR 352.2 million pertain to rolling stock, intangible assets for EUR 340.0 million, of which EUR 332.7 million relating to the motorway infrastructure freely revertible to the awarding body (MIMS) and EUR 20.2 million for rights of use.

The value of **equity investments** was up by EUR 13.1 million, mainly due to the acquisition of TEM shares, amounting to EUR 8.4 million, the result for the year of EUR 0.8 million and other changes in the statement of comprehensive income, amounting to EUR 4.7 million.

Non-current receivables include contractual assets deriving from investments made in the motorway network up to 31 December 2022 for EUR 77.2 million, down by EUR 67.9 million, but not yet recognised, loans from MISE to investees for EUR 54.7 million and deferred tax assets of EUR 32.7 million.

Provisions include primarily 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 31 December 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 also calculated, which excludes the effects deriving from adoption of IFRIC 12, for investments in **Rolling Stock 2017-2032** of the subsidiary FERROVIENORD:

Amounts in millions of euros	31/12/2022	31/12/2021	Change
Liquidity	(194.6)	(293.4)	98.8
Current financial debt	140.6	201.1	(60.5)
Current Net Financial Position (Debt / -Cash)	***(54.0)***	***(92.3)***	***38.3***
Non-current financial debt	820.9	847.9	(27.0)
Adjusted Net Financial Position (Debt / -Cash)	***766.9***	***755.6***	***11.3***
Net Financial Position for funded investments (Debt / -Cash)	(42.3)	(58.4)	16.1
Net Financial Position (Debt / -Cash)	***724.6***	***697.2***	***27.4***

As at 31 December 2022, the total net financial position was EUR 724.6 million, compared to a balance of EUR 697.2 million as at 31 December 2021.

It should be noted that the total net financial position as at 31 December 2022 has been calculated, also for the balance as at 31 December 2021, excluding current financial assets in order to implement the indications of CONSOB Information Notice 5/21 of 29 April 2021, which replaced CONSOB Communication 6064293 of July 2006.

Isolating the amount relating to funded investments (EUR 42.3 million), the Adjusted Net Financial Position was EUR 766.9 million, compared to a balance of EUR 755.6 million at 31 December 2021.

Please also note that as at 31 December 2022 the Group has liquidity headroom of roughly EUR 123 million in uncommitted lines.

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

Amounts in millions of euros	**31/12/2022**	**31/12/2021**
EBITDA	193.1	153.9
Net Working Capital	(25.5)	(38.0)
Tax paid	(18.1)	(14.8)
Financial expenses/income	(8.7)	(19.9)
Free cash flow from operations	***140.8***	***81.2***
Gross investments paid with own funds	(86.6)	(38.3)
Motorway infrastructure investments paid with own funds	(58.9)	(53.5)
Change in NWC for investments with own funds	4.3	(26.4)
Funded investments in railway infrastructure	(63.1)	(57.9)
Change in NWC for funded investments in railway infrastructure	(10.9)	22.8
Public contributions collected for railway infrastructure	58.8	37.1
Public contributions collected for motorway infrastructure	13.3	10.2
Cash flow generation	***(2.3)***	***(24.8)***
Acquisition of equity investments	(30.3)	(363.6)
Financial investments	-	(9.0)
Loan disbursement to investees	(1.0)	-
Dividends cash-in	0.9	3.9
Divestments	7.7	-
Free cash flow	**(25.0)**	**(393.5)**
Cash flow	**(25.0)**	**(393.5)**
Adjusted NFP (Debt/-Cash) INITIAL 01.01	**755.6**	**43.8**
Cash flow generation	25.0	393.5
Other changes in financial payables	(17.3)	(3.1)
IFRS 16 Effect	3.6	3.2
MISE contribution Payables to banks and financial liabilities	—	318.2
Total change in NFP	***11.3***	***711.8***
Adjusted NFP (Debt/-Cash) FINAL 31.12	**766.9**	**755.6**

The **operating cash flow** deriving from income management is a positive EUR 140.8 million, due to EBITDA of EUR 193.1 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 and receivables from public bodies for investment grants.

Net investments of approximately EUR 143.1 million were paid during the year (compared to EUR 106.0 million paid in 2021). Lastly, it should be noted that cash generation for the period 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, in respect of the sale by MISE and MISE 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. The item Divestments also includes the sale of the MISE Engineering business unit to APL, in the amount of EUR 1.4 million.

The items “Purchase of equity investments” and “Other changes in financial payables” include the amount paid to the non-controlling shareholder of MISE, in the amount of EUR 21.9 million.

<u>Existing loans at the date of approval of the financial statements:</u>

- **FNM Loan - European Investment Bank ("EIB")**

On 21 December 2017, in order 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 FNM Board of Directors approved a loan to be taken out from the EIB. On the signing of the agreement, the EIB undertook to grant FNM financial resources for a maximum amount of EUR 50 million, and in any event not exceeding 50% of the cost of acquiring the rolling stock. The funding was fully utilised in the course of 2020. In particular, on 20 March 2020, the first tranche of EUR 10 million was used, 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.

In relation to FNM's commitments under the loan agreement, on 15 January 2021 a request was sent to the EIB for consent to the completion of the MISE acquisition transaction and for the amendment of the materiality thresholds of permitted extraordinary transactions and financial covenants; the EIB granted its consent to the acquisition transaction and thus amended, as of 3 March 2021, the financial covenants calculated on the Group's consolidated balance sheet:

- NFP/Shareholders' equity ≤ 2.25
- NFP/EBITDA ≤ 5.85
- EBITDA/Financial expenses ≥ 5.77

As a result of the consolidation of MISE, on 26 February 2021, a reduction was recorded in the Group Shareholders' Equity in the amount of EUR 295 million, 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 year 2022, 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 ≤ 4.5 at the calculation dates of 31 December 2021 and 30 June 2022, ≤ 3.5 at the calculation dates of 31 December 2022 and 30 June 2023, ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

At the closing date of 31 December 2022 all financial covenants had been complied with.

- **MISE Funding**

As at the date of this report, the Group, through its subsidiary MISE, has the following outstanding bank loans:

1) Loan from a pool of financial institutions (Intesa San Paolo, former UBI Banca and Banco BPM) taken out on 13 December 2010 for a total of EUR 90 million with a duration of 15 years.

The loan has been fully drawn down and its interest rate is equal to the 6-month Euribor (without floor) plus a margin of 2%.
The financial covenants are as follows:

- NFP/Shareholders' equity ≤ 2
- NFP/EBITDA ≤ 5.

As at 31 December 2022, the remaining amount to be repaid is EUR 22.5 million.

2) Loan from a pool of financial institutions (BNL and MPS) taken out on 13 December 2010 for a total of EUR 150 million with a duration of 15 years.

The loan has been fully drawn down and its interest rate is equal to the 6-month Euribor (without floor) plus a margin of 2.25%.
The financial covenants are as follows:

- - NFP/Shareholders' equity ≤ 2
- - NFP/EBITDA ≤ 5.

As at 31 December 2022, the remaining amount to be repaid is EUR 37.5 million.

3) Loan from BPER, former Banca Carige (brokered by the European Investment Bank) taken out on 2 March 2012 for a total of EUR 20 million with a duration of 13 years. The loan has been fully drawn down and has a fixed interest rate of 3.617%. It has no financial covenants.

As at 31 December 2022, the remaining amount to be repaid is EUR 6 million.

4) Loan from Finlombarda taken out on 19 December 2017 for a total of EUR 40 million with a duration of 5 years.

The loan has been fully drawn down and its interest rate is equal to the 6-month Euribor (zero floor) plus a margin of 2.50%.
The financial covenants are as follows:

- NFP/Shareholders' equity ≤ 2
- NFP/EBITDA ≤ 5.

On 19 December 2022, the loan was fully repaid when the final instalment was paid.
5) Loan from a pool of financial institutions (Intesa Sanpaolo, UBI Banca, Banco BPM, Unicredit and BNL) taken out on 18 December 2019 for a total of EUR 150 million with a duration of 7 years.

The loan has been fully drawn down and its interest rate is equal to the 6-month Euribor (without floor) plus a margin of 1.80%.
The financial covenants are as follows:

- NFP/Shareholders' equity ≤ 2
- NFP/EBITDA ≤ 4.

As at 31 December 2022, the remaining amount to be repaid is EUR 100 million.
The loans referred to in points 1 to 5 above have complied with all the covenants as at the calculation date of 31 December 2022.

6) On 2 December 2022, a bilateral loan was taken out from Intesa Sanpaolo in the amount of EUR 4.740 million, aimed at supporting the project to build 5 hydrogen fuelling stations on motorway sections under concession.
The underwriting of the new funding became necessary because in order for the underlying project to access the grant from the European Commission, it must be co-financed by a loan from a Financial Intermediary for at least 10% of the total amount of the initiative.
The loan agreement provides for a utilisation period until 30 November 2023, a short pre-amortisation period and six-monthly straight-line principal amortisation starting on 30 June 2024 and ending on 31 December 2026, the final repayment date of the loan. The loan conditions agreed upon are aligned with those already in place and it bears interest at a variable rate (6-month Euribor) with a margin of 2.35%.
It has no financial covenants.
At 31 December 2022, the loan had not been used.

At the closing date of 31 December 2022 all financial covenants had been complied with.

- **Bond Loan**

On 13 October 2021, FNM successfully completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of 5 years. The bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the "EMTN Programme") of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021. The Bond was offered for subscription to Italian and foreign institutional investors in accordance with current regulations (except for limitations relating to certain countries, including the United States of America) and is listed on the regulated market of the Irish Stock Exchange – Euronext Dublin. The settlement of the issue took place on 20 October 2021. The securities were placed at an issue price of 99.824% and have a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points with respect to the mid-swap reference rate. The securities representing the bond have been assigned a Baa3 rating by Moody's and a BBB- rating by Fitch, which was upgraded to BBB at the end of 2021, in line with those of the issuer.

The proceeds of the bond loan were used for the early repayment of the outstanding debt assumed in connection with the acquisition of MISE, maturing in early 2022, and to maintain adequate levels of liquidity to meet operating and investment needs.

The first coupon of EUR 4.875 million was settled on 20 October 2022.

8.3 INVESTMENTS

Investments in the year amounted to a total of EUR 633.8 million compared to the EUR 417.9 million of the previous year.

In particular, **investments made with own funds** by the FNM Group gross of collections of the consideration for construction services attributable to the year globally amount to EUR 145.5 million compared to EUR 99.1 million in the previous year, and are itemised as follows:

- investments related to the **Ro.S.Co. & Service segment**, for EUR 51.9 million, **of which in rolling stock leased to Trenord and DB Cargo** for EUR 49.3 million (EUR 28.9 million in 2021), which mainly refers to the commissioning of 4 TILO trainsets (EUR 38.0 million) and the revamping of TAF rolling stock (EUR 9.5 million);
- investments classified in the **Rail Infrastructure** segment amounting to EUR 8.0 million (EUR 3.9 million in 2021), relating to the car park at the Affori station and investments in the expansion of the Sacconago Terminal;
- investments in the **Road Passenger Mobility** segment of EUR 26.7 million (EUR 5.5 million in 2021), mainly attributable to the purchase of 104 buses, of which 20 electric buses;

- **investments in revertible assets made on the motorway infrastructure** amounting to EUR 58.9 million (EUR 60.8 million in 2021) mainly related to the upgrading of S.P. 46 Rho-Monza and extraordinary maintenance on the Po bridge viaduct.

The **investments financed** by the Lombardy Region gross of contributions collected, and managed by the FNM Group in 2022, on behalf of the Lombardy Region, in accordance with the Programme Agreement and the Public Service Contract include:

- **Investments in Railway Infrastructure** of EUR 63.1 million (EUR 57.9 million in 2021) relating to the modernisation of railway infrastructure;
- **Investments for the renewal of 2017-2032 rolling stock** amounting to EUR 425.4 million (EUR 260.9 million in 2021).Please note that these investments do not contribute to the determination of the Adjusted NFP. As far as rolling stock is concerned, the following were delivered during 2022:
  - 20 high-capacity (EMU), long configuration, “Caravaggio” type trains;
  - 6 high-capacity (EMU), short configuration, “Caravaggio” type trains;
  - 16 “Donizetti” type (EMU) trains;
  - 5 “Colleoni” type trains.

9 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

	2022						2021 PRO-FORMA*					
Amounts in millions of euros	**Ro.S.Co. & Services**	**Railway infrastructure**	**Road passenger mobility**	**Motorways**	**Elisions**	**Total**	**Ro.S.Co. & Services**	**Railway infrastructure**	**Road passenger mobility**	**Motorways**	**Elisions**	**Total**
Revenues from third parties	68.1	129.5	121.6	278.3		597.5	65.1	122.0	111.5	240.5		539.1
Intercompany revenues	14.0	7.0	11.9	2.4	(35.3)	0.0	12.0	5.2	12.5	2.1	(31.8)	0.0
Revenues from construction services net of funded investment costs	0.0	7.9	0.0	0.0		7.9	0.0	4.6	0.0			4.6
Segment revenues	**82.1**	**144.4**	**133.5**	**280.7**	**(35.3)**	**605.4**	**77.1**	**131.8**	**124.0**	**242.6**	**(31.8)**	**543.7**
Adjusted EBITDA	**45.5**	**7.7**	**11.9**	**128.0**		**193.1**	**46.2**	**5.1**	**12.7**	**101.3**		**165.3**
Adjusted EBITDA %	***24 %***	***4 %***	***6 %***	***66 %***			***28 %***	***3 %***	***8 %***	***61 %***		
EBITDA	**45.5**	**7.7**	**11.9**	**128.0**		**193.1**	**44.4**	**7.3**	**12.7**	**101.3**		**165.7**
EBITDA %	***24 %***	***4 %***	***6 %***	***66 %***			***27 %***	***4 %***	***8 %***	***61 %***		
EBIT	**13.3**	**5.5**	**(1.3)**	**83.6**		**101.1**	**15.0**	**4.9**	**3.8**	**62.3**		**86.0**

*The values consider the consolidation of MISE as of 1 January 2021.

9.1 RO.S.CO & SERVICES

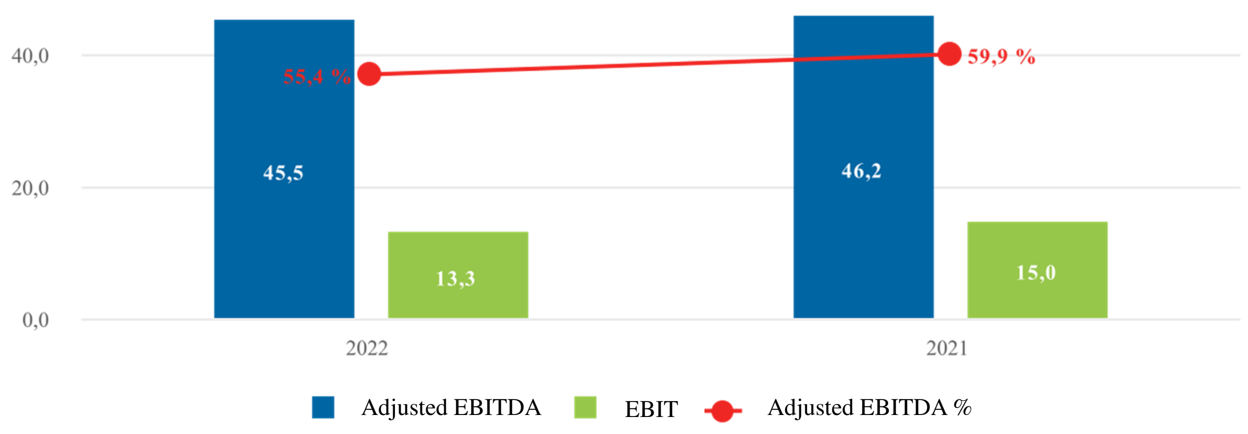
Operating data

In the course of 2022, the last four TILO electric trains, intended to be leased to Trenord for the Ticino-Lombardy cross-border service, entered into service. At 31 December 2022, the FNM-owned fleet is therefore made up of 98 trainsets divided between 71 trains and 27 owned locomotives, in addition to 4 locomotives sub-leased from Railpool, leased to the investees operating in the LPT and freight transport sector (Trenord, DB Cargo Italia) as shown below:

Fleet	Number of rolling	Type	User
TSR	19	Passengers	Trenord
CORADIA	10	Passengers	Trenord
CSA	8	Passengers	Trenord
FLIRT TILO	9	Passengers	Trenord
TAF	25	Passengers	Trenord
E483	8	Freight	DB Cargo Italia
E494 TRAXX DC3 (leased from Railpool)	4	Freight	DB Cargo Italia
EFFISHUNTER EFF1000	4	Rescue/Manoeuvre	Trenord
ES64 F4	1	Freight	DB Cargo Italia
DE520	14	Rescue/Manoeuvre/Freight	Trenord (4), DB Cargo Italia (10)

Economic performance

Amounts in millions of euros	*2022*	*2021*	*Chg*	*Chg %*
Leasing rolling stock	52.5	52.1	*0.4*	*0.8 %*
Other revenues	29.6	25.0	*4.6*	*18.4 %*
Total revenues	**82.1**	**77.1**	***5.0***	***6.5 %***
Adj. EBITDA	**45.5**	**46.2**	***(0.7)***	***-1.5%***
Adj. EBITDA %	**55.4%**	**59.9%**		
EBIT	**13.3**	**15.0**	***(1.7)***	***-11.3%***



Revenues for this segment amounted to EUR 82.1 million, up EUR 5.0 million compared to EUR 77.1 million in 2021. The main revenue item is represented by **rental fees on rolling stock**, primarily to Trenord, amounting to EUR 52.5 million, slightly up on that recognised in the same period of 2021, thanks to higher revenues on TILO trains and locomotives (Effishunter and DE520) following the entry into full operation of the new fleets against the reduction in consideration following the renewal of the operating lease agreement with Trenord for CSA and TAF trainsets.

Other revenues, which include administrative services, i.e. the management of centralised corporate activities through service contracts with investee companies, and management of owned properties, rose by EUR 4.6 compared to 2021 to EUR 29.6 million. The change is attributable to higher revenues for IT services, primarily provided to MISE, rents on commercial premises and the recovery of some development costs linked to the FILI project by Trenord and Ferrovienord as well as the H2iseO Project.

Adjusted EBITDA decreased marginally to EUR 45.5 million from EUR 46.2 million in the previous year, mainly reflecting higher personnel costs connected, *inter alia*, to the increase in the average headcount (+12 FTE), costs for services, IT, insurance, membership fees and property management, as well as higher compensation paid to the corporate bodies, also in connection with the new positions taken. Adjusted EBITDA is also impacted by FNMPAY start-up costs and the development costs of the H2iseO and FILI projects.

With regard to the development of FNMPAY, compared to the initial plan, according to which services would begin being provided in the second half of 2022, there was a postponement to the first quarter of 2023 due to the longer timeframes identified in activities for preparing agreements with partners, which were not facilitated by the economic context during the period. In this regard, a 10-year framework agreement was signed with Trenord that defines FNMPAY's role as the reference “payment service provider” to support innovation strategies in the area of payments.

9.2 RAILWAY INFRASTRUCTURE

With Regional Government Decree no. XI/7543 of 15/12/2022 “*Approval of the service contract template for the management of the railway infrastructure of regional and local interest under concession to FERROVIENORD S.p.A. for the years 2023-2027*”, the Public Service Contract expiring on 31 December 2022 was renewed for the 1 January 2023 - 31 December 2027 period (hereinafter the “**New Public Service Contract**”), signed on 21 December 2022 by FERROVIENORD.

The text of the New Public Service Contract governs existing mandatory relationships between the parties, specifically setting forth the terms and conditions (including economic terms) for the performance of management activities and ordinary maintenance of the infrastructure by

FERROVIENORD, in substantial continuity with the previous contractual provisions, without prejudice to: (i) the inclusion of the study and design activities in preparation for the development of the infrastructure and transport systems in general and the enhancement of the network and assets; (ii) the elimination of the provisions on electric mobility systems and car sharing, which are no longer the subject of the contractual agreements.

The characteristics of the services and benefits offered, for the purposes of defining the consideration, are identified through the "Catalogue" tool, which is broken down in such a way so as to take into account the different regulatory system in force for:

- the Milan Branch ("Interconnected Network"): the payment of the toll to FERROVIENORD is made directly by the railway company TRENORD, as network access services are provided by FERROVIENORD to TRENORD on the basis of a specific network access contract;
- the Iseo Branch ("Isolated Network"): at present, FERROVIENORD does not receive toll payments from the railway company TRENORD, because remuneration for services relating to operational management are contained in a separate item in the Catalogue.

The New Public Service Contract, however, no longer includes: (i) the automatic unit fee reduction mechanism, which provided for decreasing fees in favour of the Concessionaire ("efficiency gains"); (ii) the payment of the annual contribution of EUR 1.8 million for the development of sustainable mobility and car sharing of E-vai S.r.l.; (iii) the payment, in favour of FERROVIENORD, of access fees to the Interconnected Network, which are instead collected directly from the railway companies in continuity with what was already established in the adjustment of December 2021 following ART resolutions.

In addition, the New Public Service Contract allows the possible application of penalties to be borne by FERROVIENORD in the event of non-compliance with quality standards and/or non-compliance with deadlines due to work stoppages, up to a maximum threshold of 2% calculated, on an annual basis, with reference to the consideration for each year in which the contract is in force.

It should be noted that on the basis of the current Public Service Contract, the second-level maintenance costs of the train fleet managed by FERROVIENORD on behalf of the Lombardy Region are now recognised year by year pro rata by TRENORD to FERROVIENORD in the form of a rental fee and allocated by the latter to special cyclical maintenance provision (amounting to EUR 53.6 million at 31 December 2022). In this respect, the New Public Service Contract confirms the above provisions only until 31 December 2023. As of 1 January 2024, on the other hand, the costs of the second-level maintenance of the train fleet managed by FERROVIENORD will be accounted for as investments entirely financed by the Lombardy Region on the basis of the multi-year planning set forth by the user railway company (TRENORD). The trend in the movements relating to cyclical maintenance, the utilisations of the existing provision and their impact on the Net Financial Position in the coming years will be defined in the course of 2023.

For each of the areas defined above, the New Public Service Contract determines the quantification of the fee, for each calendar year, on the basis of the criteria set out below and the services actually rendered:

A. Isolated Network operational management: production volume, defined in terms of total annual train paths (train-km of regional rail service);
B. Ordinary infrastructure maintenance: (i) for the part of maintenance independent of the wear generated by traffic: physical extent of the network, measured in track kilometres, available for operation during the year, (ii) for the traffic-dependent part of maintenance: production volume, defined as total annual train paths (train-km of regional rail service);
C. Station and system accessibility services: number of stations/stops broken down by type, each of which corresponds to a different breakdown and complexity of the services offered (only stations where passenger services are provided in the reference year are counted);
D. Purchase and management of the regional fleet: (i) for the organisation and management of procedures for the financing and purchase of new rolling stock lots: economic value of the orders, (ii) for the administration, monitoring and financing of planned second-level maintenance: number of items of rolling stock managed;
E. Engineering and assets: annual fixed value during the term of the New Public Service Contract;
F. Specific functions of the railway infrastructure manager: annual fixed value during the term of the New Public Service Contract;
G. General and administrative functions: annual fixed percentage value depending on the economic value of the other services;
H. Preservation, protection and enhancement of historical railway heritage: value to be indicated in the budget (annual) and subject to adjustment according to the costs incurred for specific projects and for the running of historical tourist trains;
I. Network and heritage enhancement and promotion studies: value to be budgeted (annually) and subject to adjustment according to costs incurred for specific projects.

The New Public Service Contract confirms the application of the “actual” remuneration mechanism, under which the fee for each calendar year will be quantified and updated on the basis of factors such as (i) inflationary adjustment and - for the Catalogue items linked to specific drivers - (ii) the following factors, i.e. (a) the actual production volume in terms of train-km for passenger service;

(b) network development in terms of kilometres of track; (c) the number and type of stations with active passenger services; and (d) items related to safety, asset management, engineering services for infrastructure investments and fleet development. The forecasts of the New Public Service Contract show, for the years following the first, the scheduled train-km, which may be subject to updating based on regional planning and the actual availability of new infrastructure, in compliance with the deadlines set forth in the network information prospectuses(“NIP”) of infrastructure managers, which govern infrastructure access by railway companies.

As regards the revision mechanisms, the fees in favour of the Concessionaire may be subject to adjustment to ensure Agreement balance, in the event of

- positive or negative cost variations that have been quantified in the preventive technical report on operating costs, approved by the Region during the final design phase of the infrastructural interventions and/or network upgrading, in the manners governed by the Programme Agreement implementing regulation. Any changes in production costs that do not have a direct effect on the Catalogue model set forth in the New Public Service Contract will in any case be recorded in the manners laid out in the above-mentioned regulation and will be taken into account during revision;
- decreases in train-km travelled, at least equal to 5% of the train-km scheduled during the reference year according to the corresponding billing letter;
- other infrastructural, contextual or force majeure changes that cause an increase in production costs or a reduction in revenues, by a percentage greater than 5%, compared to those resulting from the New Public Service Contract, not offset by other lower operating costs incurred and/or higher commercial revenues that may have been earned during the reference year.

The maximum total value of the New Public Service Contract may be estimated at EUR 330.6 million, of which EUR 64.1 million as the consideration portion of the New Public Service Contract for the year 2023, calculated as from 1 January 2023. For subsequent years, fees are envisaged for the Concessionaire, to be quantified and updated annually on the basis of the mechanism described above.

Moreover, on this point please recall that on 14 November 2022 the Region approved the sixth update to the Programme Agreement for investments and extraordinary maintenance on the network under concession to FERROVIENORD (described in section 6.2). Its provisions include an allocation of EUR 35 million (EUR 7.0 million for 5 years) for extraordinary maintenance works for the 2023-2027 period, previously covered by the expiring Public Service Contract.

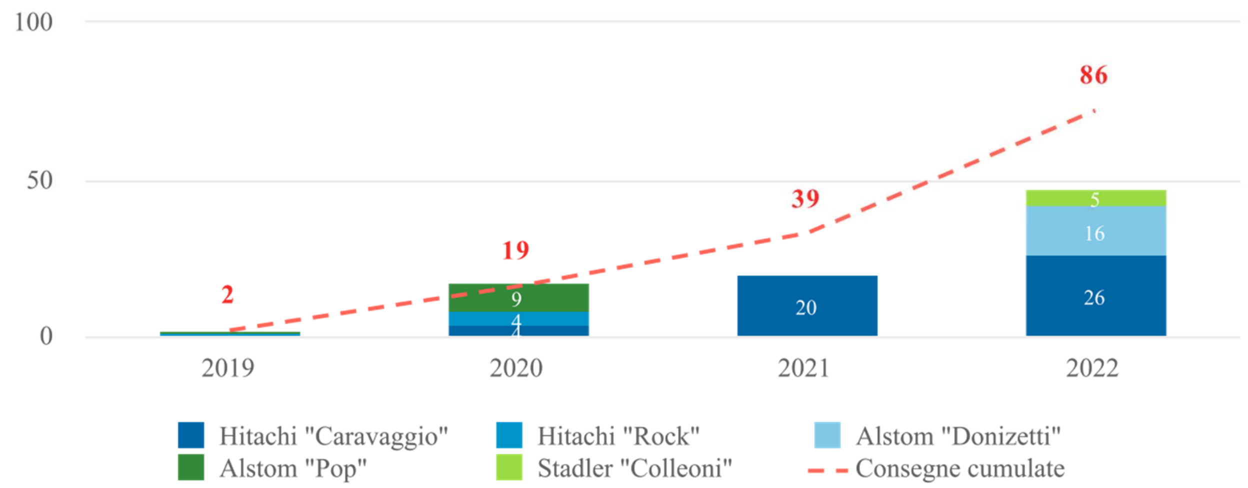
Operational data:

Mobility indicators		*2022*	*2021*	*Chg %*	*2019*	*Chg %*
Production capacity	**million train-km**	**9.6**	**9.4**	**2.1 %**	**10.0**	**-4.0 %**
Use of the network						
- Number of trains	Trains/day	780.0	780.0	100.0 %	813.0	-4.1 %
- Number of passengers	Pax/day	230,000	190,000	121.1 %	280,000	-17.9 %

In 2022 the train paths travelled amount to 9.6 million train-km (of which 8.5 million train-km on the Milan Branch and 1.1 million train-km on the Iseo Branch), an increase of 2.1% compared to 2021, despite a service level conditioned by the consequences for COVID-19 (e.g. limitation of airport service to Terminal 1), the limitation of trains (S1 and S2 service) due to anomalous wear of wheel flanges on the Railway Link and the events on the Brescia-Iseo-Edolo line (Sellero Tunnel rockfall, Niardo flooding and Iseo train derailment). FERROVIENORD network was travelled on in 2022 mainly for LPT services; freight traffic, which was marginal in extent, amounted to 16.7 thousand train-km.

The implementation status at 31 December 2022 of the rolling stock renewal programme for regional rail services for the years 2017 - 2032 is shown below:

Delivery progress as of 31/12/2022 (no. of trains)

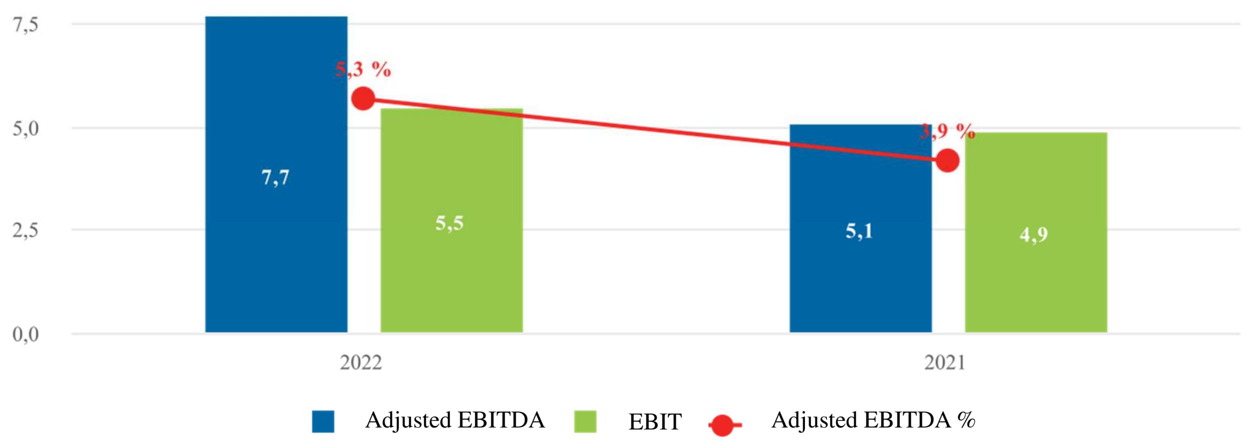


The COVID-19 emergency led to a delay in deliveries and in obtaining authorisation for the trains to enter the market. As far as Hitachi deliveries are concerned, at 31 December 2022, the 50 Caravaggio trains covered by the first and second executive contracts have been delivered, and deliveries of the last lot began in February 2023 with completion scheduled by November 2024. With regard to Alstom, 16 Donizetti trains relating to the first executive contract were delivered at 31 December 2022. Alstom proposed an updated and accelerated trainset supply plan in order to make up for the delay and complete deliveries in April 2024, ahead of the original contractual schedule. On the other hand, there were more delays for the delivery of Colleoni trains by Stadler (only 5 delivered at 31 December 2022), which have shown considerable reliability problems following their commissioning by Trenord.

In relation to the Sacconago Terminal, a special agreement was signed with the Lombardy Region on 9 June 2022 for the implementation of the project called "*Sacconago Terminal accessibility enhancement*" to govern the use of the financing of EUR 8.3 million allocated as part of the economic recovery investment programme - Lombardy Plan (Attachment 1 of Regional Government Decree XI/6047 of 01/03/2022 - SUSTAINABLE MOBILITY Initiatives - Sacconago Terminal accessibility enhancement). The tender for the awarding of the contract for the works, which include the upgrading and improvement of the track system in order to increase the shunting capacity in the terminal, has been completed.

Economic performance

Amounts in millions of euros	***2022***	***2021***	***Chg***	***Chg %***
Public contracts and grants	111.2	101.7	*9.5*	*9.3 %*
Leasing rolling stock	15.4	12.3	*3.1*	*25.2 %*
Other revenues	17.8	17.8	*—*	*— %*
Total revenues	**144.4**	**131.8**	***12.6***	***9.6 %***
Adj. EBITDA	**7.7**	**5.1**	***2.6***	***51.0%***
Adj. EBITDA %	**5.3%**	**3.9%**		
EBIT	**5.5**	**4.9**	***0.6***	***12.2%***



Segment **revenues** amounted to EUR 144.4 million, up EUR 12.6 million compared to EUR 131.8 million in 2021. In particular, revenues relating to **public contracts and grants**, which include the consideration deriving from the Public Service Contract for infrastructure management and the Programme 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 111.2 million and increased by EUR 9.5 million compared to 2021. This trend is mainly caused by higher recoveries for planning activities and for costs relating to interventions on the network and funded rolling stock, in relation to the progress of the orders as set forth in the Programme Agreement (EUR +8 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 3.1 million as a result of the expansion of the Lombardy Region fleet made available to Trenord.

The **other revenues** which refer to rental income, the sale of scrap metal and revenue from the handling of goods at the Sacconago terminal are stable overall compared to 2021.

Segment **Adjusted EBITDA** increased by EUR 2.6 million to EUR 7.7 million. 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 materials and maintenance on infrastructure and plants, particularly at the Iseo, Castegnato and Milan stations. Charges for utilities, waste disposal, insurance and the improvement of IT systems also increased during the period. 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. Personnel costs, on the other hand, decreased compared to the same period of the previous year due to the release of a portion of the provision for risks relating to the renewal of the National Collective Bargaining Agreement for road and rail workers (*CCNL Autoferro*) following the national and company agreements signed in 2022 and the recognition of contributions to cover higher social security charges for illness for the 2015-2018 period, partially offset by higher variable compensation and the higher average number of employees during the year (+15 FTE).It should be noted that 2021 EBITDA included contingent liabilities and provisions for bad debts on funded contracts in the amount of EUR 4.8 million, partially offset by contributions received from the Lombardy Region to shift the railway offer in the amount of EUR 1.2 million following the COVID-19 pandemic.

As far as **terminal operations** are concerned, during the period revenues decreased to EUR 1.2 million from EUR 1.6 million, mainly due to numerous line interruptions in Northern Europe and critical issues on the Italian national network. The revenue trend is reflected in the reduction of EBITDA to EUR -1.1 million from EUR -0.5 million in 2021.

9.3 PASSENGER ROAD TRANSPORT

Operational data

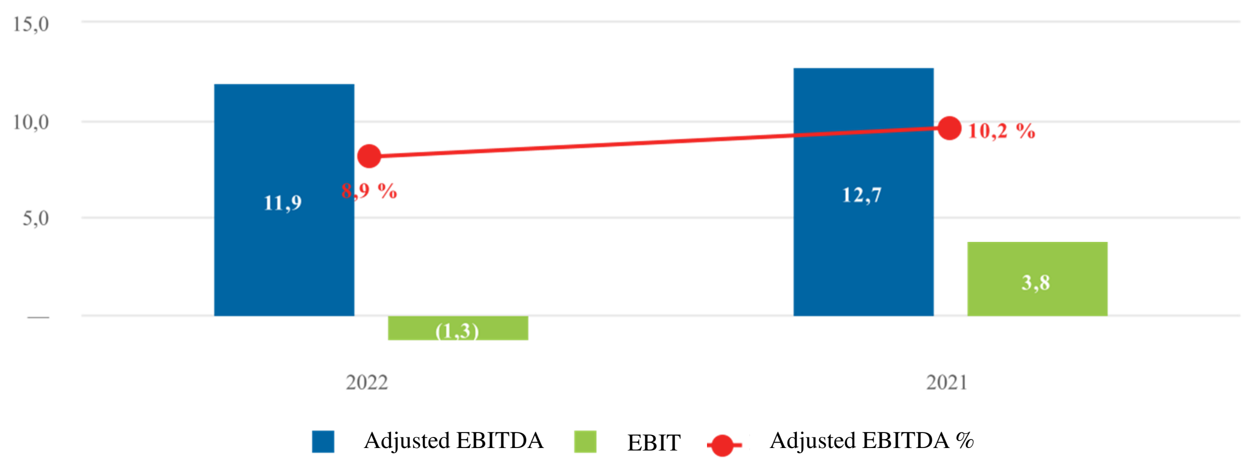
Mobility indicators		*2022*	*2021*	*Chg %*	*2019*	*Chg %*
Passengers	**million**	**58.8**	**48.1**	**22.1 %**	**77.4**	***-24.0 %***
- ATV	million	55.4	46.2	19.9 %	73.4	*-24.5 %*
- FNMA	million	3.4	1.9	75.0 %	4.0	*-14.5 %*
LPT	**mln bus/km**	**25.5**	**25.3**	**0.8%**	**24.2**	***5.6%***
- ATV	mln bus/km	21.0	20.9	0.5 %	19.8	*6.1 %*
- FNMA	mln bus/km	4.5	4.4	2.3 %	4.4	*2.3 %*
Car Sharing:						
Rental hours - Regional Electric	hours/year	286,427	93,499	206.3 %	69,394	*312.8 %*
Car sharing hires	unit	93,981	76,505	22.8 %	29,367	*220.0 %*
E-Vai Points	unit	307	185	65.9 %	112	*174.1 %*

At 31 December 2022, the fleet consisted of 702 buses in service, of which 158 were owned by FNMA and 544 by ATV (plus 11 unregistered buses), with a carrying value of EUR 41.6 million and an average age of approximately 10.3 and 13.8 years respectively.
Overall, travellers carried in 2022 totalled 58.8 million, up 22.1% from 48.2 million in 2021, and in any event 24.0% lower than in 2019. Local public transport services accounted for 25.5 million bus-km, essentially stable compared to 2021 and up by 5.6% compared to 2019 due to the expansion of services, especially school services, to ensure social distancing.

Regarding the operations of the car sharing service at 31 December 2022, E-Vai's car fleet consisted of a total of 392 vehicles, of which 374 electric (272 at December 2021, of which 250 electric). Geographical presence is also increasing: E-Vai Points have increased by 122 units (total 307), charging stations by 10 units (total 127) and municipalities covered by the service by 10 units (total 106).

Economic performance

Amounts in millions of euros	*2022*	*2021*	*Chg*	*Chg %*
Public contracts and grants	62.3	60.7	*1.6*	*2.6 %*
Transport services	64.8	56.8	*8.0*	*14.1 %*
Other revenues	6.4	6.5	*(0.1)*	*-1.5 %*
Total revenues	**133.5**	**124.0**	***9.5***	***7.7 %***
Adj. EBITDA	**11.9**	**12.7**	***(0.8)***	***-6.3%***
Adj. EBITDA %	**8.9%**	**10.2%**		
EBIT	**(1.3)**	**3.8**	***(5.1)***	***ns***



Revenues for the year showed an increase of EUR 9.5 million (+7.7%), reaching EUR 133.5 million compared to EUR 124.0 million in 2021; in particular:

a. **revenues from public contracts and grants** are up by EUR 1.6 million compared to the previous year, reaching EUR 62.3 million, and take into account, on one hand, the lower offsetting measures for the LPT sector following the pandemic emergency, which fell from EUR 13.5 million to EUR 8.2 million, offset by the higher income from Public Service Contracts and other contributions to cover the increase in raw material prices. More specifically, the aggregate benefited from (i) the higher contribution per kilometre recognised by the Veneto Region pursuant to Regional Government Decree no. 1012 of 16 August 2022 and Regional Government Decree no. 1657 of 30 December 2022 amounting to EUR 2.2 million, (ii) the contribution to cover the increase in fuel costs established by Decree Laws 115, 144 and 179 of 2022 for EUR 1.7 million due to LPT companies, (iii) the receipt of EUR 0.3 million in grants to support companies operating in the tourism sector, due to Martini Bus, and (iv) the recognition of the tax credit for EUR 1.5 million on energy consumption due to companies with high natural gas consumption, as established under Decree Law no. 17 of 1 March 2022. By contrast, as regards offsetting measures, in 2022 contributions for additional services amounted to EUR 4.2 million compared to EUR 6.3 million in 2021, while compensation for lost ticket revenue amounted to EUR 4.0 million compared to EUR 7.2 million in 2021. 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;

b. **revenues from transport services** (ticketing, replacement services provided by FNMA on behalf of Trenord, sub-contracted activities and car-sharing by E-Vai), increased during the period by EUR 8.0 million (+14.1%) compared to the previous year, reaching EUR 64.8 million. The trend compared to 2021 is mainly attributable to (i) higher revenue from passenger transport in the amount of EUR 4.5 million, (ii) higher fees invoiced for train replacement services in the amount of EUR 1.9 million and (iii) growth in revenues from car sharing by EUR 0.9 million;
c. the **other revenues**, which include the recovery of excise duties, are substantially stable compared to 2021, amounting to EUR 6.4 million.

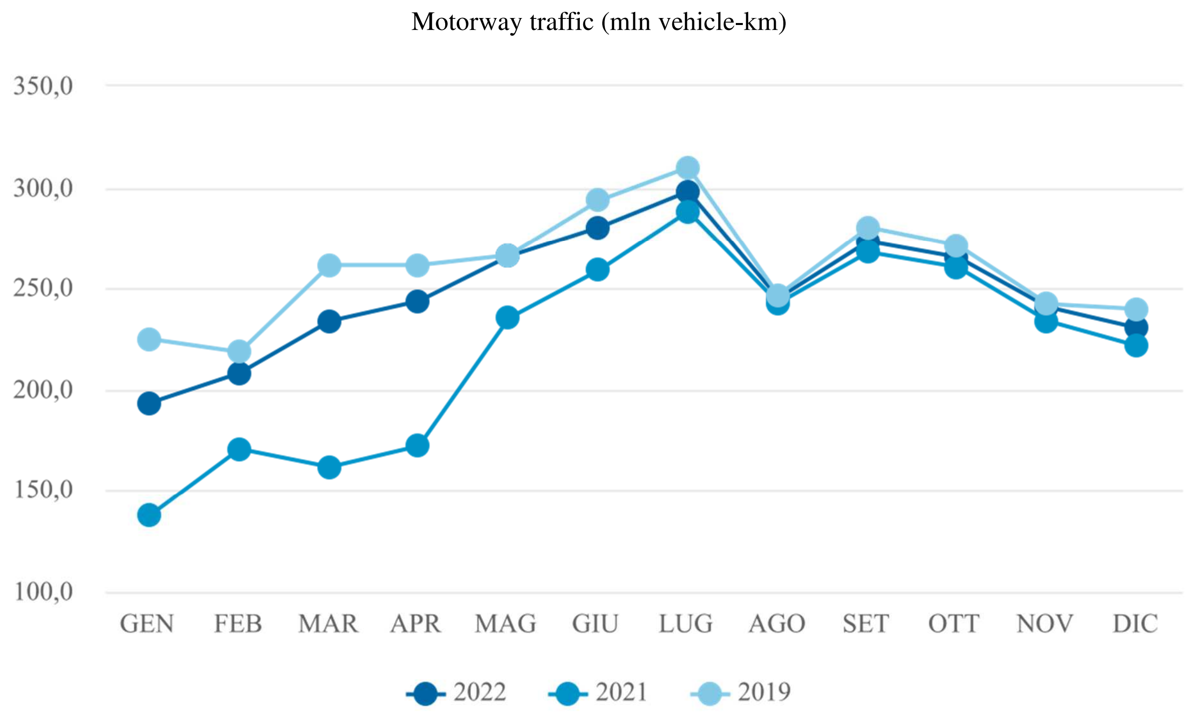
Adjusted EBITDA for the period was EUR 11.9 million, down EUR 0.8 million compared to 2021. The main impact on the company's operations is linked to the increase in costs incurred for energy consumption (mainly higher average Euro/litre costs, also partly due to the increase in kilometres travelled): methane and diesel fuel resulted in higher traction costs of EUR 8.0 million compared to 2021 (+68.1%). Personnel costs are also on the rise. Finally, E-Vai reported higher operating costs of EUR 1.0 million as a result of the expansion of the car sharing business.

9.4 MOTORWAYS

Traffic and tariff trends

Paying traffic		**2022**	**2021**	**Chg %**	**2019**	**Chg %**
Light vehicles	mln vehicle-	2,354.9	2,038.8	15.5 %	2,511.8	*-6.2 %*
Heavy vehicles	mln vehicle-	621.2	610.2	1.8 %	603.0	*3.0 %*
Total	**mln vehicle-**	**2,976.1**	**2,649.0**	**12.3 %**	**3,114.8**	***-4.5 %***

The comparison of traffic data for 2022 with those for the years 2019 and 2021 shows a steady recovery in traffic volumes with a gradual approximation of the curves to the pre-pandemic figure, especially from the summer months onwards. For road freight traffic, on the other hand, the upward trend in 2022 is confirmed, with overall travel higher than in 2019.



Looking at the evolution of paying traffic by individual month, it can be seen that the increases in the first six months of 2022 are a consequence of the improved post-pandemic situation, which in the first half of last year stil

l severely limited travel. In contrast, the traffic recorded in the second half of the year did not show similar increases since the recovery of traffic was already under way in the same months of 2021.

In 2022, the total number of accidents on the network under concession increased by 6.6% compared to 2021, also due to the increase in traffic. Fatal accidents rose from 5 in 2021 to 7 in 2022. In terms of safety, the Company has defined a programme of actions aimed at reinforcing video surveillance of the sections under its jurisdiction, as well as increasing user awareness of compliance with the Highway Code and of how to behave in the event of an accident.

The accident rate (calculated as the number of accidents per 100 million vehicle-km) for the year 2022 stood at 53.23 - down 2.87% from 56.1 in the corresponding period of the previous year. It can be seen that even with an increase in the number of accidents, the parameter is regressing.

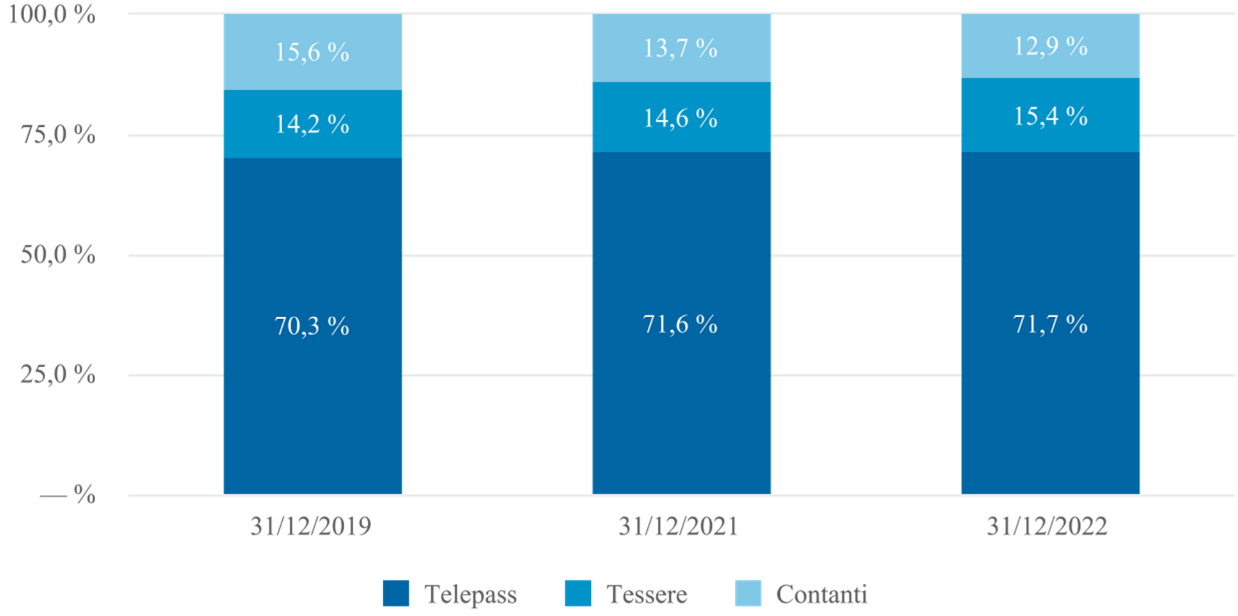
With regard to tariffs, the regulatory measures issued on tariffs subsequent to the 2019 tariff adjustment postpone any tariff adjustment to the update of the EFP, to be approved by the Awarding Body (as described in section 6.4).

During the board meeting of 23 December 2021, the company, in light of the status of the process of approving the proposed EFP 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. As a result, as of 1 January 2022, the company's per kilometre unit tariffs rose by 2.62%, in respect of which the company did not receive any communication from the Awarding Body; the only information is to be found in a press release that appeared on the MIMS website dated 31 December 2021.

Following the opening to traffic of both carriageways of Lot 1 and Lot 2 of the redeveloped S.P. 46 Rho-Monza with motorway characteristics, which took place on 14 November 2022, on the following 6 December the Company submitted a request, in compliance with the Agreements in force, to adjust the conventional distance at the toll application points of the Milan North Bypass Motorway. On 29 December 2022, the Awarding Body acknowledged the Company's request and authorised it to adjust the conventional distance at the toll application points of the Milan North Bypass Motorway as of 1 January 2023. On the same date, the Company informed the Awarding Body, by virtue of the current socio-economic situation, of the temporary suspension of the above-mentioned adjustment, pending the submission of the issue to its Board of Directors. During the meeting held on 26 January 2022, the Board of Directors approved the adjustment of the conventional distance at the toll application points of the A52 - Milan North Bypass Motorway as of 1 March 2023.

In relation to the preliminary investigation concerning the tariff adjustment for the year 2023, on 17 October 2022 the Company transmitted to the Awarding Body the information based on the ART resolution concerning the proposed adjustment, for the year 2023, of the user tariffs on the motorway sections under management. On the following 4 January 2023, the Awarding Body acknowledged the request, pointing out that, based on Decree Law no. 198/2022, the deadline for the adjustment of motorway tariffs relating to the years 2020 and 2021 and those relating to all the years included in the new regulatory period was deferred until the definition of the procedure for updating the EFP prepared in compliance with the resolutions adopted by ART. More specifically, the note reported that: "*Considering that the conditions set forth in the above-mentioned legislation are not met for this Company, please note that the conditions are not met for the recognition of the tariff adjustment as of 1 January 2023, based on the request submitted on 17 October 2022. It should be noted that, in accordance with the principle of continuity, the recovery of any tariff changes that may have been applicable since the start of the current regulatory period is ensured under the reference regulation*".

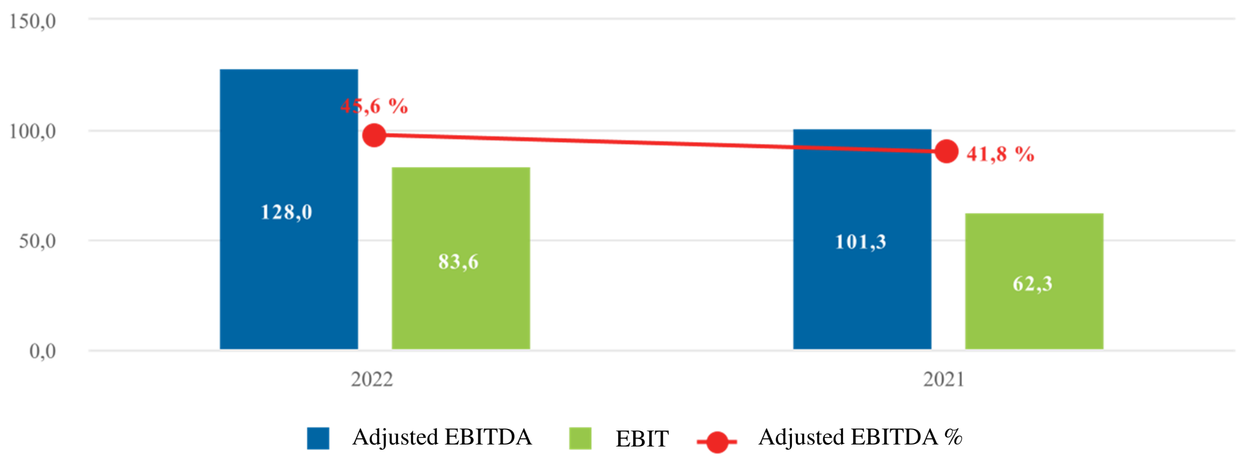
A steady decrease in the use of manual (cash) lanes by users and a consequent steady increase in traffic on lanes equipped with automatic toll collection systems (telepass and cards) was also observed in 2022. In this context, accreditation activities continued for the both Italian and foreign service providers that wish to market their toll payment services via electronic toll collection in all EU countries. The table below shows the breakdown of the different toll payment methods:



Economic performance

Amounts in millions of euros	*2022*	*2021 PRO-FORMA**	*Chg*	*Chg %*
Toll revenues	255.0	226.1	28.9	*12.8 %*
Other revenues	25.7	16.5	9.2	*55.8 %*
Total revenues	**280.7**	**242.6**	**38.1**	***15.7 %***
Adj. EBITDA	**128.0**	**101.3**	**26.7**	***26.4%***
Adj. EBITDA %	**45.6%**	**41.8%**		
EBIT	**83.6**	**62.3**	**21.3**	***34.2%***

*The values consider the consolidation of MISE as of 1 January 2021.



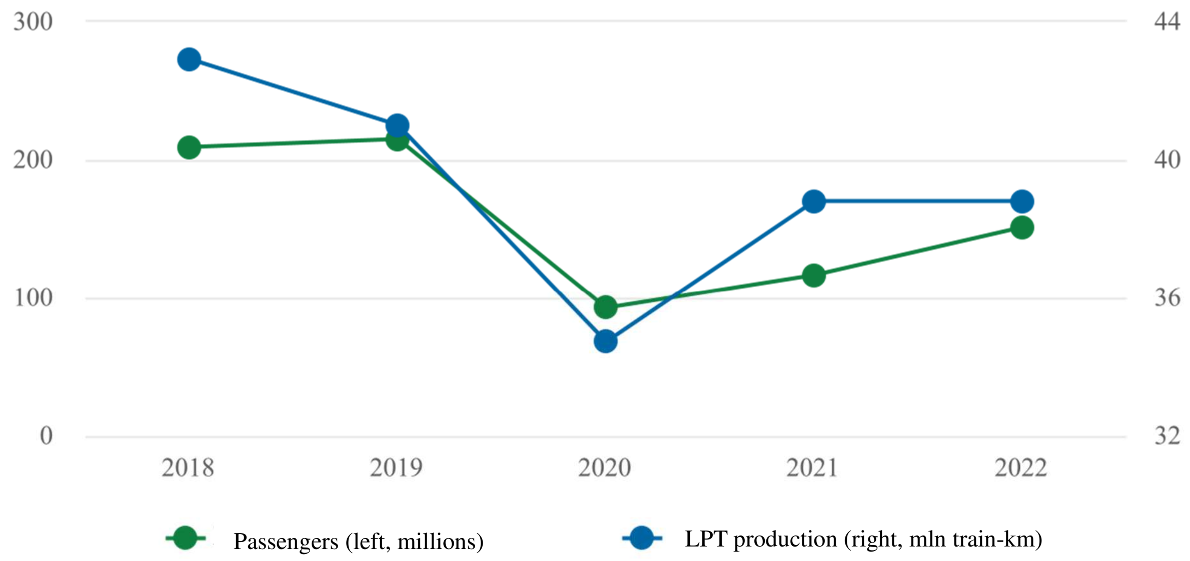
In 2022, the Motorways segment showed **revenues** of EUR 280.7 million, up EUR 38.1 million compared to EUR 242.6 million in the same period of 2021 (pro-forma figure), mainly due to the increase in **toll revenues** (EUR +28.9 million) as a result of the 2.62% tariff increase introduced as of 1 January 2022 and the increased traffic recorded, which saw the light vehicle component register a significant increase in the period. **Other revenues** also grew (EUR +9.2 million compared to 2021), 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 and which entail the recovery of the costs of maintenance performed at service areas, as well as thanks to the recoveries from Autostrade per l'Italia for extraordinary works carried out at the Agrate and Terrazzano stations (automatic cashiers, lane software update, upgrading of lighting installations and ventilation).

Adjusted EBITDA for the period was EUR 128.0 million, up EUR 26.7 million primarily due to the increase in revenues. EBITDA was also impacted by higher maintenance costs for structures (in particular for the maintenance of the Po viaduct), the upgrading of toll booths and electrical and mechanical equipment, partially offset by a reduction in net changes in provisions, which takes into account the release of the provision for delayed maintenance in relation to works carried out, the release of amounts allocated to the provision for risks in relation to settlements concluded and higher net renewal provisions to adjust them to the investments planned for the remaining duration of the concession and with the updating of ANAS price lists. In this regard, it should be noted that both the cost of the maintenance performed and the adjustment of the renewal provision include the effect of the update of the ANAS price lists, as set forth in Decree Law no. 50 of 17 May 2022, converted by Law no. 91 of 15 July 2022. The increase in costs is also attributable to higher costs linked to the resumption of traffic (including collection charges and concession fees), electricity utilities mainly due to the higher cost of energy, costs for professional engagements and service activities carried out by the parent company, as well as insurance premiums. Labour costs also increased slightly due to the combined effect of the renewal of the national collective labour agreement, 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, and the reduction in headcount (-21 FTE).

9.5 MAIN INVESTEE COMPANIES

TRENORD

Service performance



2022, particularly the second half of the year, was characterised by a good recovery in both the number of travellers and the kilometres travelled.

In particular, the past financial year saw an increase in travellers compared to 2021 of 29.8%, but still 29.6% less than in 2019. Despite the recovery in the final months of 2022, the initial months of the year were again characterised by severe mobility restrictions due to the resurgence of the virus, which strongly affected the number of commutes monitored on Trenord's routes. Starting in May, pandemic period restrictions were lifted, triggering a gradual rise in the number of travellers, which, starting in September, brought demand back to more consistent levels, reaching up to 650 thousand daily travellers on some days, however still around 20% lower than in the same period of 2019. On public holidays, however, values were in line with 2019 values.

During 2022, two surveys were carried out on all 40 routes in the Lombardy region and in the neighbouring Canton of Ticino, where Trenord operates the cross-border service together with the Swiss Federal Railways. Taken as a whole, the surveys carried out made it possible to further define the profile of Trenord's customers and the changes in their behaviour compared to previous years. In particular, it was seen that customer habits have changed, especially in terms of frequency of travel. While prior to the pandemic train travel took place on a daily basis for more than half of the clientele, by 2022 this was true for just under 45%, while occasional trips were taken by less than 40% of passengers (just over 30% in 2019).

In 2022, 38.8 million train-km were travelled, in line with 2021, but 5.4% lower than in 2019. The service in 2022 confirms an almost complete resumption as planned in the pre-pandemic period, with around 2,200 trains scheduled per day on weekdays. The difference essentially concerns some trains that are no longer needed, due to the reduction in passenger numbers, mostly running in the late evening hours.

Also with regard to tourism products and the Malpensa Express, the year 2022 made it possible to make up for much of the ground lost in 2020-2021. Overall, the Malpensa Express recorded strong growth over 2021, bringing volumes back to 2019 levels. The trend was characterised by an initial phase still impacted by travel restrictions, especially international, due to the Omicron variant, and by a subsequent full resumption of service, which saw production consolidate at higher levels than in 2019 (with the exception of the period coinciding with the closure of Linate). This recovery owed to the increase in foreign "leisure" airport traffic, the resumption of business traffic for Milan and Lombardy, and the increase in travellers choosing the train to travel to the airport, which continued to be higher than in 2021.

The commissioning of new trains resulting from the investments made by the Lombardy Region continued, with the delivery of 56 new trains in the course of 2022, including 26 Caravaggio electric trains, 16 Donizetti trains, 5 Colleoni diesel-electric trains and 9 Italy-Switzerland interoperable FLIRT TSI trains for TILO services. As a result, the retirement of older trains continued according to the plan defined in 2020. The new trainsets bring greater comfort and improved service punctuality and reliability on the lines on which they run, especially on routes on which they make a high percentage of scheduled trips.

As far as operational performance is concerned, punctuality within 5 minutes perceived by the customer (no cause excluded) stands at 83.4%, essentially the same value reached in 2021 where, however, in the first few months of the year, it “benefited” from the overall reduction in traffic on the main railway lines due to the pandemic (+3.7% compared to 2019). The trend over the course of the year was characterised by higher punctuality in the early months of the year, and lower values in the summer months due to the effects of the exceptionally high temperatures, which had a negative impact on both trains (especially the older ones) and the railway infrastructure. Then, in the final months of the year, slightly lower punctuality values were recorded, but in line with the seasonal trends of this period.

It should be pointed out that the punctuality value, and above all the value of cancellations, has been heavily influenced by the closure of part of Milan's Railway Link due to the seizure of part of the

Railway Link ordered by the Milan Public Prosecutor's Office at the end of July, following an anomalous wear on wheel flanges reported by Trenord to the infrastructure manager RFI. In August, following the release from seizure and the conclusion of the work of the technical panel set up between Trenord and RFI at the instruction of the Public Prosecutor's Office, the tracks affected by the phenomenon described above were replaced. As a result, traffic on the Rail Loop was able to resume gradually starting in August until its complete reactivation starting from the end of September.

Economic and financial data summary

Amounts in millions of euros	**2022**	**2021**	**Change**	***Change %***
Revenues from sales and services	781.0	649.7	131.3	*20.2 %*
Other revenues and income	50.9	110.4	(59.5)	*-53.9 %*
TOTAL REVENUES AND OTHER INCOME	***831.9***	***760.2***	***71.8***	***9.4 %***
Operating costs	(388.0)	(343.7)	(44.3)	*12.9 %*
Personnel costs	(284.1)	(270.7)	(13.4)	*5.0 %*
EBITDA	***159.8***	***145.8***	***14.0***	***9.6 %***
Depreciation, amortisation and write-downs	(175.0)	(171.8)	*(3.2)*	*1.9 %*
EBIT	***(15.2)***	***(26.0)***	***10.8***	***n.s.***
Net financial income (loss)	(2.9)	(0.8)	(2.2)	*286.6 %*
EARNINGS (LOSS) BEFORE TAX	*(18.1)*	*(26.8)*	*8.6*	*-32.3 %*
Income taxes	8.7	26.9	(18.2)	*n.s.*
NET COMPREHENSIVE RESULT	**(9.5)**	**0.1**	**(9.6)**	***n.s.***

The year 2022 recorded a net loss of EUR 9.5 million, marking a deterioration of EUR 9.6 million compared to the 2021 figure (EUR +0.1 million). It should be noted that this result is affected not only by the effects of the lack of contributions to compensate for the lower revenues due to the effects of the pandemic - already quantified only for the remaining amount from the year 2021 as more than EUR 30 million - but also by the unrecovered damages deriving from the interruption of part of the Railway Link during the summer months, with an estimated loss of at least EUR 10 million.

Overall, in 2022 **revenues** have increased by EUR 71.8 million to EUR 831.9 million from EUR 760.2 million. In detail:

- **revenues from rail traffic** amounted to EUR 311.0 million, up by EUR 117.9 million compared to EUR 193.1 million in the previous year. The trend is mainly attributable to the growth in ticketing revenues, which increased from EUR 193.1 million in 2021 to EUR 311.0 million in 2022 (+61.1%), benefiting from the recovery in passenger volume following the improvement of the pandemic situation and, in part, from the update of tariffs as of 1

September 2022[12]. Nevertheless, compared to 2019, the reduction in traffic revenues was approximately EUR 40.0 million;

- **Revenues from the Public Service Contract** amounted to EUR 438.7 million, up by EUR 5.3 million compared to 2021 (+1.2%). The main changes refer to (i) the recovery of higher costs for network access for EUR 15.8 million to partially cover the increase in energy costs, (ii) partly offset by lower reimbursements for the rental of rolling stock for EUR 5.8 million, and (iii) the increase in penalties for EUR 6.2 million (of which EUR 5 million is attributable to the interruption of the Railway Link);
- **other revenues from sales and services** (mainly revenues from medium/long-distance lines, train rental to SBB and from services provided to Trenitalia) amounted to EUR 31.3 million, up EUR 8.1 million on 2021;
- **other income** amounted to EUR 50.9 million, a decrease of EUR 59.5 million compared to EUR 110.4 million in 2021, mainly due to lower relief for loss of revenue, which amounted to EUR 98.3 million in 2021 and EUR 38.3 million in the reference period[13].-With respect to the economic impact of the pandemic, it should be noted that there was an estimated impact compared to 2019 on ticketing revenues of about EUR 200 million in 2020, about EUR 160 million in 2021 and about EUR 40 million in 2022, alongside higher costs incurred for sanitation and social distancing. These reduced resources were only partly offset by the incremental resources made available by the government to clients through specific decrees. To date, resources have been allocated to allow for full coverage of only the year 2020 and a portion of 2021. The share of lost revenue still to be covered for the year 2021, based on the data provided to the LPT Observatory, is equal to more than EUR 30 million over the amount accounted for in the year 2022. The share of lost revenue from the year 2022 (amounting to approximately EUR 40.0 million) also must be added to these values. In the absence of further extraordinary allocations by the Central Government, the shortfall in revenues will have to be compensated on the basis of the mechanisms provided for in the current Public Service Contract, with particular reference to what is expressly provided for in art. 1370/2007 of the European Regulation.

[12] As per Regional Government Decree no. XI/6623 of 4 July 2022 concerning "*DETERMINATIONS REGARDING TARIFFS FOR REGIONAL AND LOCAL PUBLIC TRANSPORT SERVICES FOR THE YEARS 2022 AND 2023, PURSUANT TO REGIONAL REGULATION NO. 4 OF 10 JUNE 2014*", as of September 2022 an update of the tariffs came into force for ordinary (single trips and season tickets) and integrated (IVOL, IVOP and trenocittà) tickets: the tariff adjustment consists of 3.82% for rail tickets and 1.91% for integrated tickets. Subsequently, the LPT Agency of the Milan, Monza and Brianza area, with resolution no. 10/2022 of 26 August 2022, also approved the tariff adjustment coefficients of the applicable STIBM Integrated Tariff System: the new tariffs are applied as of 9 January 2023.

[13] The grants recognised in 2022 refer for EUR 11.3 million to the amounts referred to in art. 29 of Decree Law 41/2021 (Support Decree) and for EUR 27.0 million to the amounts referred to in art. 2 bis of Law 197/2022 (2023 Budget Law).

Personnel costs amounted to EUR 284.1 million (EUR 270.7 million in 2021), marking a net increase of EUR 13.4 million. This change is mainly related to the increase in the number of resources employed (+215 FTE), in large part linked to the completion of the shunting personnel internalisation process, the strengthening of commercial activities for customer service, ground control and on-board personnel.

Operating costs amounted to EUR 388.0 million, up by EUR 44.3 million compared to 2021. The main cost increases concern toll fees (EUR +27.1 million), utilities (EUR +5.4 million), commission expenses (EUR +5.4 million), insurance (EUR +3.6 million) and replacement services (EUR +2.3 million). The operating costs also take into account the extraordinary costs incurred in repairing the damage to the rolling stock caused by the failure of the Railway Link.

EBITDA amounted to EUR 159.8 million, up by EUR 14.0 million compared to EUR 145.8 million in 2021, due to the increase in revenues and contributions, partly offset by the increase in labour and operating costs.

Depreciation of fixed assets amounted to EUR 174.0 million (EUR 170.8 million in 2021) and mainly related to the depreciation of leased rolling stock as well as depreciation on cyclical maintenance on supplied and rented materials. **Write-downs** amounted to EUR 1 million, in line with the previous year. They mainly refer to the write-down of doubtful receivables (EUR 0.5 million) and the write-down of fixed assets (EUR 0.5 million).

The value of **EBIT** was negative by EUR 15.1 million, an improvement from the value of the previous year (EUR -26.0 million).

The **net financial loss** recorded a value of EUR -2.9 million compared to EUR -0.8 million in 2021, mainly due to higher interest expenses accrued on financial payables taken out for leased assets in application of IFRS 16.

The **loss before taxes** amounted to EUR -18.1 million, an improvement from the value of 2021 (EUR -26.8 million).

The item **income taxes** was positive at EUR 8.7 million (EUR 26.9 million in 2021) and is entirely attributable to the recognition of higher net deferred tax assets against the IRES tax loss for the period and tax changes connected to provisions for the year that the Company believes with reasonable certainty will be recovered in future years.

The year 2022 therefore closed with a **net loss** of EUR 9.5 million, a deterioration compared to the basically break-even level recorded in 2021.

The following table shows the reclassified **Balance Sheet** at 31 December 2022 compared to 31 December 2021:

Amounts in millions of euros	31/12/2022	31/12/2021	Change
Inventories	114.3	113.3	0.9
Trade receivables	154.2	207.9	(53.7)
Trade payables	(237.3)	(226.5)	(10.8)
Other net current assets	(83.8)	(69.6)	(14.1)
Net Working Capital	***(52.7)***	***25.1***	***(77.8)***
Net non-current assets	383.2	349.8	33.4
Other net non-current assets	83.8	77.4	6.4
Provisions for risks and charges	(41.3)	(44.4)	3.0
NET INVESTED CAPITAL	***373.0***	***407.9***	***(35.0)***
Equity	*(79.5)*	*(87.6)*	*8.1*
Total net financial position (Debt / -Cash)	*(293.5)*	*(320.3)*	*26.9*
TOTAL SOURCES	***(373.0)***	***(407.9)***	***35.0***

Net Invested Capital

Net Working Capital was a negative EUR 52.7 million, recording a decrease of EUR 77.8 million compared to 31 December 2021, consisting of the following:(i) a reduction in trade receivables of EUR 53.7 million that mainly related to the collection of grants allocated in 2021 to cover lower traffic revenues from the Lombardy Region for EUR 82.4 million and the receivable from the Ministry of Labour and Social Policies for EUR 8.5 million relating to the recovery of the transport bonus; (ii) higher trade payables of EUR 10.7 million, especially to Trenitalia (EUR +11.1 million); and (iii) lower net other current assets of EUR 14.1 million relating to the increase in other liabilities (EUR +15.1 million).

Net non-current assets amounted to EUR 383.2 million, an increase of EUR 33.4 million due to the increase in rights of use of third-party assets (EUR +34.1 million) as a result of the recognition of the extension of existing lease agreements resulting from the extension of the Public Service Contract. This item includes:

- the value of third-party assets in use, amounting to EUR 207.8 million, of which EUR 189.6 million referring to rolling stock and EUR 15.2 million to buildings;
- property, plant and equipment, amounting to EUR 165.2 million that include mainly the residual value of rolling stock in use (EUR 107.2 million);
- intangible assets, amounting to EUR 7.5 million;
- equity investments amounting to EUR 2.5 million, which refer mainly to the subsidiary Tilo S.p.A., and - to a minimal extent - to the associates Consorzio SBE and Consorzio Elio Scarl.

The amount of **net investments** for the year came to EUR 116 million and referred to investments in property, plant and equipment for EUR 62.4 million (mainly second-level maintenance work on rolling stock for EUR 38.1 million), an increase in rights of use on third-party assets of EUR 49.5 million and investments in intangible assets of EUR 4.1 million.

Other non-current net assets amounted to EUR 83.8 million and increased by EUR 6.4 million. In particular, deferred tax assets increased by EUR 8.2 million, partially offset by the increase of EUR 1.9 million in payables for non-current liabilities.
The value of **provisions for risks and charges** amounted to EUR 41.3 million and decreased by EUR 3.0 million compared to the value at 31 December 2021.

Net Financial Position

Overall, net financial debt at 31 December 2022 amounted - prior to the application of IFRS 16 - to EUR 47.6 million, with an increase of EUR 49.4 million compared to 31 December 2021, essentially due to the decrease in the need to utilise the credit lines available with major banks. The residual value of IFRS 16 financial payables relating to leased assets amounted to EUR 245.9 million, with an increase of EUR 22.5 million compared to 31 December 2021, thus bringing the total balance of financial debt to EUR 293.5 million, marking a decrease compared to 2021 of EUR 26.8 million, as shown in the table below:

Amounts in millions of euros	**31/12/2022**	**31/12/2021**	**Change**
Liquidity	(52.6)	(53.0)	0.4
Current financial debt	253.4	310.8	(57.4)
Current Net Financial Position (Debt / -Cash)	***200.8***	***257.8***	***(57.0)***
Non-current financial debt	92.6	62.5	30.1
Net Financial Position (Debt / -Cash)	***293.4***	***320.3***	***(26.9)***

AUTOSTRADA PEDEMONTANA LOMBARDA

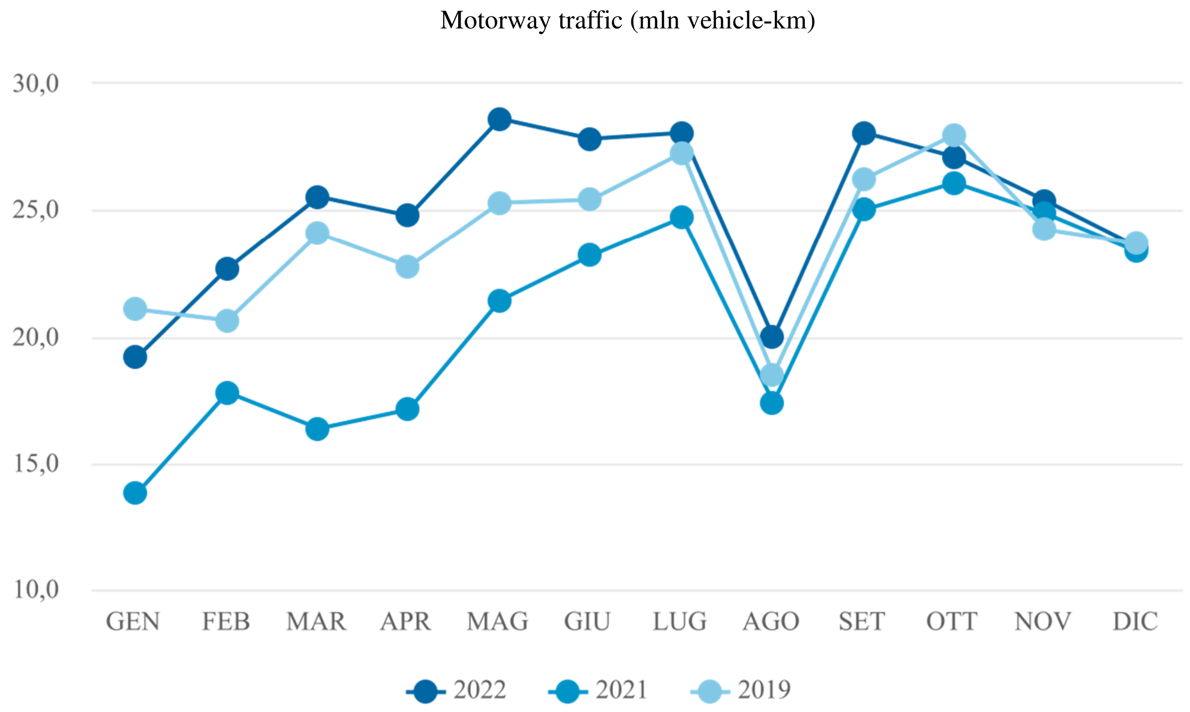
Traffic and tariff trends

Paying traffic		***2022***	***2021***	***Chg %***	***2019***	***Chg %***
Light vehicles	mln vehicle-	239.9	196.6	22.0 %	232.5	*3.2 %*
Heavy vehicles	mln vehicle-	60.6	55.3	9.6 %	54.7	*10.8 %*
Total	**mln vehicle-**	**300.5**	**251.9**	**19.3 %**	**287.2**	***4.6 %***

The traffic recorded in 2022 showed a significant improvement over 2021 (+19.3%), still partially affected by the COVID-19 emergency. It should also be noted that traffic volumes in 2022 are higher than those in 2019 (+4.6%) and better in general since APL's motorway sections came into operation.

Once the most important sections of the A36, i.e., Sections B2, C and D, have been completed, the Brianza and Bergamo demand areas will be reached, in addition to the one intercepted by the

interconnection with the main routes in the area, i.e. the SS35 Milan-Meda, which will be replaced by Section B2, the SS 36 Spluga, the A51 and the A4 motorway.
Below is a graph summarising the traffic trend on a monthly basis over the last two years, compared with the pre-COVID period:



With regard to tariffs, as of 1 January 2021 no increases in motorway tariffs were granted to the Company. The recognition of the tariff adjustment was influenced, according to the approach of the Competent Authorities, by the failure to complete the process of updating the EFP, as explained in section 6.5.

In the absence of the regulatory prerequisites represented by the existence of a EFP in force, the Ministry of Infrastructure and Transport (MIT) deemed that again in 2023 it could not accept the requests to update the tariff submitted by the Company, as was the case for the years 2022 and 2021. The MIT has in any case communicated that, when the new EFP becomes effective, the recovery of any tariff adjustments accrued as of the beginning of the current regulatory period will in any event be possible.
The Company challenged the measure referred to in the MIT note of 4 January 2023 whereby the request for a tariff adjustment as of 1 January 2023 was rejected. The Company also challenged the measures for the years 2022 and 2021.
As for the methods used to pay tolls, 2022 shows electronic toll collection accounting for 77.9%, slightly down from 2021 (78.9%). On the other hand, the percentage of tolls not paid within the 15-

day deadline was 13.03%, up slightly from 12.42% in 2021. The figures are consistent with the increase in traffic and occasional users, who are less accustomed to automatic payment systems and who are more likely to fail to pay the toll. It should be noted, however, that thanks to debt collection activities, the proportion of unpaid tolls for 2022 fell from 13.03% to 9.26% by December 2022 and is set to fall further when the debt collection process is completed, similar to what happened for 2021, when the proportion of unpaid tolls fell from 12.42% to 5.29% by the end of 2022.

Economic and financial data summary

The following data are reported in accordance with the regulations of the Italian Civil Code, interpreted and supplemented by the accounting principles issued by the Italian Accounting Body (OIC).

Amounts in millions of euros	**2022**	**2021**	**Change**	***Change %***
Toll revenues	40.1	34.1	6.1	*17.8 %*
Other revenues and income	7.1	5.9	1.2	*20.7 %*
TOTAL REVENUES AND OTHER INCOME	***47.2***	***39.9***	***7.3***	***18.2 %***
Operating costs	(18.2)	(16.1)	(2.1)	*13.1 %*
Personnel costs	(6.6)	(6.3)	(0.4)	*5.9 %*
EBITDA	***22.3***	***17.6***	***4.8***	***27.3 %***
Depreciation, amortisation, provisions and write-downs	(6.3)	(6.1)	***(0.1)***	*1.9 %*
EBIT	***16.1***	***11.4***	***4.7***	***40.9 %***
Net financial income (loss)	(21.3)	(12.8)	(8.5)	*66.7 %*
EARNINGS (LOSS) BEFORE TAX	*(5.2)*	*(1.4)*	*(3.8)*	*n.s.*
Income taxes	(0.7)	(0.6)	(0.1)	*16.2 %*
COMPREHENSIVE RESULT	**(5.9)**	**(2.0)**	**(3.9)**	***n.s.***

In 2022, APL generated **revenues** of EUR 47.2 million, up from EUR 39.9 million in 2021, mainly due to traffic growth.

Operating costs increased, albeit to a lesser extent, due to higher energy costs and costs correlated with revenue trends (e.g. concession fees), which were partly absorbed by savings on other cost items. Personnel costs increased by EUR 0.4 million as a result of contractual increases and the revaluation of severance pay.

EBITDA for the period was therefore EUR 22.3 million, up EUR 4.8 million compared to 2021.

EBIT increased by EUR 4.7 million to EUR 22.3 million, and takes into account substantially stable amortisation, depreciation, provisions and write-downs, due to the combined effect of higher financial amortisation and depreciation of non-compensated assets closely linked to the increase in EBITDA and lower provisions for bad debts and the provision for renewal, respectively, due to better credit recovery performance and the consistency of the existing renewal provision with respect to the need to maintain and/or restore the production capacity of the revertible assets.

In 2022, APL recorded financial expenses of EUR 21.3 million, an increase of EUR 8.5 million compared to the previous year, as a result of the effect of the application of amortised cost throughout 2022 to the accessory costs of the Senior Loan 1 which, in 2021, only took effect as of 31 August (the date on which the loan was taken out), and which will not be capitalised on the value of the work until the project commences. The effect of higher interest rates on the Bridge Loan 2 and the variable-rate Shareholder Loan also contributed to the increase in financial expenses.

The period therefore closed with a **Net loss** of EUR -5.9 million, compared to a loss of EUR - 2.0 million in 2021, in the presence of substantially stable taxes year-on-year.

Amounts in millions of euros	**31/12/2022**	**31/12/2021**	**Change**
Liquidity	(358.6)	(367.7)	9.1
Current financial debt	8.9	16.1	(7.2)
Current Net Financial Position (Debt / -Cash)	***(349.7)***	***(351.6)***	***1.9***
Non-current financial debt	342.2	346.7	(4.5)
Net Financial Position (Debt / -Cash)	***(7.5)***	***(4.9)***	***(2.6)***

As at 31 December 2022, the net financial position is positive with cash of EUR 7.5 million, up by EUR 2.6 million compared to 31 December in the previous year.

Cash and cash equivalents decreased by EUR 9.1 million due to the payment of residual one-off fees on the Senior Loan 1 and financial expenses relating to the Bridge Loan 2, as well as the repayment of the principal of the latter.

Non-current financial debt includes the Shareholder Loan granted by MISE in previous years, which increased to EUR 180.5 million in 2022 (from EUR 176.3 million in 2021) due to interest for the year, which was not paid as it was subordinated to bank debt.

Amounts due to banks decreased overall by EUR 15.9 million (to EUR 170.6 million at 31 December 2022 from EUR 186.5 million at the end of 2021), mainly due to the combined effect of the payment of charges relating to the Senior Loan 1 (EUR 7.5 million), and the repayment of the principal of the Bridge Loan 2 (EUR 8.4 million). The latter was taken out in February 2016 from a pool of Italian banks and supplemented with the addendum signed in November 2017, which rescheduled the repayment terms, providing for repayment in six-monthly instalments until 30 June 2034.

10 FNM S.P.A. OPERATING AND FINANCIAL PERFORMANCE

10.1 ECONOMIC DATA SUMMARY

The reclassified income statement for the year is shown below, compared with that of 2021, with an indication of the differences in absolute and percentage terms.

Amounts in millions of euros	**2022**	**2021**	***Change***	***Change %***
Revenues from sales and services	79.3	74.6	*4.7*	*6.3 %*
Other revenues and income	4.9	4.4	*0.5*	*11.4 %*
TOTAL REVENUES	*84.2*	*79.0*	*5.2*	*6.6 %*
EBITDA	*47.3*	*47.9*	*(0.6)*	*(1.3) %*
EBIT	*17.3*	*18.8*	*(1.5)*	*(8.0) %*
Net financial income (loss)	*(7.4)*	*(12.6)*	*5.2*	*(41.3) %*
COMPREHENSIVE INCOME	**8.0**	**5.4**	***2.6***	***48.1 %***

Revenues from sales and services increased compared to 2021 by EUR 4.7 million, mainly due to higher revenues for centralised services provided to Group companies for EUR 4.1 million and for leasing new trainsets to Trenord for EUR 0.4 million.

Other revenues and income amounted to EUR 4.9 million compared to EUR 4.4 million in 2021.

External operating costs rose by EUR 4.2 million, from EUR 16.1 million to EUR 20.2 million, primarily due to higher service costs of EUR 1 million, institutional communication expenses of EUR 0.5 million, higher IT service costs of EUR 0.6 million, higher insurance costs of EUR 0.5 million and lastly higher costs for membership fees of EUR 0.4 million.

Personnel costs amounted to EUR 16.7 million, up by EUR 1.6 million compared to EUR 15.1 million in 2021, mainly in relation to the different composition of the average number of employees and the increase in amounts disbursed due to the early termination of employment relationships.

EBITDA, which fell from EUR 47.9 million to EUR 47.3 million, decreased by 1.2% due to the combined effect of an increase in revenues and an increase in operating costs.

Depreciation, amortisation and provisions increased by EUR 0.9 million compared to 2022 in connection with the gradual commissioning of new TILO rolling stock starting in December 2020.

EBIT, determined by the combined effect of the performance of the previously discussed revenue and cost categories, amounted to EUR 17.3 million compared to EUR 18.8 million in 2021, declining by EUR 1.5 million, or 7.9%.

The item **net financial income (loss)** was a loss of EUR 7.4 million, up by EUR 5.3 million compared to EUR -12.6 million in 2021; in particular, interest expense on loans amounted to EUR 6.5 million (EUR 16.3 million in the 2021 comparative period), as the year 2021 included higher non-recurring financial expenses relating to the Bridge loan taken out to finance the acquisition of MISE, amounting to a total of EUR 8.6 million, relating to the share for the year of the upfront fee, the extension fee and accessory costs. The lower financial expenses were offset by lower dividends, which decreased from EUR 3.9 million in 2021 to EUR 0.9 million this year.

Earnings before taxes amounted to EUR 10.0 million versus EUR 6.2 million in 2021.

Income taxes of EUR 1.9 million increased due to higher taxable income.

The **profit for the year** amounted to EUR 8.0 million, an increase on the EUR 5.4 million recorded for FY 2021.

10.2 RECLASSIFIED FINANCIAL POSITION AND SUMMARY INDICATORS OF RESULT

Below is the reclassified financial position of the financial year and the previous one:

Amounts in millions of euros	31/12/2022	31/12/2021	*Change*
Current receivables	54.6	40.8	*13.8*
Current payables	(54.0)	(53.6)	*(0.4)*
Net Working Capital	*0.6*	*(12.8)*	*13.4*
Fixed assets	411.5	389.0	*22.5*
Equity investments	710.0	710.6	*(0.6)*
Non-current receivables	20.3	10.3	*10.0*
Non-current provisions and payables	(7.5)	(7.8)	*0.3*
NET INVESTED CAPITAL	***1,134.9***	***1,089.3***	***45.6***
Equity	*413.1*	*405.0*	*8.1*
Net financial position (Debt/-Cash)	*721.8*	*684.3*	*37.5*
TOTAL SOURCES	***1,134.9***	***1,089.3***	***45.6***

Current receivables increased due to the inclusion of the subsidiary MISE in the tax consolidation. The net financial position increased from EUR 684.3 million to EUR 721.8 million, mainly due to the investments paid during the year, amounting to EUR 57.3 million.

The Company manages the liquidity of the other Group companies in cash pooling; therefore, in view of cash on bank deposits of EUR 115.8 million, FNM has giro account receivables of EUR 0.4 million (EUR 0.8 million at 31 December 2021) and giro account payables of EUR 152.8 million (EUR 88.0 million at 31 December 2021).

As shown in the statement of cash flows, to which reference is made, operating activities generated liquidity of EUR 39.9 million, investment activities absorbed financial resources of EUR 69.9 million, while financing activities generated liquidity of EUR 49.3 million.

11 REGULATORY FRAMEWORK

11.1 RAILWAY INFRASTRUCTURE

By Decree of the Minister of Infrastructure and Transport of 5 August 2016, the FERROVIENORD - Milan Branch network was transferred as of 15/09/2016 under the National Agency for Railway Safety (ANSF), with the termination of all responsibilities that had been assigned to the Ministry of Infrastructure and Transport.

FERROVIENORD has developed its own safety management system in accordance with regulations in force and the provisions issued by ANSF, implementing the provisions of Legislative Decree no. 162/2007, now replaced by Legislative Decree no. 50 of 14 May 2019.

On 17 April 2018 ANSF issued to FERROVIENORD Safety Authorisation no. IT2120180001, renewed in June 2019 until 2021 (reference no. IT2120190004 of 11/06/2019) and in June 2021 until April 2023 (reference no. IT2120210002 of 28/06/2021). The renewal procedure is ongoing. The Decree of the Ministry of Infrastructure and Transport of 2 August 2019 identified - in accordance with art. 2, paragraph 4, of Legislative Decree no. 50 of 14 May 2019, "*Implementing Directive 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety*" - the Brescia Iseo Edolo line (Iseo Branch) between the railway networks functionally isolated from the rest of the railway system, subject to the application of the rules defined by ANSF Decrees no. 1/2019 and no. 3/2019 with the resulting cessation of all responsibilities of the Ministry of Infrastructure and Transport.

In June 2021 FERROVIENORD obtained the **Certificate of Approval** (reference no. GI2021001 of 28/06/2021), valid until April 2023.

11.2 LOCAL PUBLIC TRANSPORT

Updates are provided below on national legislative developments relating to the LPT sector.

To address the COVID-19 epidemiological emergency, in 2020, 2021 and 2022, several national and regional measures containing financial and other support measures were issued to public and private LPT operators. The main regulations aimed at making up for lost tariff revenues are outlined below.

Article 92, paragraph 4-*bis* of Decree Law no. 18 of 17 March 2020 provided for the recognition of fees on the basis of contractual programming, despite the remodulation of the offer implemented following the epidemiological emergency.

To partially offset loss of ticketing revenues, article 200, paragraph 1, of Decree Law no. 34 of 19 May 2020 (Relaunch Decree) converted, with amendments, by Law no. 77 of 17 July 2020, established a fund with the Ministry for Infrastructure and Transport with an initial amount of EUR 500 million for the year 2020, to offset the reduction of tariff revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average tariff revenues recorded in the same period of the previous two years.

The endowment of the fund was then increased by EUR 400 million for 2020 by art. 44, paragraph 1 of Decree Law no. 104/2020 (August Decree). This provision also provided the possibility to use

the greater resources allocated, up to a limit of EUR 300 million, to finance additional local and regional public transport services for students as well.
With the subsequent art. 27 of Decree Law 149/2020 (Ristori bis decree) converted into law by Law 176/2020 art. 22-*ter* was extended until 31 January 2021, the reference period in relation to which companies may make use of the Fund for local public transport companies due to the lower tariff revenues realised during the COVID-19 emergency period, in addition, the Fund's endowment was increased by a further EUR 390 million, of which a portion of up to EUR 190 million to finance additional local and regional public transport services, including for students. Therefore, of the additional EUR 390 million allocated for 2021, EUR 200 million is earmarked to compensate for the lower revenues of the LPT companies already identified by art. 200, paragraph 1 of the aforementioned Decree Law no. 34/2020 and EUR 190 million for additional local and regional public transport services.
Decree Law no. 41 of 22 March 2021 ("Support Decree" - converted with amendments by Law no. 69/2021), which allocated an additional EUR 800 million to compensate for the reduction in tariff revenues deriving from the decrease in passengers. This appropriation is allocated on a priority basis for lost revenues for 2020 and, for the remainder, from January 2021 until the expiry of regulatory measures aimed at establishing limitations on vehicle capacity; Decree Law no. 73 of 25 May 2021 ("Support bis Decree" - converted with amendments by Law no. 106/2021), allocated funds of EUR 450 million to be allocated to additional LPT services.
Decree Law no. 105 of 23 July 2021 (converted with amendments by Law no. 126/2021), which extended to 31 December 2021 the term - provided for by art. 92, paragraph 4 bis, of the "Cura Italia Decree" - until which the Entities awarding LPT services may not apply to the operators of the aforesaid services either fee reductions, or penalties or sanctions due to the reduced number of runs made or distances covered as a result of the pandemic. The fee guarantee was then extended to 31 March 2022 by means of a provision introduced during the conversion of Decree Law no. 221 of 24 December 2021.
Article 1, paragraph 186 of Law no. 178 of 30 December 2020, regarding the law on the State budget for financial year 2021 and the multi-year budget for the 2021-2023 three-year period provided for an increase by a further EUR 450 million in the endowment of the fund to be intended for additional LPT services allocated by Decree Law no. 73 of 25 May 2021 ("Support bis Decree" - converted with amendments by Law no. 106/2021). The endowment of the latter Fund was further increased by EUR 80 million for 2022 by article 24, paragraph 1 of Decree Law no. 4 of 27 January 2022. These resources, until 31 March 2022, the end of the state of emergency, are allocated to fund

additional services planned in order to handle the effects arising from the limitations placed on the vehicle filling coefficient, and subject to the detection of actual use by users in the year 2021.
Lastly, Law no. 197 of 29 December 2022 (State Budget for the 2023 financial year and multi-year budget for 2023-2025) addressed the subject of compensation for lost revenues as a result of the COVID emergency with the provision set forth in article 1, paragraph 477, supplementing article 200 of Decree Law no. 34/2020 with paragraph 2-*bis*; the measure provides for the refinancing, for a total of EUR 350 million (EUR 100 million for 2023 and EUR 250 million for 2024), of the "traffic revenue shortfall fund" to cover the reduction in passenger fare revenues suffered by local and regional public transport companies, state-owned companies and awarding bodies (in the case of gross cost Public Service Contracts) in the period from 1 January 2021 to 31 March 2022.
In connection with the above-mentioned measures, grants corresponding to 90% of the allocated resources were paid out on the basis of the Ministry's LPT Observatory data collection. The disbursement of the remaining 10% remains conditional on the results of 2022 monitoring and the verification of any 2020-2021 overcompensation pursuant to art. 2 paragraph 3 of Decree 489 of 2 December 2021.

To complete the regulatory framework related to the COVID-19 epidemiological emergency concerning Local Public Transport, it should be noted that art. 4-*bis* of the already mentioned Decree Law no. 18 of 17 March 2020 establishes that "Until the end of the measures for the containment of the COVID-19 virus, all the procedures in progress, relating to the awarding of local public transport services, may be suspended, with the option of extending the contracts in place on 23 February 2020 for up to twelve months after the declaration of the end of the emergency; the public procedures relating to local public transport services already defined by awarding on 23 February 2020 remain excluded".
It should be noted that the Lombardy Region approved on 25 May 2021, no. 8 art. 30, the amendment of art. 60 of Law 6 of 2012, postponing the deadline for carrying out tenders for the renewal of concessions/service contracts by 2 years, after the end of the emergency period.

Finally, again in order to contain the negative effects of the epidemiological emergency, it should be noted that art. 5 of Regional Law no. 4 of 2-4-2021 "Interventions in support of the economic fabric of Lombardy" guarantees that "in order to contain the negative effects of the COVID-19 epidemiological emergency, starting on 23 February 2020 and until the end of the state of epidemiological emergency and, in any case, not beyond 30 April 2021, the Region, as client, does not apply to the operator of regional railway infrastructure, even where provided for by contract, measures to increase the efficiency of costs and reductions in fees due to the lower number of trips made on the network under its responsibility, for reasons not attributable to the operator itself, compared to what was budgeted at the beginning of each year.”

11.3 MOTORWAY INFRASTRUCTURE

On 23 February 2022, the Ministry of Infrastructure and Sustainable Mobility sent the subsidiary the draft outline of the second additional agreement, for the complete drafting of the file relating to the update of the Economic and Financial Plan to be submitted to the Transport Regulatory Authority in order to obtain its opinion.

Following the request made to the Awarding Body by the Company on 17 February 2022 in relation to the release of a portion of the “Provision for delayed maintenance”, corresponding to the greater expenditure incurred in 2021 with respect to the contractual forecasts in force, on 5 April 2022 the Awarding Body expressed its authorisation to release the provision. The communication specifies that this is without prejudice to the Company's obligation to carry out all the maintenance operations necessary to ensure the full functioning of the infrastructure under its management in compliance with the contractual commitments and the obligations arising from current legislation.

At the end of June of this year, a memorandum of understanding was signed between the subsidiary and the Awarding Body “*for the approval of the operating plans prepared by the motorway section managers*”. The protocol calls for the implementation of a dynamic monitoring system for the remote control of bridges, viaducts and tunnels, and also provides special financial resources for all concessionaires in connection with this implementation. The subsidiary will receive a EUR 5.4 million contribution in return for the activity established in the protocol, to be disbursed in 2022-2026, the year in which all activities set forth in the plan are to be considered completed.

As noted above, in October, the subsidiary filed a petition with the Awarding Body in connection with the tariff adjustment to be applied as of 1 January 2023. The request, as instructed by the Awarding Body, was developed using the elements set out in ART Resolution 69/2019. The approval of the above-mentioned application was postponed until the definition of the procedure to update the economic and financial plan prepared in accordance with the resolutions adopted by the Transport Regulatory Authority.

In light of ruling no. 24/2023 of the Piedmont Regional Administrative Court, as mentioned above, which rejected the Company's appeal against the Transport Regulatory Authority resolutions, the Company is in the process of preparing a new proposal to update the Economic and Financial Plan.

12 MAIN RISKS AND UNCERTAINTIES

In carrying out its activities, the Group is 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 and internal management choices are added.

FNM S.p.A. prepared and adopted, as an integral part of its Internal Control and Risk Management system, a Risk Management process aimed at identifying and managing the various types of risk to which the Company and the Group are exposed both in relation to the external context of reference and to the specific technical and operational characteristics of the various sectors in which the investee companies operate.

The main purpose of the process is to adopt a systematic approach to the identification of priority risks, to assess potential negative effects and to take the appropriate actions to mitigate them.

To this end, FNM S.p.A. has adopted a risk management model and recognition methodology that assigns an index of relevance to risk based on the assessment of the overall impact, probability of occurrence and level of control.

Under the coordination of the Risk Committee the identified Process Owners identify and assess the risks under their remit through a Risk Self-Assessment process and provide a first indication of associated mitigation actions. The results of the process are subsequently consolidated at a central level in a map, where the risks are prioritised on the basis of the resulting scoring and aggregated to allow for the coordination of mitigation plans in an integrated risk management perspective.

During the year and as part of the periodic risk assessment activities carried out by FNM - with the support of the Risk Manager - it defined risk threshold values, which are parameterised and proportionate to the activity and size of the Group's individual subsidiaries, the surpassing of which is not deemed compatible with the Issuer's risk appetite. The risk scenarios thus identified qualify as "top-risk", against which FNM's management has mitigation plans in place to bring risk values within limits consistent with the identified threshold values.

In addition, during 2022, the annual business risk assessment was updated and the 2022 Risk Assessment plan was approved on 18 March 2022. The activity is currently being finalised and has been conducted in continuity and integration with previous analyses, following approval by the Risk Committee, with the aim of:

- ensuring a better understanding of the risks to which the Group is exposed and, consequently, of the potential impact of those risks on the economic and financial results;

- identifying improvement actions to be implemented on the existing prevention and protection solutions;
- assessing possible margins for improvement of current insurance coverage programmes in place.

The reference methodology used for risk management is UNI ISO 31000:2018.
The main risk scenarios are provided below, separately identifying those common to the various operating segments and those of each sector.
Finally, in relation to specific financial risks and more detailed analyses of credit and liquidity risk, please refer to the Notes to the separate financial statements (Note 35) and the consolidated financial statements (Note 51).

12.1 MAIN RISKS

Uncertainty of the legislative and regulatory framework

The FNM Group chiefly operates in the railway and automotive local public transport (LPT) segment. This segment is characterised by considerable legislative and regulatory complexity and, for over ten years, has been the object of a deep and radical transformation process, not always without interpretative and applicative uncertainties and far from being considered stabilised.
In relation to railway transport specifically, on 13 April 2015, the Lombardy Region and Trenord signed the new Public Service Contract for regional and local public rail transport for the period from 1 January 2015 to 31 December 2020. The expiry date - initially extended to 31 December 2021 by art. 2 of Regional Law no. 26 of 28 December 2020 - was extended to 31 July 2023 by Regional Law no. 17 of 8 August 2022 on account of the exceptional economic instability situation in progress, particularly with reference to the increase in the costs of raw materials and the evolution of the inflationary process, which results in a framework of economic and financial uncertainty, pending the assignment of the regional railway service in compliance with the provisions of European Regulation no. 1370/2007 of the European Parliament and of the Council of 23 October 2007.
On the other hand, on 15 February 2016 the concession to FERROVIENORD was renewed to 31 October 2060, on 21 December 2022 the new Public Service Contract was signed, with a duration from 1 January 2023 to 31 December 2027, to the same company, while on 28 July 2016 the new Programme Agreement was signed, with a term from 28 July 2016 to 31 December 2022, later extended to 31 December 2027 with Regional Government Decree of 14 December 2020, as previously described in paragraph 6.2 “Railway infrastructure”.

In relation to road transport and, consequently, to the LPT activities of the Group through FNM Autoservizi S.p.A. and ASF Autolinee S.r.l., despite the uncertainty deriving from the management of the concessions for the provinces of Brescia and Varese extended to 31 December 2023 or the date when the new operator takes over the service (only relating to FNM Autoservizi S.p.A.) and of the Public Service Contract for the province of Como extended to 31 December 2023 or the date when the new operator (for both investee companies) takes over the service, the risk of non-assignment/renewal is shared by all competitors as, in this hypothesis, the costs of the Group would be reduced due to the regulatory provisions for the new operator to take over the use of vehicles and personnel.
The same considerations apply in relation to LPT activity carried out by ATV S.r.l. in Verona and province, with a contract expiring in June 2019, extended to 31 December 2023.

Failure to comply with the commitments to the Awarding Body

Inability to comply with contractual commitments or an impairment of the Group's image from a reduction of the service quality provided represents a significant risk for maintaining the cost-effectiveness of the Public Service Contracts, Programme Agreements and Concession Agreements due to the risk of contractual penalties being debited.
Faced with this risk, the Group continuously monitors the quality of the service provided to the Awarding Body (with reference to the quantitative and qualitative parameters defined in the Agreements) and to the Customer (with reference to the perceived level of satisfaction with service quality and safety), both through continuous checks on procedures and processes, carried out by the relevant internal departments and by external bodies, and through staff training activities to ensure high service standards, as well as through systematic reviews of procedures and operating processes aimed at maintaining the efficiency and effectiveness of the service provided and the safety of Group personnel.

Employee-related risks

Labour costs represent a significant production factor for the four main operating segments. The need to maintain service levels consistent with the Awarding Body and Customer's expectations and the complexity of labour law regulations lead to limited flexibility in the management of labour resources; therefore, significant increases in staff unit costs could significantly affect the Group's profitability, since the possibility downsizing the workforce and ensuring the same level of quality and efficiency of operations is limited.

From this point of view, as described in paragraph 13 below “Employees: Numbers, costs and training”, the Group considers it a priority to maintain a constructive dialogue with staff and trade unions to guarantee the satisfaction of efficiency and effectiveness objectives for production processes with full assumption of social responsibility, job security and guaranteed employment even in recession periods.

In addition, there is difficulty in finding specialised personnel, a phenomenon influenced by several factors including: the rising cost of obtaining qualifications and professional licences and an extremely dynamic and competitive labour market. In this sense, companies in the road and motorway sector offer specific categories of workers *ad hoc* training courses and specific development plans.

Cyber security risk

With respect to the risk of cyber attacks, also in view of a context in which the number of hacker attacks is constantly increasing in terms of both frequency and impact, the Group has adopted significant measures to protect both software and hardware infrastructures (e.g. by activating a Security Operation Centre, or “SOC”, service) in addition to setting up Disaster Recovery and IT Business Continuity systems.

Climate change risk

The assessment of the impact of the Company's businesses on climate change is currently of priority importance, as also shown by the 2022 materiality list set forth in the Non-Financial Statement, updated following the performance of shareholder engagement activities. FNM attaches great importance to this issue and has put actions into place to guard against the risks and opportunities involved.

Aware of the importance of safeguarding the environment, the FNM Group strives to play a proactive role in the energy transition, which it believes is a fundamental objective to be pursued and an opportunity for future development. From this perspective, on 16 September 2021 FNM's Board of Directors approved the 2021-2025 Strategic Plan which establishes the Group as an integrated operator of sustainable mobility, guided by environmental, social and governance (ESG) sustainability principles. For the first time, the plan integrates and quantifies ESG objectives in the definition of the Group's business strategy in order to develop new forms of multimodal, integrated and sustainable mobility, leveraging the synergistic management and development of the Group's complementary infrastructure portfolio, acting as a mobility partner for the communities served. In this sense, the development of new mobility services, implemented through the use of digital technologies and adapted to meet user requirements, is accompanied by the maintenance and improvement of conditions of safety and resilience to extreme natural events. An integral part of the plan, which contributes to the achievement of 10 of the 17 UN 2030 Agenda Sustainable Development Goals (SDGs) on which it has an impact, it therefore also provides concrete support to local development, through environmental and urban redevelopment projects along the railway route.

To enable the achievement of sustainability goals and active participation in the energy transition process, for the first time the Plan identifies key indicators with precise targets for 2025, including fleet development and decarbonisation.

All of this translates into an investment plan of about EUR 850 million in the 2021-2025 period, of which more than one-third in activities eligible for definition as "green" by the European Taxonomy.

Below are the main objectives that the Group has set to demonstrate its commitment to fostering and promoting the energy transition process and which are associated mainly with fleet modernisation policies, with the introduction of alternative fuel vehicles (e.g. hydrogen trains, electric buses, etc.):

	2025	*2022*	*2021*
Scope 1 and Scope 2 CO2 emissions / revenues	48 ton/Co2eq/M€ (-35% vs 2020)	68.4 ton/Co2eq/M€ (-7.6% vs 2020)	70.4 ton/Co2eq/M€
Use of electricity from renewable sources for corporate consumption and services throughout the infrastructure managed by the Group	100.0 %	47.0%	51.0 %

It should be noted that in 2022 the Group further reduced its Scope 1 and Scope 2 CO2 emissions in relation to revenues, achieving a reduction of more than 7% compared to 2020 levels (equal to 74.0 tonnes of CO2eq/M€). In contrast, the use of renewable energy for corporate consumption and services throughout the Group's infrastructure decreased by 4 percentage points compared to 2021, as the 2022 figure was affected by higher electricity consumption, mainly attributable to the higher incidence of MISE consumption, which is considered for 12 months in 2022 compared to 10 months in 2021. This increase more than offset the lower consumption for services throughout the managed railway infrastructure, which also corresponded to more significant certified renewable energy purchases compared to the other segments considered, which decreased more than proportionally year-on-year.

Risks associated with the COVID-19 pandemic

Group companies have processes and procedures in place that support the identification, management and monitoring of pandemic events with potential significant impacts on the company's resources and business. To this end, a company protocol has been drawn up regarding preventive measures aimed at combating and limiting the spread of COVID-19.

The Group companies, especially in the automotive and rail passenger transport operating segment, have committed themselves to ensuring a prompt response to the COVID-19 pandemic threat with the aim of addressing certain aspects during the pandemic situation and, in the following months, defining how service will resume.

These processes are aimed at maximising the timeliness and effectiveness of the actions taken in order to offer added value to stakeholders, trying to limit the impact of adverse events that could generate discontinuity in the transport service and ensuing inconveniences for travellers, while protecting the interests and safety of customers, employees, shareholders and partners.

Inflation risk

The recovery in demand, in the presence of raw material and intermediate good supply chain tensions that hinder manufacturing production, and the rise in energy prices, led to an increase in inflation already in 2021. In view of the serious uncertainties linked to the conflict between Russia and Ukraine that broke out on 24 February 2022 and the economic sanctions imposed, in 2022 there was a significant increase in inflation, especially caused by rising energy and raw material prices.

The Group is also exposed to these risks.

With reference to the risk of an increase in energy costs, in particular for the fuels (diesel and methane) used for local public transport by road and for utilities (which include headquarters and railway infrastructure lighting), as well as for the costs incurred by Trenord for railway traction, mixed price (fixed and variable component) purchase contracts are assigned on the basis of auctions with a maximum duration of one year. MISE's power purchase contracts, on the other hand, are variable price.

In the case of the Rail Infrastructure segment, any price increases are partially mitigated by the annual adjustment to inflation of the Public Service Contract between Ferrovienord and the Lombardy Region. In the Road passenger mobility segment, partial protection is provided by the annual adjustment, in some of the areas served, of the service contract and tariffs following the increase in the inflation rate. Both railway infrastructure managers and LPT road operators benefited in 2022 from the special energy concessions for energy-intensive companies. It should be noted that feasibility studies are under way for the installation of photovoltaic systems along the managed railway network.

Ro.S.Co. rolling stock lease revenues are instead not adjusted for inflation.

As for the Motorways segment, the rate increase applied in 2022, which recovers the increase voluntarily suspended by MISE that was authorised as of 1 January 2019, offset at least in part the effect of the increase in energy prices. The rate adjustment established with the new 2020-2024 EFP, which is currently being approved, could offer additional partial protection against the increase in inflation as it is calculated on the basis of parameters that take account of the programmed increase in inflation set at 0.80%. The updating of the effects of the inflationary parameter is postponed to the renewal of the Economic and Financial Plan when the next 2025-2028 regulatory period expires.

With regard to Trenord, the service contract currently in place until 31 July 2023 provides for the direct recognition of the costs of electrical traction on the RFI network by the Lombardy Region. As part of the negotiations for the new 10-year service contract beginning on 1 August 2023, which will be based on the principles defined by the ART, the allocation of the risk of fluctuations in energy prices to the Awarding Body is under discussion.

Regarding maintenance costs, which are exposed to increases in the prices of raw materials, as well as other production cost items, it should be noted that, in line with market trends, in all segments, suppliers are requesting a review of contract prices.

It should be noted that in order to cope with the exceptional increases in the prices of certain construction materials as well as fuels and energy products to be used in the execution of public works, art. 26 of Decree Law no. 50 of 17 May 2022 was introduced into the legal system, containing “Urgent measures on national energy policies, business productivity and the attraction of investments, as well as on social policies and the Ukrainian crisis” (“Aid Decree”, converted into Law no. 91 of 15 July 2022), which, in order to allow for the performance of contracts awarded on the basis of bids with a final submission deadline by 31 December 2021, provided for the application of updated price schedules, also as an exception to the specific contractual clauses, for all works accounted for from 1 January 2022 to 31 December 2022.

With Law no. 197 of 29 December 2022 (“State Budget for the 2023 financial year and multi-year budget for 2023-2025”), the Aid Decree mechanism was substantially extended also with reference to the year 2023.

The Group has taken steps to obtain recognition of the higher charges as required by the regulations.

In view of the above, operators may request extraordinary support from the authorities in order to guarantee the provision of the public service, also taking into account the principle laid out in art. 4 of EU Regulation no. 1370/2007, which establishes that public service operators must maintain economic and financial balance.

Lastly, as already noted in previous years, in addition to price increases, production chains continue to be negatively impacted by delays in the supply of raw materials and semi-finished goods. The Group could therefore be affected by this situation, which could lead to delays in the delivery of materials, rolling stock and vehicles.

The Group remains flexible in the effective management of variable and discretionary costs and carefully monitors developments in order to understand whether and to what extent price increases could have an impact on the Group's expected results.

Risk of rising interest rates

The rapid rise of inflation to extraordinarily high levels in 2022, and a faster-than-expected post-pandemic recovery, have prompted central banks to initiate the withdrawal of monetary stimulus measures in order to pursue price stability and safeguard financial stability. In particular, the ECB gradually ended its net purchases of financial assets and announced from July onwards a phase of official rate hikes that led to interest rates on main refinancing operations, marginal refinancing operations and deposits with the central bank being set at 3.00%, 3.25% and 2.50%, respectively, effective as of 8 February 2023.

The FNM Group has limited exposure to the risk of rising interest rates. Thanks to the issue of the EUR 650 million fixed-rate bond maturing in October 2026, which enabled the repayment of the floating-rate Bridge Loan taken out to finance the acquisition of MISE, 85% of the Group's gross debt at 31 December 2022 is represented by fixed-rate loans. The remaining 15% of debt is represented by loans held by MISE taken out at variable rates. As highlighted in chapter 51, a 125 bps increase or decrease in interest rates represents a net increase or decrease in the incidence of financial expense on the net profit of EUR 1.4 million, net of the tax effect.

The fixed coupon of 0.75% on the bond made it possible to reduce the average cost of debt for the Group for 2022 from 1.94% to 1.27%.

The Group is subject to other specific risks of the individual operating sectors, as described below:

12.2 TYPICAL RISKS OF THE RAILWAY INFRASTRUCTURE OPERATING SEGMENT

Railway network maintenance management by FERROVIENORD on the basis of a Public Service Contract as already described in the comments on activities in this segment, does not present particular areas of risk as it is a service governed by extremely stringent regulations relating to the safety of stations and the network and by precise planning of financed interventions agreed with the Awarding Body.

However, it should be noted that, in relation to the planning of improvement activities on the network aimed at increasing service efficiency and the cost of renewing the network itself, the Group faces a risk of low availability of long-term loans and dependence on financial resources from the public operator, which are also influenced by external variables that are difficult to control.

Service and network security

Security risk must be separated into that linked to traffic safety and of the security of people and assets.

For both areas, the operating segments of the Group are subject to a high level of regulation from the point of view of operations management and numerous inspections carried out by the competent supervisory bodies.

Failure to comply with the regulations in force, in addition to exposing the Group to the risk of litigation, may result in the loss of reputation with Licensers and Customers, at the risk of compromising the cost of the Public Service Contracts.

With specific reference to FERROVIENORD, the progressive installation of Train Stop Systems (SCMT and SSC) across the entire network significantly increased the level of safety guaranteed.

The progressive availability of new technologically advanced rolling stock than that currently in use will also contribute to the further increase in traffic safety.

The safety of people and property is constantly monitored with reference to assaults and acts of vandalism, but also taken into account the perception of the safety of passengers and employees. As part of its plans for the technological evolution of its security, safety and passenger assistance systems, in 2022 FERROVIENORD continued:

- the executive phase of the "*Renewal of video surveillance systems*" in the station areas and associated sensitive areas;
- the implementation phase of the "*Integrated Supervision Software Platform (PIS) for controlling FERROVIENORD stations*";
- the development of the "*FERROVIENORD Single Operations Room*" project - in implementation of the specific "Process Digitalisation" pillar of the Business Plan - with the aim of improving the operational management processes of the railway network, making the

maintenance process more efficient and the management of railway traffic more effective, also thanks to the use of innovative technologies.

12.3 TYPICAL RISKS FOR THE ROAD PASSENGER MOBILITY OPERATING SEGMENT

Risks related to fare policies and traffic developments

Historically, the companies operating in LPT in Italy have had a fare system that has not allowed for a progressive approach to fares as seen in other European countries with the result that the fares currently in force, recognised by the Public Service Contracts, are considerably low with respect to international rates.

The reduction in the demand for mobility, also in view of the evolution of the economic context and the changes in travellers' habits resulting from the pandemic crisis, the rising cost of the main production factors and a failure to adjust tariffs could pose a risk to the continued profitability of existing service contracts.
Service scheduling management processes and careful management of cost trends enable the maintenance of income balances. The investee companies are also engaged in negotiations with the Awarding Bodies to revise tariff trends consistent with cost dynamics.

Risk of increased fuel costs

The variable "diesel and methane fuel price" significantly affects the profitability of auto mobile transport, as shown by the performance of the investee companies FNMA, ATV, La Linea and ASF Autolinee, as fuel represents a fundamental production factor; in the context of the uncertainty set out in the previous paragraph "Main risks - Uncertainty of the legislative and regulatory framework", the impossibility of governing this exogenous variable can only be countered with service revision proposals consistent with the dynamics of diesel and methane costs.

12.4 TYPICAL RISKS OF THE MOTORWAY OPERATING SEGMENT

Operational risk

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

Regulatory risk

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

12.5 TYPICAL RISKS FOR RAIL PASSENGER TRANSPORT

Risks related to fare policies

Historically, the companies operating in LPT in Italy have had a fare system that has not allowed for a progressive approach to fares as seen in other European countries with the result that the fares currently in force, recognised by the Public Service Contracts, are considerably low with respect to international rates.

A contribution to the resolution of this problem is provided by the tariff policy envisaged by the LPT Pact signed in 2009 by the Lombardy Region with segment operators, which provides for increases not only linked to inflation recovery, but also to an effective improvement in service quality.

A significant portion of revenues in the operational segment of Passenger Transport by rail is from tickets and season tickets, even in the context of a segment strongly influenced by social needs and therefore supported by public grants. Revenues deriving from fares only cover a part of the service management costs. The national legislator defined at least 35% of traffic revenue as an adequate level a coverage of transport management costs. For 2019, Trenord guaranteed coverage of more than 46% of operating costs with revenues from tickets and season tickets. Restrictions imposed on the movement of people reduced that percentage to about 23% in 2020, 26% in 2021 and 39% in

2022. However, the investee continues to pursue the continuous improvement of the efficiency of its production processes.

Risk of fare evasion

Fare evasion represents a significant risk for Trenord, given the size of the company's business and the number of travellers who use the Trenord fleet every day to get around.
In 2022 Trenord pursued its objectives of combating fare evasion through the implementation of actions that provide for the adoption of greater supervision and controls in the stations considered most critical by hiring dedicated personnel for ground and on-board controls ("Assistance and Control" project) and adopting ticket issuing methods capable of combating this phenomenon (e.g. implementation of STIBM and SBME, introduction of new automatic ticketing machines).

Risk of traffic evolution

Market revenues are affected by the change in demand for rail services in terms of volumes on some or all of the routes served and the type of passenger, also taking into account the evolution of the economic context and any changes in traveller habits connected, for example, to the effects of the spread of the Covid-19 pandemic.

Trenord pursued its continuous monitoring process in terms of traffic flow and trends during 2022, and further investments are planned to analyse market demand and as a result define an appropriate mobility offer. Specifically, this includes initiatives such as Automatic People Counting - which makes it possible to know in real time who is on board the train, providing useful information for both the company and its passengers - as well as analysis and evaluation tools based on big data aimed at studying demand for mobility in order to ensure offer flexibility and service effectiveness. This was done not only to respond to the effects of the pandemic but, from a strategic perspective, to have an instrument capable of providing concrete indications of demand dynamics, in order to provide adequate service that meets the needs of actual demand. It is evident that the risks connected to the continuation of mobility habits in the wake of the pandemic are certainly still factors of utmost importance with respect to the evolution of railway traffic.

Risk of delay in fleet renewal

In order to improve the quality of service, an investment plan was launched by the Lombardy Region to renew the fleet of rolling stock in operation. As part of the required continuous increase in production, it is more important than ever to monitor the plan for the development and entry into

operation of new rolling stock in order to avoid repercussions on service quality in the event of delays in deliveries from the manufacturers.
The company monitors the rolling stock renewal plan, compliance of new rolling stock delivery with contractual specifications and any delivery delays. During 2022, there were some delays in the new rolling stock delivery schedule due to the difficult international raw material supply situation.
To date, production planning is such as to use the available and maintained rolling stock with the consequent mitigation of the risk in question.

12.6 TYPICAL RISKS FOR RAIL FREIGHT TRANSPORT

Reduced traffic flow

Any exogenous or endogenous variable that determines a reduction in freight traffic flows has an impact on the operating segment under consideration. Uncontrollable exogenous factors that can affect traffic flow are recession, oil price trends and in general the cost of transport which have an effect on the propensity to move goods. The impact of the risk in question is chiefly economic with a reduction in sales and profitability.

12.7 TYPICAL RISKS OF THE GROUP'S OTHER AREAS OF OPERATION

Risk of deterioration of the macroeconomic situation and cuts in public spending

In relation to operational risks of IT consulting activities developed by the Group through NordCom it should be noted that the development of IT activities with third-party customers and government is conditioned by uncontrollable external variables such as the macroeconomic situation and government spending power: given the impossibility of controlling this variable, NordCom maintains a flexible cost structure in order to be able to reduce any impact on profitability connected to the fall in revenues from these counterparties.

13. 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 with respect to those already reflected in the separate and consolidated financial statements as at 31 December 2021.

13.1 FERROVIENORD

In relation to the status of the ongoing litigation with the supplier Cogel S.p.A. under liquidation, which was noted in the management report to the financial statements as at 31 December 2020, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparties. The litigation is currently in the third instance.

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

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

FERROVIENORD defended the proceedings and in turn challenged the second instance judgement to, among other things, the extent in which it rejected the claim for compensation for the damages quantified as EUR 3,332,154.54. On 17 June 2021, judgement no. 17453/2021 was issued in which the Court of Cassation: i) rejected the demand of Generali Italia S.p.A. seeking an order requiring FERROVIENORD to pay EUR 680,406.91; ii) rejected the cross-appeal of Cogel seeking an order requiring FERROVIENORD to pay EUR 963,638.99; iii) upheld the second grounds of FERROVIENORD's cross-appeal (relating to the damages suffered due to the higher amount paid to the new contractor for the Saronno-Seregno works); iv) referred the case back to the Milan Court of 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 (iii above), the case was resumed by FERROVIENORD 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 28 September 2023 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 workers' places of residence. There are currently three cases pending in first instance, while twelve cases were adjudicated against FERROVIENORD jointly and severally with Lucentissima, subject to the benefit of prior enforcement against Lucentissima. FERROVIENORD has appealed to amend the ten first instance rulings. The appeals have already been concluded with rulings which, while upholding the joint and several liability of FERROVIENORD and La Lucentissima, partially reduced the amounts awarded to workers. La Lucentissima was declared bankrupt by a judgment dated 28 April 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.

Tax inspections and assessments

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, in 2022 discussions were resumed 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.

14 PROPERTY ASSETS

As at 31 December 2022, the FNM Group owned some areas in proximity to railway stations and the related construction rights, the main ones relating to the area of Milan Cadorna, Milan Bovisa, Saronno, Milan Affori and the Sacconago, Garbagnate Milanese and Novara Terminals. Information about the main initiatives pursued by the Group to valorise these areas is provided below.

FILI PROJECT

FNM, FERROVIENORD and Trenord, together with the Lombardy Region, are committed to “FILI”, an innovative project for the redevelopment of FERROVIENORD's main connection centres. On the Milan-Malpensa axis, the largest urban and suburban regeneration project in Europe is planned: a corridor for the Milan-Cortina 2026 Olympics, with new green, modern and high visibility urban scenarios, which connects the stations of Milan Cadorna, Milan Bovisa, Saronno, Busto Arsizio and Malpensa with an unprecedented technological and environmental journey.
For the urban part, the creation of a “synthetic forest” of around 72,000 square metres from Milano Cadorna station to Domodossola station, which will produce oxygen for Milan thanks to the use of advanced biotechnologies, will be of fundamental importance. In 2022, a public-private partnership proposal was received from an international financial group that was positively evaluated in terms of relevance and consistency with the strategic objectives of urban redevelopment and sustainability, as included in the FNM Group's 2021-2025 Strategic Plan. The proposal was then forwarded to the Lombardy Region in order to complete the evaluation process.
A programme of urban and environmental redevelopment in Busto Arsizio will involve the relocation of car parks to a multi-storey building, allowing large areas of green space to be used for collective activities, thus connecting the north and south of the city. Technical discussions with the municipal administration began in 2022.

For the extra-urban part, reforestation is planned with the “Piantalalì” planting of 800,000 trees in the Lombardy industrial triangle between Milan, Varese and Como, which includes an area of about 41 thousand hectares crossing 24 municipalities in two provinces of Lombardy.
The project will not only focus on forestation work or the creation of tree and shrub belts in uncultivated areas, but will also involve nature-based work to be carried out in stations (pertinence and proximity areas) aimed at improving the comfort of railway service users, as well as more general environmental resilience, without reducing the function of modal interchange.
Furthermore, FERROVIENORD's project to upgrade the main connection centres includes a 72.7 km super cycle track that will connect Cadorna station to Malpensa airport without interruption. In 2022, the cycle track saw the completion of both the technical and governance feasibility project.
Finally, as described in more detail below, the project includes activities by FERROVIENORD for the redevelopment of the Bovisa Node with innovative and sustainability-oriented criteria within the framework of the Reinventing Cities call for tenders and for the reorganisation of the Saronno Centro technological and maintenance infrastructure hub, with a view to achieving high standards of functionality and safety, in addition to improving accessibility and viability.

Milano Bovisa

In March 2018, FERROVIENORD, implementing the provision updating the Programme Agreement, presented the feasibility study for the modernisation and strengthening of the Bovisa Node, which envisages the installation of four new tracks and a series of activities on the plant to improve its potential and flexibility and to allow for the extension of some existing railway services and the establishment of two new suburban lines.
The Zoning Plan (PGT), approved with Municipal Council resolution no. 34 of 14 October 2019, placed a portion of areas of FERROVIENORD inside the perimeter of one of the “Interchange nodes”, for which the Plan identified a specific set of rules because of the specific role attributed to the interchange function and of the need to promote interventions for the requalification of the system of public spaces and, in the specific case of the Bovisa Node, of the transformation areas present near the station and the railway embankment. The areas under FERROVIENORD’s competence obtained a building ratio index of 0.35/sqm.
On 2 December 2019, the regulatory agreements of the partnership between FERROVIENORD and the Municipality of Milan were formalised for participation in the “Reinventing Cities” call for tenders, an infrastructure enhancement and urban redevelopment initiative promoted by C40.By decision of 18 May 2021, the Municipality of Milan appointed as winner and definitively awarded the “Bovisa Interchange Node” Site to the Mo.Le.Co.La. Team- represented by the lead company

Hines Italy RE S.r.l. - the proposal of which also included the construction of the FNM Group headquarters.

FERROVIENORD announced the positive outcome of the verification of the fairness of Mo.Le.Co.La.'s economic offer, particularly with reference to the economic balance between the offer for the concession of surface rights and the costs for the construction of the headquarters. However, by note dated 27 July 2022, FERROVIENORD informed the Municipality of Milan and HINES Italy RE that it was no longer interested in the construction of the FNM Group's headquarters, which will be located in the neighbouring Bovisa-Goccia area, affected by the expansion project of the Polytechnic University of Milan Campus developed by the firm RPBW with Renzo Piano. Following HINES Italy RE's request dated 29 November 2022, on 30 November 2022 the Municipality of Milan confirmed the extension from 30 November 2022 to 30 March 2023 of the terms set forth in the call for tenders for the signing of the preliminary contract for the establishment of the surface right, while keeping the tender offer unchanged.

In the course of 2022, the final design of the railway works for the Bovisa Node enhancement was finalised and the services conference was called for the approval of the project.

In consideration of the fact that the interventions concerning the railway plan, which are fundamental for the development of the railway service, constitute substantially independent choices, while the remaining activities are also related to the development of other important projects in progress/under development in the area (Mo.le.co.la. project, Goccia project/”Renzo Piano” Master Plan, light rail), the determination of the conclusion of the Services Conference established the possibility that the project may also be implemented by functional lots.

Saronno

The project calls for the reorganisation and move of the FERROVIENORD workshops and facilities from the areas adjacent to the Saronno Centro station to the FNM areas of Saronno Sud, which represents the necessary condition to definitively identify the areas available for the presentation of an urban requalification proposal.

With Resolution no. 3 of 18 February 2021, the Saronno Municipal Council approved the Guideline for the upgrading of Saronno Centro railway station and reorganisation of the technological - maintenance infrastructure hub, expressing its approval of the request to the Lombardy Region to initiate and convene the Services Conference pursuant to art. 19 of Regional Law no. 9 of 4 May 2001.

Municipal Council Resolution no. 34 of 11 March 2021 decided on the "*Approval of the Memorandum of Understanding for the upgrading of Saronno Centro railway station and reorganisation of the technological - maintenance infrastructure hub*", in implementation of the guidelines expressed by the Municipal Council in Resolution no. 3 of 18 February 2021.

On 5 March 2021, FERROVIENORD sent the Lombardy Region the documents constituting the technical and economic feasibility project for the job in question, while also requesting that the Conference of Services be convened pursuant in particular to Regional Law 9/2001. On 29 October 2021, the Lombardy Region began the procedure for the approval of the technical and economic feasibility project with the convening of a Services Conference, pursuant to arts. 14, paragraph 3, and 14-*bis* of Law 241/1990, art. 3 of Regional Law 20/2020 and art. 19 of Regional Law 9/2001.

On 26 January 2022, the Lombardy Region transmitted the final report of the Services Conference and with Regional Government Decree no. XI/6340 of 2 May 2022 approved the technical and economic feasibility project.

In 2022, the final planning began with an optimisation of the planimetric/volumetric and functional layout of the project.

At the same time, dialogue continued with the owner of the adjacent Isotta Fraschini area and the municipal administration in order to coordinate the two redevelopment projects and provide a site for the relocation of the railway museum.

MILAN AFFORI

Approximately 54,000 square metres are involved in the project, of which 53% is owned by FNM and 47% by FERROVIENORD. The approved *Integrated Intervention Program* ("PII") envisaged the construction of a total floor area of 27,700 square metres, of which 24,700 sqm for reception and tertiary activities and 3,000 sqm for commercial and other compatible uses.

The procedure for the selection of an operator interested in the execution of the PII resulted in the signing of a real estate purchase and sale contract for a total of EUR 14 million with the company GDF SYSTEM S.r.l. (a company of the Della Frera S.p.A. Group) with deferred payment until 2018.

Having obtained the building permit from the Municipality of Milan on 25 May 2017, FERROVIENORD proceeded with the call for tenders for joint assignment of the executive design and execution of the building works for the underground parking lot as envisaged in Art. 6 of the Recognition and Specification Act of 26 June 2014. The tender procedure for the joint award of the executive design and execution of the works ended with the tender being awarded to the company

Paolo Beltrami Costruzioni S.p.A., and the relative contract was signed on 18 July 2018. In 2019, the Contractor developed the executive design and, on 15 April 2019, work started on the car park. The works under the responsibility of the company Paolo Beltrami Costruzioni S.p.A. were completed in December 2022. The final cost of the works - taking into account the 2 Submission Documents and 1 Amicable Agreement signed as well as price revisions - amounted to EUR 7.5 million, with an increase of EUR 2.9 million compared to the contractual amount.

However, in the absence of the project for the square above the car park, intended to host the market ("Market Square"), which is the responsibility of the operator GDF SYSTEM and the Municipality of Milan, it has not been possible to definitively complete the emergency exits of the car park on the square and obtain the necessary authorisations, inevitably compromising its full usability.

Therefore, also considering the time elapsed from the stipulation of the 2014 Recognition Act, the Municipality, FNM and GDF System agreed on the need to activate a coordinating roundtable to prepare all documents directed at the stipulation of a new revision document amending and/or reformulating some conventional obligations. Furthermore, noting that the economic framework used as a reference when the Agreement was signed has changed radically, FERROVIENORD commissioned the Polytechnic University of Milan to carry out a study to assess the economic sustainability of the investment in light of all the relevant elements. The Polytechnic study showed that parking occupancy rate is a decisive variable and is considered highly volatile and uncertain. In the case of parking with rotating parking spaces at municipal rates, it is not possible to reach economic balance, as set forth in the Affori PII Recognition Act, and in case of the exclusive application of municipal rates, it is destined to be managed at a loss.

The Municipality was sent the Polytechnic study and amendments were requested to art. 6 of the Recognition Act in order to give FERROVIENORD maximum flexibility in managing the car park. The Municipality did not provide any feedback.

On the other hand, on 21 September 2021, the Municipality signed a deed with GDF SYSTEM updating the Agreement and the Recognition Act, without involving FERROVIENORD and FNM, by virtue of which GDF SYSTEM was granted a change in the functional mix, or the transformation of 5,000 square metres of floor space from hotel accommodation to residential. This deed adversely affects FERROVIENORD's position in that (i) it makes it jointly and severally liable for the obligations assumed by GDF SYSTEM and (ii) it significantly reduces the occupancy capacity of the car park, since the construction of a 5,000 sqm hotel has been eliminated.

In view of this, on 26 November 2021 FERROVIENORD, together with FNM, notified the Municipality and GDF SYSTEM of an appeal before the Milan Regional Administrative Court to annul the executive decision approving the above-mentioned deed, with the aim of inducing the Municipality to take FERROVIENORD's requests into consideration, initiating a review of art. 6 of the Recognition Act, which governs the interchange car park. Further meetings were held with the Mobility Directorate of the Municipality of Milan in 2022 to propose and share a mechanism to ensure economic and financial balance. By note no. 10029 of 2 November 2022, FERROVIENORD wrote to the Municipality of Milan pointing out the imminent completion of works for the construction of the car park and the possible harm caused to FERROVIENORD from the delay in the opening of the car park and asking for: (i) the rapid approval of the Market Square project; (ii) the formalisation of the already agreed compensation mechanism for car park costs and revenues necessary to guarantee its economic and financial balance, as inferred from the EFP of 23 September 2022.

SACCONAGO TERMINAL

The construction and management of the Sacconago railway terminal (in the municipality of Busto Arsizio) was governed by the “Programme Agreement” of 15/05/2006 between the Province of Varese and FERROVIENORD and by the “Implementation Agreement of the Programme Agreement entered into between FERROVIENORD S.p.A. and the Province of Varese for the management of the Busto Sacconago railway terminal” dated 25 June 2009, which called for - at the expiry of the twenty-year period following the completion of the construction works (2009) - the transfer of ownership from the Province of Varese to FERROVIENORD, which was already required to manage the Terminal during the twenty-year period in return for the payment of a six-monthly fee.

FERROVIENORD - following the guidance and coordination deed of FNM S.p.A. dated 15 May 2018 regarding the acquisition of ownership of the Terminal in advance of the term established by the agreements (2029) - by deed dated 28 December 2018 acquired ownership of the Terminal from the Province of Varese against the payment of the amount of EUR 4,352,907.50, resulting from the difference between the total price of EUR 5,291,269.39 and the amounts paid by FERROVIENORD by way of advance payment pursuant to the agreements.

At the same time, FERROVIENORD signed with the company Malpensa Intermodale S.r.l., a subsidiary of FNM S.p.A., the lease agreement on the Terminal and the connection contract for the use of the section of infrastructure connecting the tracks serving the Terminal with the regional railway infrastructure.

The company Malpensa Intermodale S.r.l. is managing the project to upgrade the Sacconago intermodal terminal, which calls for an expansion on an area of 40,000 square metres, next to the current terminal in operation. With the expansion project, the following will be created: (i) a new buffer area (for the storage of goods and for the organisation of loading and unloading operations and interchange by road) of approximately 20,000 square metres to improve goods handling; (ii) the second module of the terminal, which will consist of a single operational track; (iii) a three-track area for parking and carriage gauge; (iv) work to widen the platforms of the two existing tracks to facilitate train loading and unloading activities. To compensate for the expansion, a green area of about 11,000 square metres will be created in the immediate vicinity of the terminal.
From the point of view of the terminal's impact, the expansion will not affect its maximum capacity, which is currently 3 trains per day for 70 truck entries per day. Indeed, the aim is to make the currently under-utilised freight terminal more efficient. The works to be carried out, particularly the third track, will make it easier to accommodate longer trains with semitrailers and avoid queuing outside the terminal compared to the current situation.
The project Master Plan, which is broken down into three phases (0, 1 and 2), was submitted to the Municipality on 20 December 2019 and calls for the expansion of the existing Terminal by approximately 45,000 sqm by laying a third operational track as well as building a buffer area where incoming/outgoing goods can be handled. During 2020, the Company focused on the approval process for obtaining building permits, which resulted in a new version of the Master Plan being drafted, on which the Municipal Council passed a positive resolution on 11 November 2020. By virtue of this resolution, on 23 December 2020 an application was filed for an approved building permit for Phase 0.
The building permit was prepared in the course of 2021 in order to proceed to the negotiation phase with the Municipality to define the content of the Agreement, which will also govern subsequent Master Plan developments, particularly with reference to the compensatory works in connection with Phases 1 and 2.
In the course of 2022, Malpensa Distripark completed the process of defining the Agreement, including compensatory works, to be signed with the Municipality of Busto Arsizio in order to be able to begin Phase 0 works. At the end of this procedure, the Municipality approved the final text of the Agreement. This Agreement also governed the value of the land owned by the Municipality, to be acquired by Malpensa Distripark, and the Municipality agreed to undertake to revalue residual building rights in areas adjacent to the planned development.

As at 31 December 2022, Malpensa Distripark has acquired over 80% of the development areas for logistics use, as well as all the areas already owned by FERROVIENORD in order to be able to proceed in the course of 2023 with the execution of Phase 0 and began the process for the implementation plan and the necessary environmental impact assessments for Phase 1 and Phase 2 works, as well as the construction of the “life path” to partially complete the compensatory environmental works.

15 EMPLOYEES: NUMBERS, COSTS AND TRAINING

15.1 NUMBERS AND COSTS

The average number of FNM Group FTE employees decreased from 2,797 in 2021 to 2,809 in 2022, a decrease of 0.4%.
In particular, the Parent Company FNM had an average number of employees of 192 compared to 189 for the previous year (+1.7%).

15.2 INDUSTRIAL RELATIONS

Significant discussions took place within the FNM Group with the trade unions in 2022.
On 10 May 2022, the employers' organisations Asstra, Agens and Anav and the trade unions FILT/CGIL, FIT/CISL, UILTRASPORTI, FAISA CISAL and UGL/FNA signed the renewal of the national collective labour agreement for road, rail and tram workers, which had expired in 2017. This renewal will be valid until 31 December 2023. The renewal provided for the payment of a one-off contribution to make up for the contractual holiday period, worth EUR 500 at parameter 175, which was paid in two instalments in July 2022 and January 2023. Pay increases totalling EUR 90 per month at the benchmark were then established, to be paid in three tranches of equal amounts in July 2022, June 2023 and September 2023. An allowance to be paid during days of leave of EUR 8 was also defined. Lastly, the obligation was established of joining the LPT Health Fund, with a monthly contribution of EUR 12 for each employee hired on an indefinite-term basis and not in the probation period.
In addition, a second-level agreement was signed on 29 September 2022, which provided for an adjustment of some contractual terms. An increase was recognised in the middle managers allowance, the company contribution to the FNM Pension Fund was increased, the value of meal vouchers was raised from EUR 7 to EUR 8 per day, the monthly productivity bonus for office workers was increased, linking it to new productivity and organisational efficiency objectives, and

the structure of the Performance Bonus for office workers and operational staff was revised, particularly with regard to the possibility of converting it into company welfare benefits.
Lastly, the agreement signed in August 2021, which revised the organisation of the Maintenance Service, came into effect during the year, entailing greater flexibility in work performance, an increase in the professional skills required of employees, and a different distribution of activities throughout the working day.

Concerning the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia, the Agreement for this category expired on 30 June 2022. The ACAP Employers' Association agreed on a number of meetings with the trade union counterparty to begin examining the platform submitted by the trade unions in the second half of 2022. The complexity of the platform submitted required multiple detailed thematic analyses from the Parties, that did not allow for the development of a unitary proposal to be discussed by the end of 2022. Therefore, the Parties agreed on the continuation of activities during the first half of 2023.
Bargaining for the renewal of the second-level supplementary agreement started during the first quarter of 2022. A new agreement was reached with the Territorial Secretariats of the FIT-CISL, FIT CGIL, UIL Trasporti, SLA-Cisal and UGL trade unions, together with their company union representatives, on last 15 December, whereby it was agreed: i) to renew the agreement on the Performance Bonus for the year 2022; ii) to lay the foundations for the new second-level agreement for the 2023-2025 three-year period, basing it on criteria that more strongly value individual contributions, as well as, where possible, hinging it on the achievement of specific objectives concerning collaboration/synergy between the operational and administrative areas.
As a direct extension of the Framework Agreement signed in September 2021, a further framework agreement was entered into in March with the Territorial Secretariats of the trade unions that signed the sector's national collective labour agreement and the relative company union representatives, that will govern specific organisational and management processes for the next two-year period. In the circumstance, the Company and the FILT-CGIL, FIT-CISL, UIL Trasporti, SLA-Cisal and UGL-Viabilità e Trasporti trade unions, together with their company union representatives, reached agreements outlining the guidelines and identifying safeguards on which the revision of the workforce and generational turnover would be based.
Also as a result of these discussions, the subsidiary asked Assolombarda - Confindustria di Milano, Monza-Brianza e Lodi to activate the procedure established in article 4, paragraph 2, of Law no. 223/1991, aimed at realigning the workforce with new requirements.

On 8 June 2022, Assolombarda formally notified the FILT-CGIL, FIT-CISL, UIL Trasporti, SLA-Cisal and UGL-Viabilità e Trasporti and CUB Trasporti trade unions of the initiation of this procedure, inviting the trade unions and their company union representatives to meet with the Company. This discussion was duly opened on 13 June, in the presence of all invited trade unions, which set as a precondition for the finalisation of the agreement the stipulation of an agreement within the company on service levels and workforce management in the operating divisions.

Consistent with the provisions of the Framework Agreement of 23 March 2022 and following the communication made to Assolombarda asking the employer's association to activate the workforce rebalancing procedure to be carried out pursuant to art. 4, paragraph 2, of Law 223/1991, on 20 July 2022 the parties - trade unions, company union representatives and the Company assisted by Assolombarda - reached an agreement relating to service levels and workforce management procedures for the operating divisions. The agreement in question acknowledged the successful completion of the trade union phase of the procedure which calls for the termination of the employment relationship for up to 70 employees. The Parties have identified the worker's non-compliance with the terms and conditions of the Agreement as the condition to be met for accessing the procedure.

On 15 December 2022, an agreement was reached with the Territorial Secretariats of the trade unions, which agreed on the application in the Company of a model of industrial relations divided into four areas and a related annual number of hours of trade union activities, to allow the company union representatives to carry out the relative activities.

In addition, in relation to the area of dispute settlement and management, the Parties entered into a Protocol according to which workers who intend to initiate an individual labour dispute concerning the relationships referred to in art. 40 of the Code of Criminal Procedure must first initiate the amicable dispute resolution procedures governed by the Protocol. An Amicable Dispute Resolution Committee was set up for this purpose and will perform its function in accordance with the regulations described in the Protocol.

15.3 TRAINING

The year 2022 was characterised by a gradual resumption of normal in-person training activities.

A total of about seventy thousand hours of training was provided to the employees of Group companies, in full compliance with the training plan; where possible, Fidimpresa and Fondirigenti funds were used during the year.

Furthermore, during the year the Group continued to participate in the MaaM, “Maternity as a Master” project, an innovative educational programme focused on the theme and importance of being a parent in the company.

16 RESEARCH AND DEVELOPMENT ACTIVITIES

In the course of 2022, the Framework Agreement for scientific collaboration between FERROVIENORD and the MILAN POLYTECHNIC was still in force; its goal is to develop joint training and research initiatives in areas like: electric systems and energy efficiency; maintenance and advanced diagnostic activities; railway engineering; urban planning in relation to infrastructures and transport systems; rolling stock; innovative systems for station surveillance and security.

In June 2022, FNM was awarded, as industrial partner, the “National Centre for Sustainable Mobility” project funded by the NRRP, which will last for 36 months. Specifically, the project consists of 14 macro-activities, called “Spokes”, within which the FNM subsidiaries will have to carry out certain tasks aimed at developing sustainable mobility and national decarbonisation by developing digital solutions with cutting-edge technologies and a strong interconnection with the industrial fabric. E-Vai was placed within spoke 9 “Urban mobility”, which will involve the creation of physical living labs where shared and 100% sustainable mobility services are to be offered.

MISE was instead involved in activities relating to Spoke 7 (CCAM, Connected Networks and Smart Infrastructure).The duration of Spoke 7 is 3 years (2023÷2025).

Moreover, as far as E-Vai is concerned:

- a new project proposal was uploaded at the end of October 2022, in cooperation with Busforfun and FNM, within the European LIFE programme, which will enable the creation of the innovative “Eco-stations” product and the “Flexymob” MAAC platform in specific areas of Valcamonica;
- in November 2022, the LIVELINESS project, financed by the Interreg programme, was completed, making it possible to implement sustainable (i.e. environmentally, economically and socially), inclusive cross-border mobility solutions that optimised the connectivity and competitiveness of the mountain areas of the Valtellina cluster, Val Poschiavo and the Bernina Region;
- in December 2022, E-Vai signed a supply chain agreement, in its capacity as lead partner, with 10 other companies from Lombardy for the “Eco-hub out of the ordinary” project as

part of the Lombardy region's "Process innovation and organisation of production and service chains and industrial and economic ecosystems in Lombardy" call for tenders. The project will start in March 2023.

As far as MISE is concerned:

- in July, an experimental test was performed for aerial monitoring and surveillance on a section of the A7 motorway, at the Po bridge redevelopment site, using drones and advanced surveying technologies.
- in December, a contract was signed with the Polytechnic University of Milan for the performance of a research service aimed at testing the possibilities offered by artificial intelligence techniques for the development of predictive algorithms for monitoring the status of motorway elements and the management of maintenance activities (predictive and ordinary).

17 NON-FINANCIAL STATEMENT, ESG RISKS AND THEIR INTEGRATION INTO THE INTERNAL CONTROL SYSTEM

On 15 March 2023 the Board of Directors approved the Sustainability Report - Consolidated Non-Financial Statement ("NFS") prepared pursuant to the Legislative Decree no. 254/2016. The NFS, which is contained in a report separate from the Management Report, illustrates the activities of the Group, its progress, results and impact produced in relation to environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption.

The NFS of the FNM Group reports its sustainability performance in accordance with the "GRI Sustainability Reporting Standards" in its latest update 2021; also for 2022 the NFS has been structured according to the principles of the Integrated Report.

A first part of the document illustrates how the strategy, governance, performance and prospects of the organisation enable us to create value in the short, medium and long term, in the context within which it operates. The second part is focussed on presenting the different types of capital (Economic-Financial capital, Human Resources, Natural Capital, Social and Relationship Capital), namely, the material and immaterial "resources" that have been increased, decreased or transformed as a result of the organisation's activities and outputs and that determine the creation of value. The capitals have contributed to the achievement of 10 Sustainable Development Goals (SDGs) under the 2030 Agenda.

In order to be sustainable, long-term value creation must take into account the impacts that the company's activities have on society and the environment in which it operates; it therefore becomes important to govern the risk factors related to the company's activities by identifying existing or future challenges or threats and the tools that can mitigate their effects. A summary of the ESG risks identified for the FNM Group and their management in the internal control system is provided below. More details can be found in Chapter 6 of the 2022 Sustainability Report.

Integrated management of non-financial risks in the internal control system

An analysis of risks compatible with strategic objectives cannot be separated from the assessment of sustainability issues. Therefore, in line with the Corporate Governance Code and major international trends, the Risk Manager, in cooperation with the CSR-Sustainability Function, annually carries out the mapping and assessment of the main risks associated with the areas identified by Legislative Decree no. 254/2016 in order to take appropriate mitigation actions in agreement with the Risk Owners (Enterprise Risk Management - ERM). The ERM Risk Assessment activity, which covered all the pivotal companies consolidated line-by-line of the 2021-2025 Strategic Plan, has the objective of carrying out a specific assessment of transition and physical ESG risks for all business segments, with an in-depth focus on risks linked to the geopolitical context, particularly with reference to the impacts on supply chain resilience and the increase in the cost of raw materials following the war in Ukraine, and the exacerbation of the effects of climate change. These risks are classified in an *ad hoc* category called “CSR Sustainability (Legislative Decree 254/16)”, divided into 4 areas (Environmental, Social, Personnel Issues, Combating Active and Passive Corruption) and include the issues explicitly required by Legislative Decree 254/16, as well as those defined through the materiality analysis.

In fact, again in 2022, an analysis of material issues was carried out for the FNM Group which, following the new approach proposed by the update of the GRI Universal standards (2021) for non-financial reporting, placed a specific focus on the concept of impact, understood as the effect that an organisation has or could have externally on the economy, the environment and people, including human rights, as a result of its activities or business relations. Therefore, in 2022 the Group carried out an analysis throughout its value chain, with the aim of understanding its reference scope and the possible effects generated, in relation to the main business relationships, the sustainability context in which it operates, the main ESG risks and opportunities and the expectations of its stakeholders.

The impacts identified were linked to 18 material topics specific to FNM's business model and subdivided in turn into 5 categories: “Environmental responsibility”, “Governance”, “Integrity and Economic Responsibility”, “Human resources”, “Responsibility to customers”, “Infrastructure and transport systems”, “Social responsibility (community) and supply chain”. The impact assessment

process involved both internal stakeholders (representatives of the top management and front lines of the Parent Company and subsidiaries, including Trenord) and external stakeholders (including a panel selected from academia, NGOs, foundations, the media, industry representatives and the motorway sector) of the Group.
Engagement activities brought to light stakeholder awareness concerning the impacts generated by rising raw material costs, both in terms of direct repercussions on the Group's management costs and investment timing, and in terms of their effect on daily mobility service choices on the part of users. LPT is also recognised as an economically, socially and environmentally sustainable solution for the communities in which the Group operates. Lastly, most of the stakeholders expressed a positive opinion regarding the impact that FNM's investments in the areas of hydrogen and technological innovation, as well as urban regeneration interventions, can have in contributing to the energy transition.

Following the stakeholder engagement activities, on the basis of the assessment of the significance of the correlated impacts, material topics were prioritised in decreasing order of significance and, consistent with the new GRI Universal Standards, they were included on the 2022 materiality list.
It should be noted that the top material topics include: Sustainable infrastructure management, Energy consumption, Atmospheric emissions and climate change, Service quality and customer safety in stations and on the move, Talent attraction and human capital development, Occupational health and safety, Noise and vibration management, Welfare for employees and Service and infrastructure accessibility.

The results of the risk mapping and assessment activities were shared at the Risk Committee meeting on 3 March 2023 and were presented to the Control, Risks and Related Party Transactions Committee on 6 March 2023, while the materiality list was shared with the Social Responsibility and Ethics Committee on 23 February and the Board of Directors on 6 March 2023. Lastly, the FNM Board of Directors approved the updated Risk Register and the 2022 Sustainability Report-NFS on 15 March 2023.

Risks and material issues

The mapping of the main ESG risks made it possible to update the correlation between the most relevant issues identified with the materiality list and the other material topics required by

Legislative Decree 254/2016 relating to personnel, environmental and social aspects and the main risks and how they are managed. In 2022, the risk identification and assessment process was strengthened by introducing, among other things, an analysis of the causes and consequences of each risk scenario in order to identify possible "worst-case scenarios" and to streamline the entire risk catalogue. As explained in more detail in Chapter 6 of the 2022 Sustainability Report for each risk category, the main ESG risk factors that emerged for the FNM Group are as follows:

Environmental area: energy consumption, atmospheric emissions and climate change; biodiversity protection, noise and vibration management, waste management and water resource management;

Social area: service quality and customer safety in stations and on the move (Security and Safety), service and infrastructure accessibility, intermodality and service integration, technological and digital innovation, sustainable infrastructure management, dialogue with stakeholders and local development, sustainable procurement;

Fight against active and passive corruption area: ethics and business integrity; systemic risk management and business resilience;

Personnel-related topics area: talent attraction and human capital development, welfare of employees, respect for diversity and inclusion; occupational health and safety.

First of all, with regard to the main ways in which risks are mitigated and managed, the Group has established a clear governance of sustainability, through the CSR-Sustainability Function and the Social Responsibility and Ethics Committee. The Group constantly monitors the evolution of applicable regulations in the various areas, organises working groups internally and with trade associations to ensure compliance, adopts regulations and procedures to manage specific risks (including the FNM Group Sustainability Policy approved on 23 February 2023) and promotes a number of initiatives to foster dialogue with the various stakeholders concerned. As highlighted in chapter 3, section 3.3, in 2022 the FNM Group voluntarily applied for an ESG rating from Morningstar Sustainalytics, which rated the ESG risk profile to which the FNM Group is exposed as negligible and gave it an ESG Risk Rating of 7.4.

In general, risk mitigation is implemented through the adoption by the most exposed companies of specific certified management systems, including environmental, occupational health and safety, service quality, energy and corruption prevention, as well as infrastructure and traffic safety (both rail and road) and information management systems. Another key tool is staff training and awareness-raising, delivered on sensitive topics such as emergency management, waste management, IT risks, occupational safety, active and passive corruption offences and sustainability issues in general. All infrastructure (railways and motorways), civil works and fleets are constantly monitored, checked and maintained in order to minimise environmental impact, in terms of both energy and water consumption as well as the generation of atmospheric emissions, waste, vibrations and noise pollution. These activities also aim to ensure high standards of safety, service and resilience against extreme natural events. As part of work design activities, adaptations have been made to meet requirements of removing architectural barriers, create protected wildlife crossings to safeguard biodiversity and provide appropriately sized and maintained fire prevention systems. With particular reference to environmental risks, the Group has initiated an investment process aimed at modernising its fleet with environmentally friendly vehicles (electric and hydrogen), which will also help to introduce higher standards of comfort, safety and reliability for users. Environmental, social and anti-corruption issues have become increasingly important in the supplier qualification and management process, governed by the adoption of Sustainable Procurement Guidelines and due diligence activities to mitigate the risk of corruption. The focus on personnel should also not be overlooked, both in terms of offering technical and professional training courses and welfare programmes and introducing evaluation plans based on objectives (Management by Objectives), and in terms of developing professional succession plans and monitoring and preventing any pandemic outbreaks in the company. It is also important to attract resources with specific knowledge to ensure the development of business opportunities with the application of innovative and digital technologies capable of combining the evolving needs of the target market with the evolution of applicable regulations. The Group also considers it a priority to safeguard occupational health and safety by adopting a Health and Safety Policy and planning appropriate actions to manage risk factors.

Finally, it should be noted that the Audit, Risks and Related Party Transactions Committee and the Social Responsibility and Ethics Committee in addition to the Compliance Function provide oversight for the management of corruption risk, thanks to the application of the Code of Ethics and Conduct, the adoption of a Model pursuant to Legislative Decree 231/2001, the implementation of a whistleblowing channel and the performance of regular audits.

18 FNM S.p.A. CORPORATE GOVERNANCE

FNM S.p.A. corporate governance is based on the traditional system: the corporate bodies are the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors and, as an external body, the Independent Auditor.

FNM S.p.A. has adopted a corporate governance system that complies with the legal provisions and CONSOB regulations in force, aligned with the contents of the Corporate Governance Code of listed companies of Borsa Italiana S.p.A. and national and international best practices.

In particular, FNM S.p.A. exercises management and coordination activities for some of the subsidiaries, pursuant to the provisions of current legal provisions and company agreements with partners.

FNM S.p.A. also holds equity investments in companies that guarantee the presence of the Group in activities consistent with the corporate purpose and in segments complementary to its core business.

The corporate governance system adopted by FNM S.p.A. is based on compliance with current regulations, maximising value for shareholders, controlling business risks, transparency with respect to the market and reconciling the interests of all shareholders. The in-house rules system is consistent with the principles of the FNM Group's Code of Ethics and Conduct.

The following procedures form an integral part of the corporate governance system:

- the Guidelines for the Internal Control and Risk Management System;
- the Procedure for the regulation of transactions with related parties;
- the Regulation for internal management and public disclosure of documents and information regarding FNM S.p.A. and the establishment, management and maintenance of the register of people who have access to it;
- the Code of Conduct for the identification of Internal Dealing parties and for the communication of transactions they have carried out, the "Internal Dealing Code";
- The Code of Ethics and Conduct of the FNM Group;
- The Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- the Regulation of the Executive in charge of financial reporting;
- the Shareholders' Meeting Regulations.

On 18 July 2019, FNM approved the revision of the Regulation of the Executive in charge of financial reporting, aligning its content to the changes that have taken place in its organisational structure and providing for the 262 tests to be carried out by outside consultants, as well as by the Internal Audit Function.

The Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 was revised on 16 September 2021, adding offence types and the organisational changes that had taken place in the meantime.

The Parent Company Board of Directors, at the same time of the approval of these financial statements, approved the Annual Report on Corporate Governance, to which reference is made here for a detailed illustration of the FNM S.p.A. governance system.

The aforesaid Report can be found on the Company's website at the address www.fnmgroup.it (Governance section).

The Company, aware of the need to guarantee the conditions of transparency and fairness in the conduct of business activities, considered it appropriate to adopt its own Organisation, Management and Control Model (“Model”) as required by Legislative Decree 8 June 2001 no. 231 and a Code of Ethics and Conduct of the FNM Group which forms an integral part of the Model, and the FNM Anti-corruption Policy. The current version of the Model was updated by resolution of the Board of Directors on 16 September 2021. The Model is aimed at preventing the commission of specific offences provided for by current legislation and considered relevant to the Company; it is constantly monitored and, where deemed necessary, updated to ensure a continuous improvement in internal control. The Model, based on the Confindustria and ASSTRA Guidelines, was prepared taking into account the structure and activity currently carried out by the Company and the nature and size of its organisation. The Company carried out a preliminary analysis of its own business context and subsequently an analysis of the areas of activity that present potential risk profiles in relation to the commission of the offences indicated in the Decree.

In line with the provisions of Legislative Decree 231/2001, the Company also appointed an autonomous, independent and competent Supervisory Body in the field of risk control relating to the specific activity performed by the Company and the related legal profiles. This body, of a collegial nature, is made up of two chartered accountants outside the Company and a criminal lawyer, also outside the Company - also appointed Chairman, with proven technical skill in legal matters.

The Supervisory Body has the task of constantly monitoring:

- compliance with the Model by the company boards, employees and consultants of the Company;
- effectiveness of the Model in preventing the commission of the offences referred to in the Decree;
- implementation of the provisions of the Model in the performance of Company activities;
- updating of the Model, in the event that it is necessary to adapt it following changes in the structure and/or the corporate organisation or in relation to the evolution of the reference regulatory framework.

To carry out of the assigned duties, the Supervisory Body is invested with all the powers of initiative and control over each company activity and employee level, and reports to the Board of Directors through its Chairman. The Supervisory Body carries out its functions in coordination with the other bodies and control departments in the Company.

The Supervisory Body, in supervising the actual implementation of the Model, is endowed with the powers and duties it exercises in compliance with the law and with the individual rights of workers and interested parties.

19 TRANSACTIONS OF THE PARENT COMPANY FNM S.p.A. WITH RELATED PARTIES

The Group's transactions with related parties can be qualified neither as atypical or unusual, as they fall within the ordinary operations of the Company. These transactions are carried out in the interest of the Company and of the Group at normal market conditions.

Please refer to Notes 49 of the consolidated financial statements and 34 of the separate financial statements, for additional information about related party transactions.

Information relative to fees for Directors, Statutory Auditors and Key Personnel are indicated in the Annual Report on Remuneration prepared pursuant to article 123-*ter* of Legislative Decree 58/98 (Consolidated Law on Finance) as amended.

The "Procedure for related party transactions" is available on the website of the Company (www.fnmgroup.it – Governance section – documents and procedures).

20 FINANCIAL INSTRUMENTS

It should be noted that during the year and at 31 December 2022 the Company did not use any derivative financial instruments.

Amongst the subsidiaries and investees, at 31 December 2022 MISE has outstanding derivatives referring to interest rate swap contracts entered into in order to prevent the risk of changes in interest rates, the fair value of which is negative.

21 EQUITY INVESTMENTS HELD BY DIRECTORS, AUDITORS AND GENERAL MANAGERS; ARTICLE 2428, PARAGRAPH 3, NUMBERS 3-4 OF THE ITALIAN CIVIL CODE

Pursuant to and in accordance with the provisions of Art. 79 of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments, it is specified that, from the information resulting from the shareholder's register and from the acquired notifications, the directors and auditors, as well as their spouses who are not legally separated and their minor children, do not hold equity investments in the Company and in companies under its control, neither directly nor through trust companies nor through third parties.

Furthermore, as required by the Code of Conduct on Internal Dealing approved on 13 May 2019, there were no transactions on FNM S.p.A. financial instruments by any of the relevant persons subject to the disclosure obligations.

Lastly, it should be noted that the company does not come under any of the cases indicated by Art. 2428, paragraph 3, numbers 3 and 4 of the Italian Civil Code.

22 SIGNIFICANT EVENTS DURING THE YEAR

The Shareholders' Meeting approves the 2021 financial statements.

26 April 2022: the Shareholders' Meeting approved the 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 compensation paid, and
- 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.

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 50 top rated companies of the more than 15,000 entities evaluated by Sustainalytics worldwide and in 4th place amongst the 171 entities active in the transport infrastructure sector.

Appointment of new CFO and Executive in charge of financial reporting

26 October 2022- The Board of Directors of FNM S.p.A. appointed Mr. Eugenio Giavatto as Executive in charge of financial reporting with effect from 1 November 2022, pursuant to art. 154-*bis* of Legislative Decree no. 58/1998, after receiving the favourable opinion of the Board of Statutory Auditors and in compliance with the professionalism requirements set forth in art. 20 of the Company's Articles of Association. Mr. Giavatto assumed the position of Director of Administration, Finance and Control with effect from that same date.
The appointment followed the resignation of Ms. Valentina Montanari, who held her position at the FNM Group until 31 October 2022.

Renewal of the Public Service Contract between Ferrovienord and the Lombardy Region

December 2022 - On 2 December 2022, the Board of Directors of FERROVIENORD (or the "Concessionaire") approved the contractual text for the renewal of the service contract with the Lombardy Region, set to expire on 31 December 2022 (the "Public Service Contract"), for the period from 1 January 2023 to 31 December 2027 (the "New Public Service Contract").

In particular, the Public Service Contract, along with the Programme Agreement, governs the specific terms and conditions, including economic terms, of the ordinary management and maintenance of the railway infrastructure, as well as the activities concerning the purchase and management of the rolling stock made available to the railway companies on behalf of the Region by FERROVIENORD, in accordance with the principles and obligations established in the concession renewed by the Region in favour of FERROVIENORD, by a resolution dated 15 February 2016, until 31 October 2060.
The characteristics of the New Public Service Contract are described in section 9.2.

The text of the New Public Service Contract was then approved by the Lombardy Region with a resolution of the Regional Council passed on 15 December and signed by the Concessionaire and the Region on 21 December 2022.
In view of the relationship between the Region, the controlling shareholder of FNM, and FERROVIENORD, a wholly owned subsidiary of FNM, the New Public Service Contract was considered suitable to fall within the scope of application of the Regulation containing provisions

on transactions with related parties adopted by Consob by resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented (the “RPT Regulation”), as well as the procedure for related party transactions adopted by FNM on 29 November 2010 as subsequently amended and supplemented (the “RPT Procedure”).
Therefore, given that the value of the New Public Service Contract (amounting to a total of EUR 330.6 million) exceeds the materiality thresholds set forth in the aforementioned RPT Regulation and the RPT Procedure, FERROVIENORD's approval of the text of the New Public Service Contract was subject to a prior favourable reasoned opinion of the Related Party Transactions Committee of FNM (the “RPT Committee”) on the interest of FERROVIENORD (and of FNM) in undertaking the transaction of greater significance, as well as on the cost effectiveness and substantial fairness of the relative conditions, given on 1 December 2022. The RPT Committee was actively involved in the negotiation and preliminary phase of the transaction, through the exchange of complete and up-to-date information on the progress of the negotiations. Following its verifications, the RPT Committee gave a positive assessment of the consistency of the consideration envisaged for the Concessionaire, from both an economic valuation and a strategic value point of view for FERROVIENORD (and, consequently, for FNM), considering that the consideration set out in the New Public Service Contract allows FERROVIENORD to maintain value conditions for the entire term of the contract.
Furthermore, on 2 December, in accordance with the framework resolution passed on 13 May 2021 and Recommendation no. 1(e), of the Corporate Governance Code (January 2020 ed.), FNM's Board of Directors also positively assessed the renewal of the New Public Service Contract set to expire on 31 December 2022.
In consideration of the foregoing, on 22 December FNM published the information document relating to significant transactions with related parties, prepared in accordance with article 5 and in compliance with the format set out in Annex 4 of the RPT Regulation, as well as in accordance with article 7 of the RPT Procedure, concerning the transaction.

23 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

With regard to significant subsequent events, reference should be made to Note 56 to the consolidated financial statements and Note 39 to the separate financial statements.

24 MANAGEMENT OUTLOOK

Also for 2023, the Company maintains its forecast of a gradual recovery in mobility demand. Motorway traffic is expected to reach levels in line with the pre-pandemic period, with heavy traffic higher than in 2019 and light traffic steadily recovering from 2022. By contrast, demand for local public transport will remain even lower than in 2019.

The current estimates for the FNM Group in 2023 take into account the uncertainty related to inflation trends as well as the fuel and energy prices recorded in the last year, which are reflected in particular on the Road Passenger Mobility segment and motorway infrastructure maintenance costs. No assumptions are included for motorway toll increases or extraordinary contributions to cover lower traffic revenues and/or to compensate for higher charges associated with increased energy costs.

In light of these considerations, in 2023, the FNM Group is expected to have:

– revenue growth in the range of 1%-5% compared to 2022 (this growth would be in the range of 2%-7% if 2022 were considered on a like-for-like basis with 2023, i.e. if 2022 excluded the values of La Linea and Martini, which are in the process of being disposed of, and the loss of the annual contribution for the development of car sharing),
– Adjusted EBITDA growth in the range of 1%-5% compared to 2022 (this growth would be in the range of 2%-7% if 2022 were considered on a like-for-like basis with 2023, i.e. if 2022 excluded the values of La Linea and Martini, which are in the process of being disposed of, and the loss of the annual contribution for the development of car sharing)
– the Adjusted EBITDA/Revenues ratio is expected to remain constant with respect to 2022.

The net financial debt at the end of 2023 (“Adjusted NFP”) is expected to be in the range of EUR 700-750 million, with an Adjusted NFP/EBITDA ratio of 3.5x - 4.0x, showing an improvement compared to the ratio level recorded at the end 2022. The forecast of net financial debt takes into account investments financed by the FNM Group gross of public contributions, decreasing by 10-20% compared to 2022.

For Trenord - valued according to the equity method - transport demand is expected to recover markedly as well compared to 2022, with 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, passengers, receipts and the cost-revenue ratio.

Milan, 15 March 2023

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 year before income taxes, of the other financial income and expenses, of depreciation, amortisation and impairments of fixed 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 combinations;

(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 2021, the following components were excluded from EBITDA:

a) release of a provision for risks following the partial closure of the dispute with the Customs Agency for EUR 2.2 million;
b) non-ordinary expenses deriving from development projects, amounting to EUR 1.8 million.

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

EBIT: it represents the earnings for the year 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 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 and current financial liabilities.

Adjusted NFP: it is represented by the Net Financial Position as identified above, excluding the impacts of the timing of collections of the consideration for construction services from the Awarding Body on funded investments for the renewal of railway rolling stock and the related payments made to suppliers, recognised in accordance with IFRIC 12.

Consolidated Financial Statements
for the year ended 31 December 2022

- *Consolidated Statement of Financial Position*
- *Consolidated Income Statement*
- *Consolidated Comprehensive Income*
- *Statement of changes in consolidated shareholders' equity*
- *Consolidated Statement of Cash Flows*
- *Notes to the Consolidated Financial Statements*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2022

Amounts in thousands of euros		Notes	31/12/2022	31/12/2021
ASSETS				
NON-CURRENT ASSETS				
Property, plant and machinery		6	480,501	447,543
Intangible assets		7	340,038	269,573
Goodwill		8	0	3,440
Right of use		9	20,233	27,810
Investments measured with the equity method		10	160,690	147,577
Equity investments measured at fair value through profit or loss		10	11,141	11,074
Other financial assets measured at amortised cost		11	57,316	53,120
	of which: Related Parties	11	56,316	52,119
Financial Assets measured at fair value through profit or loss		12	4,324	5,419
Contractual assets		14	77,208	145,088
	of which: Related Parties	14	0	0
Deferred tax assets		15	32,658	35,773
Tax receivables		19	17	17
Other Assets		18	3,542	1,918
	of which: Related Parties	18	7	7
TOTAL NON-CURRENT ASSETS			**1,187,668**	**1,148,352**
CURRENT ASSETS				
Inventories		16	12,109	9,504
Trade Receivables		17	152,964	133,067
	of which: Related Parties	17	70,529	62,917
Other Assets		18	149,490	123,012
	of which: Related Parties	18	25,566	17,968
Tax receivables		19	212	1,501
Other financial assets measured at amortised cost		11	1,174	862
	of which: Related Parties	11	481	329
Financial Assets measured at fair value through profit or loss		12	7,709	7,000
Investments in other companies		10	0	6,313
Receivables for investments in services under concession		13	249,333	138,061
	of which: Related Parties	13	247,336	136,064
Cash and cash equivalents		20	236,928	351,832
TOTAL CURRENT ASSETS			**809,919**	**771,152**
Assets held for sale		21	21,966	—
TOTAL ASSETS			**2,019,553**	**1,919,504**

Amounts in thousands of euros	Notes	31/12/2022	31/12/2021
LIABILITIES			
Share capital		230,000	230,000
Other reserves		13,335	6,873
Reserve for indivisible profit		(22,721)	(63,596)
Reserve for actuarial gains/(losses)		(5,357)	(7,478)
Translation reserve		200	147
Profit/(loss) for the year		68,476	40,875
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**283,933**	**206,821**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING		**22,980**	**21,512**
TOTAL SHAREHOLDERS' EQUITY	**22**	**306,913**	**228,333**
NON-CURRENT LIABILITIES			
Payables to banks	23	143,681	165,683
Bond Loan	24	644,398	642,958
Financial Payables	24	2,197	3,923
Lease liabilities	24	18,029	22,793
of which: Related Parties	24	20	106
Payables for funded investments	25	12,587	12,581
of which: Related Parties	25	6,763	6,759
Other liabilities	27	31,095	25,901
of which: Related Parties	27	10,075	8,433
Deferred tax liabilities	15	0	0
Provisions for risks and charges	28	74,540	95,773
Post-employment benefits	29	20,410	28,011
TOTAL NON-CURRENT LIABILITIES		**946,937**	**997,623**
CURRENT LIABILITIES			
Payables to banks	23	55,070	88,774
Bond Loan	24	961	962
Financial Payables	24	35,679	67,441
of which: Related Parties	24	30,586	39,148
Lease liabilities	24	7,746	6,947
of which: Related Parties	24	115	21
Payables for funded investments	25	41,112	36,978
of which: Related Parties	25	41,112	36,978
Trade payables	30	470,689	372,327
of which: Related Parties	30	13,405	10,855
Payables for taxes	31	9,382	1,551
Tax payables	31	6,676	6,189
Other liabilities	32	63,722	62,220
of which: Related Parties	32	17,696	18,416
Provisions for risks and charges	28	67,641	50,159
TOTAL CURRENT LIABILITIES		**758,678**	**693,548**
Liabilities related to assets held for sale	21	7,025	—
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**2,019,553**	**1,919,504**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2022

Amounts in thousands of euros	Notes	2022	2021
Revenues from sales and services	33	543,434	458,134
of which: Related Parties	33	188,833	174,599
Revenues from construction services - IFRIC 12	35	110,432	105,997
of which: Related Parties	35	71,215	63,001
Grants	34	23,760	25,118
of which: Related Parties	34	8,570	9,627
Other income	36	30,328	26,132
of which: Related Parties	36	8,502	8,720
TOTAL REVENUES AND OTHER INCOME		**707,954**	**615,381**
Raw materials, consumables and goods used	37	(36,519)	(23,888)
Service costs	38	(161,906)	(139,629)
of which: Related Parties	38	(10,455)	(9,113)
of which: Non Recurring	38	—	(1,808)
Personnel costs	39	(162,108)	(153,456)
Depreciation, amortisation and write-downs	40	(92,055)	(77,993)
Write-down of financial assets and contractual assets	41	(1,741)	(3,158)
Other operating costs	42	(50,047)	(39,930)
of which: Related Parties	42	(104)	(190)
of which: Non Recurring	42	—	2,237
Costs of construction services - IFRIC 12	35	(102,518)	(101,380)
TOTAL COSTS		**(606,894)**	**(539,434)**
EBIT		**101,060**	**75,947**
Financial income	43	8,708	2,918
of which: Related Parties	43	3,647	2,412
Financial expenses	44	(12,764)	(24,303)
of which: Related Parties	44	(214)	(2,414)
of which: Non Recurring	44	—	(10,614)
NET FINANCIAL INCOME		**(4,056)**	**(21,385)**
Net profit of companies measured with the equity method	45	817	5,718
EARNINGS BEFORE TAX		**97,821**	**60,280**
Income taxes	46	(28,270)	(17,144)
NET PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**69,551**	**43,136**
NET PROFIT FROM DISCONTINUED OPERATIONS	47	—	—
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**69,551**	**43,136**
Profit/(loss) attributable to NCIs		**1,075**	**2,261**
Profit/(loss) attributable to Parent Company shareholders		**68,476**	**40,875**
Profit/(loss) attributable to NCIs for discontinued operations		**—**	**—**
Profit/(loss) attributable to Parent Company shareholders for discontinued operations		**—**	**—**
Earnings per share attributable to Group shareholders			
Basic earnings per share (euro)	48	0.16	0.09
Diluted earnings per share (euro)	48	0.16	0.09
Earnings per share attributable to Group shareholders for discontinued operations			
Basic earnings per share (euro)	48	—	—
Diluted earnings per share (euro)	48	—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022

Amounts in thousands of euros	Notes	2022	2021
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**69,551**	**43,136**
Other components of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss)	29	2,611	(184)
Tax effect	15	(728)	51
Total components that will not be reclassified in the operating result		**1,883**	**(133)**
Fair value measurement of derivatives	24	3,190	2,305
Tax effect	15	(765)	(551)
Total components that will be reclassified in the operating result		**2,425**	**1,754**
Total companies consolidated on a line-by-line basis		**4,308**	**1,621**
Other components of companies measured with the equity method			
Post-employment benefit actuarial gain/(loss) of companies measured with the equity		631	313
Total components that will not be reclassified in the operating result	**10**	**631**	**313**
Fair value measurement of derivatives		4,037	1,552
Gains/(losses) arising from the translation of financial statements of foreign companies		53	42
Total components that will be reclassified in the operating result	**10**	**4,090**	**1,594**
Total companies measured with the equity method		**4,721**	**1,907**
Total Other Comprehensive Income	**50**	**9,029**	**3,528**
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**78,580**	**46,664**
Comprehensive Profit/(Loss) attributable to non-controlling interest		**1,468**	**2,269**
Comprehensive Profit/(Loss) attributable to Parent Company shareholders		**77,112**	**44,395**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of euros	**Share capital**	**Other reserves**	**Indivisible Profits/Losses**	**Reserve for actuarial gain/loss**	**Translation reserve**	**Profit/Loss for the year**	**Shareholders' equity attributable to the**	**Shareholders' equity attributable to non-**	**Total Shareholders' Equity**
Balance as at	**230,000**	**7,788**	**203,387**	**(7,661)**	**105**	**24,185**	**457,804**	**19,304**	**477,108**
Profit for the year						40,875	40,875	2,261	43,136
Other changes in profit or loss		3,306		172	42		3,520	8	3,528
Total Comprehensive Income		**3,306**		**172**	**42**	**40,875**	**44,395**	**2,269**	**46,664**
Allocation of 2020			24,185			(24,185)	—		—
Change in the scope of consolidation		(4,221)	(291,168)	11			(295,378)	(61)	(295,439)
Balance as at 31.12.2021	**230,000**	**6,873**	**(63,596)**	**(7,478)**	**147**	**40,875**	**206,821**	**21,512**	**228,333**
Profit for the year						68,476	68,476	1,075	69,551
Other changes in profit or loss		6,462		2,121	53		8,636	393	9,029
Total Comprehensive Income		**6,462**		**2,121**	**53**	**68,476**	**77,112**	**1,468**	**78,580**
Allocation of 2021			40,875			(40,875)	—		—
Balance as at	**230,000**	**13,335**	**(22,721)**	**(5,357)**	**200**	**68,476**	**283,933**	**22,980**	**306,913**
Notes	22	22	22	50	50	22	22	22	22

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of euros	Notes	31/12/2022	31/12/2021
Cash flow from operating activities		**Total**	**Total**
Operating result		69,551	43,136
Income taxes	46	28,270	17,144
Net profit of companies measured with the equity method	45	(817)	(5,718)
Amortisation for the period of intangible assets	7	42,586	35,634
Depreciation for the period of property, plant and equipment	6	35,866	33,935
Amortisation of right of use	9	7,651	6,632
Impairment of intangible assets and property, plant and equipment	8	5,952	1,793
Provisions for risks and charges	28	38,538	46,283
Releases of provisions for risks and charges	28	(11,416)	(9,059)
Provision for bad debts	17	506	1,701
Allocation to the provision for inventory obsolescence	16	342	—
Gains from disposal of property, plant and equipment	36	(595)	(364)
Write-down of contractual assets	14	1,155	—
Releases provision for bad debts	17	(202)	—
Gains from disposal of business unit	36	(874)	—
Capital grants for the period	34	(3,470)	(3,578)
Interest income	43	(8,708)	(2,918)
Interest expense	44	12,764	24,303
Other non-monetary income	36	—	(210)
Cash flow from income activities		**217,099**	**188,714**
Net change in the provision for post-employment benefit	29	(3,551)	(2,298)
Net change in provision for risks and charges	28	(16,006)	(26,602)
(Increase)/Decrease in trade receivables	17	(24,422)	(9,747)
(Increase)/Decrease in inventories	16	(4,341)	1,689
(Increase)/Decrease in other receivables	18	(12,671)	(4,779)
Increase/(Decrease) in trade payables	30	9,268	(414)
Increase/(Decrease) in other liabilities	32	(2,031)	8,665
Payment of taxes		(18,122)	(14,810)
Total cash flow from operating activities		**145,223**	**140,418**
Cash flow from/(for) investing activities			
Investments in intangible assets with own funds	7	(3,028)	(2,163)
Investments in property, plant and equipment with own funds	6	(84,480)	(36,100)
Payment of capitalised financial charges on motorway infrastructure	14	(1,577)	(1,269)
Decrease in trade payables for investments with own funds		(4,782)	(28,641)
Collection of motorway infrastructure investment funding	14	13,265	10,197
Gross funded investment in rolling stock		(342,649)	(125,552)
Collection of rolling stock investment funding	13	323,955	54,193
Gross funded railway infrastructure investment		(74,003)	(39,907)
Collection of railway infrastructure investment funding	13	58,849	41,977
Gross investments in non-compensated assets for motorway infrastructure		(48,255)	(50,419)
Disposal value of property, plant and equipment		925	1,323
MISE (Ministry of Economic Development) acquisition net of cash received	10	—	(363,552)
Other changes from investing activities		4,259	—
Other changes in equity investments	10	(8,400)	(3,010)
Dividends distributed by investees measured with the equity method	10	900	3,861
Other changes in financial receivables	11	108	642
Interest income collected		1,013	—
Investment in financial instruments	11	—	(8,000)
Loan disbursement to investee companies		(950)	(1,050)
Collection from the disposal of assets held for sale	20	6,313	—

Conam acquisition net of cash held		—	(251)
Disposal of Business Unit	11	1,341	—
Total cash flow from investing activities		**(157,196)**	**(547,721)**
Cash flow from/(for) financing activities			
Repayment of finance lease payables	24	(6,991)	(6,518)
Loan repayment	23	(55,569)	(725,244)
New loans	23	—	620,000
Bond issue	24	—	644,631
Interest paid		(4,865)	(10,191)
Interest paid on bond loan	24	(4,875)	—
Non-controlling shareholder withdrawal	24	(21,858)	—
Increase/(Decrease) in other financial liabilities	24	(8,431)	(16,887)
Total cash flow from financing activities		**(102,589)**	**505,791**
Liquidity generated (+)/absorbed (-)		**(114,562)**	**98,488**
Cash and cash equivalents at start of period	20	351,832	253,344
IFRS 5	21	(342)	—
Cash and cash equivalents at end of period	20	236,928	351,832
Liquidity generated (+)/absorbed (-)		**(114,562)**	**98,488**

FNM S.p.A.
Registered Office in Piazzale Cadorna 14 – 20123 Milan
Share capital EUR 230,000,000.00 fully paid up
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31.12.2022

NOTA 1 GENERAL INFORMATION

GROUP OPERATIONS

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.
Companies belonging to the FNM Group (hereinafter the "Group"), mainly carry out activities in the management of railway infrastructure and in the sector of passenger road transport (including sustainable mobility) and the management of Ro.S.Co activities as well as central activities carried out by FNM (hereafter, also the "Parent Company" or "FNM"); in particular, section 7 of the Management Report, "Operating performance of business segments" analyses the activities carried out by the Group. Reference is made to Note 5 "Segment reporting" for a more detailed analysis of the effect of segment disclosure on consolidation with the equity method of investments in joint ventures operating in particular in the passenger rail transport sector, energy (consisting of the operation of the Mendrisio - Cagno power line), of cargo rail transport sector and of Information & Communication Technology.
The Parent Company FNM S.p.A., domiciled in P.le Cadorna, 14 – MILAN (Italy), is listed on the Standard Class 1 market, Milan (ISIN IT0000060886).

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements, prepared in compliance with CONSOB provisions in Resolution no. 11971/1999 as amended, including in particular provisions introduced by Resolutions no. 14990 of 14 April 2005 and no. 15519 of 27 July 2006, contain the financial statements and notes relative to the Company, produced on the basis of international accounting standards (IFRS) issued by the IASB (International Accounting Standards Boards) and adopted by the European Union. IFRS mean all "International Financial Reporting Standards", all "International Accounting Standards" (IAS) and all interpretations of the "International Financial Reporting Standards Interpretations Committee" (IFRS IC, formerly IFRIC), previously called the "Standard Interpretations Committee" (SIC). In particular, IFRS were adopted in a manner consistent with all periods presented in this document.

These Consolidated Financial Statements were prepared on a going concern basis, as the Directors verified that no indicators of a financial, management or other nature exist indicating criticalities as to the Group's ability to meet its obligations in the foreseeable future. Business risks and uncertainties are described in relative sections in the Management Report. Note 49 "Risk Management" describes how the Group manages financial risks, including liquidity and capital risk.

These draft financial statements were prepared and authorised for publication by the Board of Directors of the Company in the course of its meeting of 15 March 2023.

This version of financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This financial statements has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PRESENTATION OF THE FINANCIAL STATEMENTS

The following presentation of the financial statements was adopted:

a) in the Consolidated Statement of Financial Position, assets and liabilities are entered as current or non-current items; an asset/liability is classified as current when it meets one of the following criteria:
   – it is expected to be realised/settled or to be sold/used in the entity's normal operating cycle or
   – it is held primarily for the purpose of trading or
   – it is expected to be realised/settled within 12 months after the reporting period.
   – If these three conditions are not met, the assets/liabilities are classified as non-current.

b) in the Consolidated Income Statement, positive and negative income components are stated by nature;

c) in Consolidated Comprehensive Income, all changes in Other comprehensive income, in the year, generated by transactions other than those carried out with Shareholders and based on specific IAS/IFRS are recognised. These changes are presented in a separate statement from the Income Statement. Changes in Other consolidated comprehensive income are recognised net of related tax effects, separately indicating components that will be recorded in subsequent years in the income statement, and components for which no recognition in the income statement is expected, pursuant to IAS 1R in effect since 1 January 2013. Moreover, as provided for by the amendment to IAS 1 – Disclosure Initiative, applicable from years starting on or after 1 January 2016 (Note 2 “Accounting standards and measurement criteria”), the portion of Other Comprehensive Income (“OCI”) of associates and joint ventures measured with the equity method was already presented in aggregate form in a single item, broken down in turn into components which could be reclassified in the future in the income statement;

d) the Consolidated Statement of Changes in Equity, as required by international accounting standards, provides separate evident of income for the period and any other change not recorded in the Income Statement, but directly recognised as Other consolidated comprehensive income based on specific IAS/IFRS, as well as transactions with Shareholders, in their capacity as Shareholders;

e) the Consolidated Statement of Cash Flows has been prepared using the indirect method.

With reference to CONSOB resolution no. 15519 of 27 July 2006, related-party transactions are indicated separately in the consolidated statement of financial position and consolidated income statement, given their significance. With reference to the above resolution, income and expenses arising from non-recurrent transactions or events that are not repeated frequently during normal activities are indicated separately in the consolidated income statement; non-recurrent transactions are identified in Note 53 “Non recurring events and significant transactions”, using internal management criteria in the absence of reference standards, and this identification might differ from that adopted by other Issuers or operators in the sector.

Lastly, with reference to disclosure required by IFRS 8, main information refers to the operating segments “Ro.S.Co. & Services”, “Railway infrastructure”, “Road passenger mobility” (including Sustainable Mobility) and “Motorways” (Note 5 “Segment reporting”).

NOTA 2 ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

In preparing these Consolidated Financial Statements, the same accounting standards and measurement criteria used to prepare the Consolidated Financial Statements at 31 December 2021 were used, supplemented as described in the section "IFRS accounting standards, amendments and interpretations adopted from 1 January 2022".

Areas requiring a greater degree of discretion and significant assumptions and estimates are reported in Note 4 "Items subject to significant assumptions and estimates".

All amounts in the Consolidated Financial Statements are in thousands of Euro, unless otherwise indicated.

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 therefore have any effects on the consolidated financial statements of the Group.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP AT 31 December 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 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 financial statements of the Group.

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

- On 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.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the end of the reporting period, 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" and on 31 October 2022, it published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short-term or long-term liabilities. The amendments apply from 1 January 2024, 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 22 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognise income or a loss relating to the right of use retained. The amendments apply from 1 January 2024, 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.

NOTA 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

Principles of consolidation

The scope of consolidation includes the financial statements of FNM S.p.A. and its subsidiaries at 31 December 2022.

As stated in paragraph 6 of the Management Report, the Group scope changed compared to 31 December 2022, as described below:

- the company FNM Power S.r.l. was set up on 8 April 2022 (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. At 31 December 2022, the subsidiary is not yet operational;
- 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.

- 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 and Ecobus. The investment was reclassified to assets held for sale, as the conditions of IFRS 5 had been met.
  Subsequently, on 2 December 2022, the Board of Directors authorised the Chairman to finalise the negotiation and signing of the preliminary agreement for the sale of the entirety of the shares held by FNM in the company La Linea S.p.A.
  The preliminary agreement, signed on 7 December 2022, establishes that the purchase obligation, at a sale price of EUR 5,400 thousand, will be met in two tranches:(i) by 15 January 2023, hereinafter referred to as the “First Closing”, for the sale of 221,200 shares to Alilaguna, 316,000 shares to Powerbus (formerly Ecobus) and 356,132 shares to Massimo Fiorese, for a total of 28.27% of the shares of La Linea S.p.A. for EUR 2,993 thousand; (ii) by no later than 31 March 2023, hereinafter the “Second Closing”, 316,000 shares will be acquired by Alilaguna and 402,268 shares will be acquired by Powerbus, for a total of 22.73% of the share capital of La Linea S.p.A., for EUR 2,407 thousand.
  At the same time as the Second Closing, La Linea shall also proceed with the full settlement of its payables to FNM, deriving from the two existing loan agreements, for a total of EUR 7.3 million at 31 December 2022. Any failure to extinguish these loan agreements constitutes a condition subsequent of the First Closing and a condition precedent of the Second Closing.
  On 16 January 2023, the First Closing took place, so FNM now holds a shareholding of 22.73%. The Second Closing has not yet been carried out as at the date of publication of these financial statements.

Subsidiaries are considered to be those where the Group 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.

The financial statements of consolidated companies are prepared by the Boards of Director for approval by the Shareholders' Meetings, suitable aligned to IAS/IFRS and Group policies.

The financial statements of subsidiaries were consolidated on a line-by-line basis.
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 year 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 valuation of joint ventures, FNM S.p.A., in preparing consolidated financial disclosure, measures the joint venture investees Trenord S.r.l. (and 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 measured by applying the “equity method”.

Joint ventures are investments in companies in which the Group exercises joint control with another investor. In joint ventures, activities are developed with a specialist partner, with whom financial decisions about significant operations are shared, also backed up by partner agreements and by the articles of association in which joint control of the investees is established, even when FNM holds the majority of voting rights, as in the case of the investee 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”. A brief analysis of the nature of costs and revenues of joint ventures, and additional information required by IFRS 12, are given in Note 45.

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.

Business combinations

Business combinations are recognised according to the acquisition method. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the transferred assets and liabilities undertaken by the Group at the acquisition date and the equity instruments issued in exchange for control of the purchased entity. Costs related to the transaction are generally recognised in the income statement when they are incurred.
At the acquisition date, identifiable acquired assets and liabilities undertaken are measured at the fair value at the acquisition date; the following items are an exception, which instead are measured according to their reference standard:

- deferred tax assets and liabilities;
- assets and liabilities for employee benefits;
- liabilities or equity instruments relative to share-based payments of the purchased entity or share-based payments relative to the Group issued to replace contracts of the acquired entity;
- assets held for sale and discontinued assets and liabilities;
- assets and liabilities relating to lease agreements.

Goodwill is determined as the excess between the sum of amounts transferred in a business combination, the value of equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity compared to the fair value of net assets acquired and liabilities undertaken at the acquisition date. If the value of net assets acquired and liabilities undertaken at the acquisition date exceeds the sum of amounts transferred, the value of shareholders' equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity, this excess is immediately recognised in the income statement as income arising from the completed transaction.
Shareholders' equity attributable to non-controlling interest, may be measured at fair value or at the pro-quota of the value of net assets recognised for the acquired company. The measurement method is selected for each transaction.

In the case of the acquisition of a subsidiary in stages, IFRS 3 (2008) establishes that a business combination occurs only when control is acquired and, at this stage, all identifiable net assets of the acquired company must be measured at fair value.
In the acquisition of a subsidiary where control is acquired in stages, the investment previously held, recognised up until that time according to IFRS 9 – Financial instruments, or according to IAS 28 – Investments in associates or according to IFRS 11 – Joint arrangements, must be treated as if it had been sold and re-purchased at the date when control is acquired. This investment must therefore be measured at its fair value at the date of "disposal" and losses and gains resulting from this measurement must be recognised in the income statement.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment mainly consist of:
a) land;
b) buildings;
c) plant and machinery;
d) rolling stock (trains, buses).

Property, plant and equipment may be owned and may be funded by grants or specific public funds.

Own property, plant and equipment are recognised at purchase or production cost including directly related costs. The cost is reduced by depreciation, apart from land, which is not depreciated, and write-downs. If funded by government grants, property, plant and equipment are recognised including the grant, which is entered in the item "Other liabilities" according to criteria indicated in the accounting standard "Government grants".

Depreciation is calculated on a straight-line basis using percentages that reflect the economic and technical deterioration of the asset. Depreciation is calculated when the asset becomes available for use according to Management's intentions.

Significant parts of tangible assets that have different useful lives are recognised separately and depreciated based on their useful life.

The useful lives and residual values are revised annually at the end of the reporting period.

Useful lives are as follows:
Buildings: 50 years
Plant and machinery: 4 -16 years
Rolling stock (trains): 15 - 25 years
Rolling stock (buses): 4 - 15 years
If an impairment loss is recorded, the property, plant or equipment is written down according to criteria indicated below in the section "Impairment loss of intangible assets, property, plant and equipment and investments".

PROPERTY ASSETS
Property assets are represented by assets held for rent income or to appreciate their value.

In compliance with IAS 40, the Group opted to measure these assets at cost, net of depreciation and impairment, using the same treatment adopted for plant, property and equipment and, given their limited significance, these items are not recorded in a separate line of assets in relation to "Property, plant and equipment".

IFRS 16 LEASES

The accounting standard introduced a new definition of leases based on control of the underlying asset, i.e. the right to use an identified asset and to obtain substantially all of its economic benefits through the management of the use of the asset itself, for a period of time in exchange for consideration.

IFRS 16 provides a single accounting model for lease agreements, based on which the lessee must recognise, as an asset, the right to use the leased asset ("Right of use") as a contra entry to a liability representing the financial obligation ("Financial liabilities for leased assets") determined by discounting the payments for the minimum guaranteed future lease payment, thus eliminating, for the lessee (leases as lessee) the accounting distinction between operating and finance leases, as was instead previously required by IAS 17.

Accounting model for the lessee

The Group recognises in the statement of financial position the assets for the right of use and the financial liabilities for leased assets for most leases, with the exception of low value assets under lease, i.e. having a new value of less than EUR 5,000. Therefore, the Group recognises the payments due for the leases relating to the aforesaid leases as cost with a straight line criterion throughout the duration of the lease.

On the effective date of the lease, the Group recognises the asset for the right of use and the financial liability for leased assets.

The asset for the right of use is initially measured at cost, and subsequently at cost less amortisation and impairment losses, cumulated, and adjusted to reflect the write-backs of the lease liability.

The Group measures the financial liability for leased assets at the present value of the payment due for the leases not paid as at the effective date, discounting them using the implied interest rate of the lease. Whenever it is not possible to determine this rate easily, the Group uses the marginal lending rate. Generally, the Group uses the marginal lending rate as the discounting rate. The financial liability for leased assets is subsequently increased by the interest that accrue on said liability and decreased by the payments due for the leases carried out and it is revalued in case of change in the future payments due for the lease deriving from a change in the index or rate, in case of change of the amount the Group expects to have to pay by way of guarantee on the residual value or when the Group changes its valuation with reference to whether or not a buy, extension or termination option is exercised.

In determining the lease term any extension options were considered if under the Group's control and if the Group has reasonable certainty that it will exercise them. Similarly, in cases where the extension option is under the lessor's control, the non-cancellable lease period includes the period covered by the lease termination option.

Accounting model for the lessor

The Group sub-leases to third parties the right of use of some leased assets for a duration prevalently coinciding with that of the main agreement. The accounting principles applicable to the Group as lessor do not deviate from those prescribed by IAS 17. However, when the Group acts as intermediate lessor, sub-leases are classified referring to the asset for a right of use deriving from the main lease, rather than to the underlying asset.

INTANGIBLE ASSETS

Intangible assets refer to costs, including related charges, incurred to purchase resources without physical substance on condition that their amount can be reliably quantified, and the asset is clearly identifiable and controlled by the Group.

Intangible assets are recognised at purchase or production cost including related costs and are amortised based on their future use.

If an impairment loss is recorded, the intangible asset is written down according to criteria indicated below in the section “Impairment losses of intangible assets, property, plant and equipment and investments”.

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

“Non-compensated assets” represent the Concessionaire's right to use the asset under concession in consideration of the costs incurred to design and construct the asset. The value corresponds to the fair value of planning and construction activities and is posted to the income statement as a contra-entry to the item “Revenues from construction services - IFRIC 12”. Moreover, the amount posted under “non-compensated assets” is increased by the capitalised financial expenses - in compliance with the requirements set out in IAS 23 - during the construction phase and net of collections of the consideration for construction services.

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

Non-compensated assets are depreciated throughout the duration of the relative concession, with an approach reflecting the estimated methods of consumption of the economic benefits incorporated into the right. To this end, taking into account that the concessions owned by MISE concern mature motorway infrastructures that have been in operation for many years and for which traffic variations are substantially contained within a long-term horizon, depreciation is calculated on a straight-line basis.

Depreciation starts from the moment when the non-compensated assets start producing the relative economic benefits, whether related to motorway transit or to the recognition in the tariff by the Awarding Body of the investments made by the company.
With regard to assets reversible free of charge, the amortisation provision and the provision for restoration or replacement expenses, considered as a whole, ensure adequate coverage of the following charges:

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

Costs for the purchase of software licences, together with related costs, are capitalised and amortised based on the expected useful lives represented by the licence duration (5 years). Amortisation starts when the asset becomes available for use according to Management's intentions. Other intangible assets are amortised based on their remaining useful life. Useful lives are mainly estimated in five years.

EQUITY INVESTMENTS

Joint ventures are investments in companies in which the Group exercises joint control with another investor. In joint ventures (identified in Attachment 1 to these notes), activities are developed with a specialist partner, with whom financial decisions about significant operations are shared, also backed up by partner agreements or provisions of the articles of association in which joint control of the investees is established, even when FNM holds the majority of voting rights. Section 6 of the management report “Group structure and business segments” specifically analyses the activities carried out by joint ventures.

Investments in associates are investments in which the Group has a significant influence.

Investments in joint ventures and associates are measured using the equity method and are initially recognised at cost. Investments include goodwill identified at the time of the acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include gains or losses attributable to investees measured according to the equity method, net of reclassifications necessary to align accounting standards, starting from the date when significant influence or joint control started, up to the date when said influence or control stopped.

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”. A brief analysis of the nature of costs and revenues of joint ventures, and additional information required by IFRS 12, are given in Note 45.

Investments in other companies are classified, for measurement purposes, as financial assets at “fair value”, with a contra-entry in the income statement.

Economic results and assets and liabilities of associates and joint ventures are recognised in the Consolidated Financial Statements using the equity method.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

Receivables and loans are initially recognised at their fair value, which corresponds to the nominal value. Subsequently they are measured at amortised cost based on the original effective rate of return of the financial asset. Financial assets are eliminated from the statement of financial position when the contractual right to receive cash flows has been transferred and the entity no longer has control of said financial assets.

Receivables and loans recognised as current assets are recorded at their nominal value as the present value would not vary significantly. At the end of each reporting period, the Group assesses the possibility of recovering the receivables, taking into account expected future cash flows, as described in more detail in the paragraph below on write-downs of financial assets.

WRITE-DOWNS OF FINANCIAL ASSETS

The recoverability of financial assets measured at amortised cost is evaluated by estimating "expected credit losses" (ECL), based on the value of expected cash flows. These flows, taking into account the estimated likelihood that the counterparty will not meet its payment obligation, are determined in relation to the expected recovery time, the estimated realisable value, any guarantees received and the costs that are expected to be incurred to collect the receivables. For receivables relating to counterparties that do not present a significant increase in credit risk, ECLs are determined on the basis of expected losses in the 12 months following the reporting date; in other cases, expected losses are estimated up to the end of the life of the financial instrument. With regard to trade and other receivables, internal customer ratings, which are periodically checked, including through time series analyses, are used to determine the probability of counterparty non-performance.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are determined based on temporary taxable differences existing between the carrying amount of assets and liabilities and their tax value and are classified as non-current assets and liabilities.
Deferred tax assets are only recognised to the extent that the existence of adequate future taxable income against which said deferred tax assets can be used is probable.

The value of deferred tax assets that may be presented in the financial statements is tested annually.

When results are directly recognised in shareholders' equity, in particular in the reserves "actuarial gains (losses)" and "gains/(losses) arising from the translation of financial statements of foreign companies", current taxes, deferred tax assets and or deferred tax liabilities are also directly recognised in shareholders' equity.
The value of deferred tax assets and liabilities is determined based on expected tax rates for the period when the deferrals will be realised, applying the tax rates (and tax legislation) in force or substantially in force at the reporting date.

Deferred tax assets and liabilities are offset if, and only if:
a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

TRADE RECEIVABLES

They are recognised at amortised cost if the following two conditions are met:

a) the financial asset management model consists of holding the financial asset for the purpose of collecting the relative cash flows; and
b) the financial asset contractually generates, at predetermined dates, cash flows representing solely the return on such financial asset.
Receivables measured at amortised cost are initially recorded at the fair value of the underlying asset, net of any directly attributable transaction income; valuation at amortised cost is performed using the effective interest rate method, net of the relative impairment losses with reference to amounts considered uncollectable. Amounts deemed uncollectable are estimated on the basis of the

methodology set forth in the "Impairment of financial assets" section. The original value of receivables is reinstated in subsequent years to the extent to which the reasons for the adjustment no longer apply. In that case, the reversal of the impairment loss is recognised in profit and loss and may not in any event exceed the amortised cost that the loan would have had in the absence of previous adjustments.
Trade receivables with a maturity falling within normal commercial terms are not discounted.

INVENTORIES

Inventories mainly refer to spare parts and are measured at the lower of purchase/production cost and net realisable value inferred from market trends. The cost is determined adopting the average weighted cost method.
Inventories are written down when the realisable value inferred from market trends is lower than the relative carrying amount. Obsolete and slow-moving socks are written down in relation to their possible use or realisable value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and sight deposits and are recognised at nominal value. For an investment to qualify as cash or a cash equivalent it must be readily convertible to a known amount of cash and have an insignificant risk of change in value.
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.

ASSETS HELD FOR SALE

As provided for in IFRS 5 "Non-current assets held for sale and discontinued operations", non-current assets whose carrying amount is mainly recovered through a sale rather than continual use, if the requirements of the standard are met, are classified as held for sale and recognised at the lower of the carrying amount and fair value, net of the cost to sell. From the date when these assets are classified in the category of non-current assets held for sale, relative amortisation/depreciation is suspended. The liabilities connected with these assets are classified under "Liabilities relative to assets held for sale", while the economic result concerning these assets is recognised under "Other income" of the Consolidated Income Statement.

LOANS AND CORPORATE BONDS

Loans and corporate bonds are initially recognised at fair value.
After initial recognition, loans and corporate bonds are measured according to the amortised cost method calculated by adopting the effective interest rate.

Amortised cost is calculated taking into account issue costs and any discount or premium at the time of settlement.

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are shown in the financial statements at their fair value, determined at year-end close. Derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, verified initially and periodically, is high.
For cash flow hedge instruments that hedge the risk of changes in cash flows of the hedged assets and liabilities (including prospective and highly probable ones), changes in fair value are recognised in other comprehensive income and any ineffective portion of the hedge is recognised in profit or loss.

For instruments that hedge the risk of changes in the fair value of hedged assets and liabilities (fair value hedges), changes in fair value are recognised in the income statement for the period. Accordingly, the related hedged assets and liabilities are also adjusted to fair value, with an impact on the income statement.
Where an instrument is entered into for the purpose of hedging the risk of changes in the fair value of an asset whose changes in fair value are recognised in other comprehensive income, changes in the fair value of the hedging instrument are also recognised in other comprehensive income. Changes in the fair value of derivatives that do not qualify for hedge accounting under IFRS 9 are recognised in the income statement.

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

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

EMPLOYEE BENEFITS

Employee benefits provided at the end of employment or afterwards mainly refer to post-employment benefit.

Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent decrees and regulations issued in the first few months of 2007 introduced significant changes to legislation on post-employment benefit, including the possibility for employees to choose the allocation of the post-employment benefit they accrue.

This means, for IFRS purposes, a different accounting treatment which is explained below:

a) Post-employment benefit accruing as from 1 January 2007: this is a defined contribution plan, both in the case of the employee opting for a supplementary pension and in the case of the employee opting to pay the post-employment benefit into the Treasury Fund held with Italy's state social security institute (INPS). The accounting treatment will therefore be the same as that adopted for various social security/pension payments.
b) Post-employment benefit accrued at 31 December 2006: this item remains a defined benefits plan, with the consequent need for actuarial calculations to be carried out by independent actuaries, who shall exclude the component related to future salary increases. The difference resulting from the new calculation compared to the previous one was treated as a curtailment, as defined in paragraph 109 of IAS 19 and consequently recognised in the income statement in the first half of 2007. The liability is entered in the financial statements at the present value of the Group's obligation based on actuarial assumptions made using the projected unit credit method. Actuarial gains and losses arising from changes in assumptions and changes in final and hypothesized data are recognised in the statement of comprehensive income in a specific reserve of shareholders' equity called "Reserve for actuarial gains/(losses)". The present value of the obligation is determined by discounting future cash flows at an interest rate based on the Euro swap benchmark rate (AA rating with reference to 2014 and the comparative year) with an average financial duration for the item in question.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include allocations arising from current (legal or implicit) obligations resulting from a past event which, in order to be met, will probably require the use of resources, that can be reliably estimated.
If the expected use of resources goes beyond the following year, the obligation is recognised at the present value determined by discounting expected future flows by a rate that takes into account the cost of money and risk of the liability.
Instead no provision is made for risks for which the occurrence of a liability is only possible. In this case, specific disclosure is provided in the section on commitments and risks and no allocation is made.

The "Renewal provision" includes the present value of the estimated charges to be incurred for the contractual obligation to restore and replace the infrastructure under concession, as established in the agreement signed by the Company with the Awarding Body and aimed at ensuring its due functionality and safety. Indeed, as these charges cannot be recognised as an increase in the value of the assets at the time they are actually incurred, in the absence of the necessary accounting requirement (intangible assets) for the assets for which they are intended, they are allocated to a provision in accordance with IAS 37, depending on the degree of use of the infrastructure, as they represent the probable charge that the company will need to incur in order to guarantee, over time, the correct fulfilment of its obligation to maintain the functional and safety requirements of the assets under concession. Allocations to this provision are determined on the basis of the wear and tear and age of the motorway infrastructure at the end of the financial year and, therefore, of the planned interventions, taking into account, if significant, the financial component linked to the passage of time. The provision is discounted on the basis of the criteria already described above. Ordinary maintenance costs, on the other hand, are recognised in the Income Statement at the time they are incurred and, therefore, are not included in the provision. The provision, which refers to cyclical maintenance operations, includes an estimate of the charges that will arise from a single maintenance cycle and is determined separately for each category of infrastructure work (viaducts, overpasses, tunnels, safety barriers, motorway paving). For each category, based on specific technical evaluations, available knowledge, current motorway traffic conditions, and existing materials and technology:

- the duration of the repair or replacement cycle is estimated;
- the state of conservation of the works is assessed, grouping the interventions into uniform classes in relation to the degree of wear of the infrastructure and the number of years remaining until the planned intervention;
- costs are determined for each class on the basis of documented verifiable evidence at the date and comparable interventions;
- the total value of the interventions is determined with reference to the relative cycle;
- the provision at the reporting date is calculated, allocating the charges in the Income Statement in relation to the remaining years until the expected date of the intervention, consistent with the uniform infrastructure wear class, discounting the value thus obtained at the valuation date on the basis of an interest rate with a duration consistent with that of the expected cash flows.

The effects, as determined above, are posted to the following Income Statement items:

- "Allocation to renewal provision", related to the effects of the updated estimates deriving from the technical assessments (amount of the works to be carried out and their expected timing) and the change in the discount rate used compared to the previous year;

- "Financial expense from discounting", referring to the effect of the passage of time, calculated on the basis of the value of the provision and the interest rate used to discount the provision at the previous year's reporting date.

When the intervention expenses are incurred, the costs are recorded by nature in the individual items of the Income Statement for the year and the item "Use of renewal provision" includes the use of the provision previously set aside.

FINANCIAL AND TRADE PAYABLES

Payables are initially recognised at fair value, and subsequently recognised at amortised cost, which generally corresponds to the nominal value.

Financial liabilities are eliminated from the statement of financial position when, and only when, they are settled, or when the specific contract obligation has been met or cancelled or has expired.

REVENUES

Revenues for the provision of services are recognised at the time the service is provided. The main sources of revenue are as follows:

a. motorway tolls: this refers to revenues from motorway tolls and income from service area concessions;
b. service contracts for the automotive sector: fees for contracts are recognised in the Consolidated Income Statement on an accrual basis;
c. products of automotive traffic: these refer to revenues from tickets and travel passes for passenger road transport. They are recognised in the Consolidated Income Statement based on the validity of the tickets/travel passes;
d. railway infrastructure management service contract: consideration referring to the "Infrastructure Management Contract" paid by the Lombardy Region to operate lines under concession, are recognised in the Consolidated Income Statement on an accrual basis;
e. network access revenues: they are recognised in the Consolidated Income Statement on an accrual basis;
f. rolling stock lease: operating lease payments relative to rolling stock;
g. consideration for administration services provided centrally to Group companies not consolidated on a line-by-line basis "services invoiced": accounting and financial reporting, payroll processing, management of centralised treasury and of the IT services connected with SAP and communication coordination;
h. real estate income: these refer to the rental of civil and commercial property of the Group;
i. design and project management: this refers to design and project management activities for railway and motorway infrastructure modernisation projects;
j. train replacement: train replacement runs made by bus.

All revenues from letter a) to letter j) are recognised on an accrual basis.

GOVERNMENT GRANTS

Government grants are recorded in accordance with IAS 20 when there is a reasonable certainty that they can be received and when there is a reasonable certainty that the Group has complied with the conditions for receiving them.

Government grants are recognised in accordance with the "income approach" whereby a grant is recognised in the consolidated income statement in one or more years in which the Group recognises as costs the relative expenses that the grants are intended to offset.

Government grants that are collectible as compensation for costs or losses already incurred are recognised in the consolidated income statement for the year in which they become receivable.

Grants relative to the purchase of property, plant and equipment, disbursed by the Lombardy Region or third parties (other public bodies) are presented according to the “indirect method”, with the deferred revenue component recognised in the non-current and current items of “Other liabilities” and the applicable share determined on the basis of the expected useful life of the assets they refer to credited to the income statement on a straight-line basis.

The public grants provided at national level to mitigate the loss of revenues and the increase in costs deriving from the spread of the COVID-19 virus were recorded on the basis of the resources specifically allocated, as described in more detail in Note 4 below “Items subject to significant estimates and assumptions”.

Government operating grants and the share for the year of capital grants are shown separately in the income statement under “Grants” without any set-off between the grant and the cost to which it relates.

REVENUES FROM CONSTRUCTION SERVICES

In accordance with IFRIC 12, the railway infrastructure management contract of the subsidiary FERROVIENORD S.p.A. was recognised in the consolidated financial statements according to the financial asset model, starting from the financial year ended 31 December 2010.

In particular, as provided for in IFRIC 12, the financial asset model may be applied as the operator FERROVIENORD S.p.A. has the unconditional right to receive contractually guaranteed cash flows from the investment guarantor - i.e. the Lombardy Region - regardless of the actual use of the railway infrastructure. These cash flows correspond to costs incurred for contract management. Consequently, the operator must not recognise the infrastructure in its assets, or more generally, the funded asset. Instead it must recognise costs relative to the investment in the income statement for the year, as contemplated by IFRS 15, and must recognise the amount corresponding to the investments as revenues, according to the investment completion percentage. The amount of these revenues not yet received at the reporting date is recognised as a short-term financial receivable.

Consequently, the items “Revenues from construction services - IFRIC 12” and “Costs for construction services - IFRIC 12” were recognised for amounts determined as contemplated by IFRS 15.

As of 26 February 2021, in connection with the change in the Group's scope, IFRIC 12 is also applied in the intangible asset model for the subsidiary MISE.

In the intangible asset model, the concessionaire, in return for the infrastructure construction and improvement services rendered, acquires the right to charge users for the use of the infrastructure. Therefore, the concessionaire's cash flows are not guaranteed by the awarding body, but are related to the actual use of the infrastructure by users, thus entailing demand risk for the concessionaire. This is the risk that revenues from the exploitation of the right to charge users for the use of the infrastructure will not be sufficient to ensure a reasonable return on the investments made.

“Assets reversible free of charge” represent the Concessionaire's right to use the asset under concession in consideration of the costs incurred to design and construct the asset. The value corresponds to the fair value of planning and construction activities and is posted to the income statement as a contra-entry to the item “Revenues from construction services - IFRIC 12”, while the costs related to the investment made are posted to the item “Costs for construction services - IFRIC 12” and are measured according to their percentage of completion.

For information about the aspects of the agreement for concession services, please refer to paragraphs 7.1 “Railway infrastructure” and 7.4 “Motorways” of the Management Report.

IMPAIRMENT LOSS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENTS

Non-current assets include - among others - property, rolling stock, intangible assets and investments. Management periodically revises the carrying amount of non-current assets held and used and assets that must be disposed of, when required by facts and circumstances.
In assessing whether there is an indication that an asset may be impaired, the Group considers available internal and external information sources.

Impairment testing on non-current assets is carried out by comparing the carrying amount of the asset and the greater of the fair value, net of costs to sell, and the value in use of the asset. In the absence of market values considered representative of the actual value of the investment, estimate methods and valuation models are used based on data and assumptions which are sustainable and reasonable, based on historical experience and future expectations of the market and foreseeable changes in the specific legal framework. The value in use is determined based on estimates of cash flows expected from the use or sale of the asset, approved by competent bodies and based on projections that do not exceed five years and discount rates to calculate the present value, referred to market conditions.
When the carrying amount of a non-current asset is impaired, the Group records a write-down for the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to the Group's most recent plans, and recognised under "Amortisation, depreciation and write-downs".
For assets not subject to amortisation/depreciation and intangible assets not yet available for use, impairment testing is carried out annually, regardless of whether or not specific indicators are present.
If the conditions for a previous write-down no longer apply, the carrying amount, with the exception of goodwill, is restored to the new estimated value, which will not exceed the net carrying amount the asset would have had, if it had not been written down. Reversals are recorded in the Income Statement.

INCOME AND CHARGES FROM THE SALE OF INVESTMENTS

Operations to sell controlling interests that do not cause a loss of control of the sold investee result in the recognition of the difference between the carrying amount of net consolidated assets concerning the sold investment and the consideration of the sale directly recognised in consolidated shareholders' equity; on the other hand, operations to sell controlling interests that cause a loss of control of the sold investee result in the recognition of the difference between the carrying amount of net consolidated assets concerning the sold investment and the consideration of the sale in the income statement for the year.

DIVIDENDS

Revenues for dividends are recognised when the right to collection arises, which normally coincides with the resolution of the shareholders' meeting to distribute dividends.
Resolved dividends are recognised as a payable to Shareholders at the time of the resolution on distribution.

FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and expenses are recognised in the Consolidated Income Statement during the year when they are accrued or sustained, on an accrual basis.

Financial expenses that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalised.

CURRENT TAXES

Current taxes are recognised and determined based on a realistic estimate of taxable income in compliance with applicable tax regulations of the country, applying the tax rates in force or substantially in force at the reporting date and considering applicable exemptions and any tax receivables due.

TAX CONSOLIDATION

The Parent Company renewed the option for the National Tax Consolidation Scheme for the 2022 - 2024 three-year time interval (article 117, paragraph 1 of the Consolidated Income Tax Act), which subsidiaries of FNM are also party to, pursuant to article 2359 of the Italian Civil Code. This provision enables FNM S.p.A. to manage all obligations to make periodic payments to the Revenue Agency and offset any credit positions of other Group companies against relative debt positions. Subsidiaries determine taxes, and revenue payments are made exclusively by FNM S.p.A. On payment, companies transfer their IRES receivable/payable, recording the payable/receivable to the Parent Company, which in turn records the IRES receivable/payable transferred by the subsidiaries and the payable/receivable towards them, proceeding with payment or collection.

GROUP VAT

The Parent has chosen the option in article 73, paragraph 3 of Italian Presidential Decree 633/72 relative to Group VAT. This provision enables FNM S.p.A. in a capacity as Parent pursuant to article 73, paragraph 3, to manage all obligations to make periodic payments to the Revenue Agency and offset any credit positions of other Group companies against relative debt positions. Subsidiaries periodically liquidate VAT and payments are made exclusively by FNM S.p.A. On payment, companies transfer their VAT receivable/payable, recording the payable/receivable to the Parent Company, which in turn records the VAT receivable/payable transferred by the subsidiaries and the payable/receivable towards them, proceeding with payment or collection.

EARNINGS PER SHARE

Basic earnings per share are calculated dividing net profit for the year attributable to owners of ordinary shares of the Parent by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares.

DILUTED EARNINGS PER SHARE

Diluted earnings per share are determined by adjusting the weighted average of outstanding shares to take into account all dilutive potential ordinary shares.

TRANSLATION OF FOREIGN CURRENCY ITEMS

Functional currency

Group companies prepare their financial statements based on the money of account used in individual countries. The functional currency of the Parent is the Euro, which is the presentation currency of the Consolidated Financial Statements.

Transactions and accounting records

Transactions in foreign currency are initially recognised at the exchange rate in effect at the transaction date.

At the end of the reporting, period, monetary assets and liabilities in foreign currency are re-translated based on the exchange rate in effect at that date.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in effect at the transaction date.
Non-monetary items recognised at fair value are translated using the exchange rate in effect at the date when the value was determined.

NOTA 4 ITEMS SUBJECT TO SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the Consolidated Financial Statements and notes requires Management to use estimates and assumptions that have an effect on financial statement assets and liabilities and on the disclosure of potential assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered material. Final results could differ from these estimates. Estimates and assumptions are revised periodically and the effects of all changes are reflected in the Consolidated Income Statement in the year when the estimate is revised if the revision only impacts that year, or also in subsequent years, if the revision has effects on the current year as well as on future years.
There were no changes in estimates during the current year.

The main critical measurement processes and key assumptions used by Management in adopting accounting standards, concerning the future and which may have significant effects on figures in the Consolidated Financial Statements or for which there is a risk that value adjustments to the carrying amount of assets and liabilities in the year following the reporting period in question may be identified, are summarised below.

Provision for bad debts
The provision for bad debts reflects Management estimates of losses relative to the receivables portfolio.

The estimate of the provision for bad debts is based on losses expected by the Group, determined based on past experience with similar receivables, current and historical past due receivables, and losses and collections, the careful monitoring of credit quality and forecasts of economic and market conditions, assisted by legal advisors representing the Group during pre-litigation and litigation stages.

Inventory impairment
Inventory impairment is an estimate process subject to the uncertainty of determining the replacement value of rolling stock components and consumables which varies over time and according to market conditions.

Determination of useful lives
Asset depreciation and amortisation is a significant cost for the Group. The cost of tangible and intangible assets with a finite useful life is depreciated/amortised over the estimated useful life of the relative assets. The determination of the depreciation/amortisation of such assets represents a complex accounting estimate and is subjective in nature, as it is influenced by multiple factors including:

- the identification of each component with a relevant cost in relation to the total cost of the item to be depreciated/amortised separately ("component approach") as well as the estimate of the relative useful life;
- the estimate of the residual value. According to the provisions of IAS 16 and 38, the depreciable cost of tangible assets is determined by deducting their residual value. Residual value is determined as the estimated value that the entity could receive on disposal, less the

estimated costs to sell, if it were already at the time and in the condition expected at the end of the concession or the use of the asset. Companies periodically review the residual value and assess its recoverability based on the best information available at the date. This periodic update could lead to a change in the depreciation rate for future years;
– impacts of any changes in the regulatory framework.

The economic useful life of the Group's assets is determined by the Directors when the asset is acquired. It is based on historical experience for similar assets, market conditions and expectations regarding future events that may impact their useful life. Therefore, the actual economic life may differ from the estimated useful life. Any periodic updating of the useful life could lead to a change in the depreciation/amortisation period and thus also in the depreciation/amortisation rate for future years.

Recoverable value of property, plant and equipment, intangible assets and investments

Non-current assets include land, property, plant and machinery and other assets and intangible assets, as well as investments. As stated in the accounting standard “Impairment of intangible assets, property, plant and equipment and investments in other companies”, management periodically revises the carrying amount of non-current assets held and used and of assets to be disposed of, as required by facts and circumstances.

In assessing whether there is an indication that an asset may be impaired, the Group considers available internal and external information sources.

With regard to the process of identifying impairment for the purposes of the Group's consolidated financial statements at 31 December 2022, the documents issued by ESMA and summarised below were also taken into consideration:

- ESMA document of 28 October 2022 that, specifically with regard to impairment testing, calls for an assessment, where relevant, of possible indicators of impairment arising from measures to prevent or mitigate climate change risks, the use of assumptions that reflect climate change issues and the adaptation of the sensitivity analysis to take into account climate change risks and commitments;
- ESMA Public Statement of 13 May 2022, the content of which is echoed in CONSOB Warning Notice no. 3/22 of the following 19 May, which draws attention to the consequences, on the valuation process, of the effects arising from the Russo-Ukrainian conflict, in particular aimed at verifying whether the new contextual conditions following the War in Ukraine may have generated a presumption of impairment or not;
- Warning Notice no. 1/21 of 16 February 2021, concerning COVID-19, which also referred to the ESMA document of 28 October 2020, emphasised that in a COVID-19 context, “special attention must be paid to the planning process, taking into account the possible impacts on business objectives and risks arising from: the pandemic, the use of economic support measures and their discontinuation”.

The assumptions underlying budgets and business plans were then analysed to check for any trigger events. In this regard, no structural external factors were identified relating to changes in market conditions or competitive profiles in the markets in which the investee companies operate such so as to give rise to indicators of impairment.

The analysis of business plans and the analysis of deviations (in terms of revenue, EBITDA, EBIT and net profit) between the actual results for 2022 and the 2022 budget, conducted at business segment and investee company level, revealed the need to proceed with an impairment test of the investee companies ATV, E-vai and Trenord, as described in more detail in the Goodwill, Right of Use and Equity Investments sections of these notes.

This impairment test was carried out using estimates of expected cash flows and adequate discount rates to calculate the present value and is therefore based on a set of assumptions relative to future

events and the actions of administrative bodies of the Group that might not necessarily occur according to expected times and procedures.
The Cash Generating Units (CGUs) identified by the Group, corresponding to the individual legal entities, constitute the smallest group of assets that generate incoming cash flows largely independent of the incoming cash flows from other assets or groups of assets.

Deferred tax assets and liabilities
The Group recognises current taxes and deferred tax assets and liabilities based on applicable laws. The recognition of taxes requires the use of estimates and assumptions concerning procedures to interpret applicable regulations, regarding operations carried out during the year, and their effect on company taxes. Moreover, the recognition of deferred tax assets and liabilities requires the use of estimates concerning prospective taxable income and relative developments, as well as tax rates that are actually applicable. This takes place through the analysis of transactions and their tax profiles, assisted by external consultants as necessary for various issues addressed and the use of simulations of prospective income and relative sensitivity analysis.

Defined benefit plans
Post-employment benefit may be classified as a defined benefit plan for the portion accrued up to 31 December 2006. Management uses various statistical assumptions and valuation factors with the aim of anticipating future events to calculate expenses, liabilities and assets relative to such plans. The assumptions concern the discount rate and rates of future salary increases. Moreover, actuaries acting as consultants for the Group use subjective factors, such as mortality and resignation rates.

Potential liabilities and provisions for risks
The Group may be involved in legal, and tax litigation, arising from complex and difficult issues, with varying degrees of uncertainty, including factors and circumstances inherent to each case, jurisdiction and different applicable laws.
Given the uncertainties of these issues, it is difficult to predict outflows that could arise from these disputes, with certainty.
Consequently, Management, after consulting with its legal and tax advisors, recognises a liability for these disputes when a financial outflow is likely and when the amount of resulting losses can be reasonably estimated. If a financial outflow becomes possible but the amount cannot be determined, the situation is reported in the notes to the financial statements.

Compensatory measures for loss of traffic revenues
To partially offset loss of ticketing revenues, article 200, paragraph 1, of Decree Law no. 34 of 19 May 2020 converted, with amendments, by Law no. 77 of 17 July 2020 established a fund with the Ministry for Infrastructure and Transport with an initial amount of EUR 500 million for the year 2020, to offset the reduction of tariff revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average tariff revenues recorded in the same period of the previous two years.

The endowment of the fund was then increased by EUR 400 million for 2020 by art. 44, paragraph 1 of Decree Law no. 104/2020. This provision also provided the possibility to use the greater resources allocated, up to a limit of EUR 300 million, to finance additional local and regional public transport services for students as well.
With the subsequent art. 27 of Decree Law 149/2020 (Ristori bis) converted into law by Law 176 of 2020 art. 22-*ter* was extended until 31 January 2021, the reference period in relation to which companies may make use of the Fund for local public transport companies due to the lower tariff revenues realised during the COVID-19 emergency period, in addition, the Fund's endowment was

increased by a further EUR 390 million, of which a portion of up to EUR 190 million to finance additional local and regional public transport services, including for students. Therefore, of the additional EUR 390 million allocated for 2021, EUR 200 million is earmarked to compensate for the lower revenues of the local public transport companies already identified by art. 200, paragraph 1 of the aforementioned Decree Law no. 34/2020 and EUR 190 million for additional local and regional public transport services.
Finally, with article 1, paragraph 816 of Law no. 178 of 30 December 2020 (2021 Budget Law), an additional EUR 200 million was set aside for the year 2021 to enable the provision of additional local and regional public transport services., which was later increased by EUR 450 million for the year 2021 by art. 51 of Decree Law no. 73/2021 and refinanced with EUR 80 million for 2022 by Decree Law no. 4 of 2022, which also established that part of the fund's resources, up to a limit of EUR 45 million, may be used to offset the higher costs incurred for vehicle disinfection and sanitisation.
Lastly, Law no. 197 of 29 December 2022 (State Budget for the 2023 financial year and multi-year budget for 2023-2025) addressed the subject of compensation for lost revenues as a result of the COVID emergency with the provision set forth in article 1, paragraph 477, supplementing article 200 of Decree Law no. 34/2020 with paragraph 2-*bis*; the measure provides for the refinancing, for a total of EUR 350 million (EUR 100 million for 2023 and EUR 250 million for 2024), of the "traffic revenue shortfall fund" to cover the reduction in passenger fare revenues suffered by local and regional public transport companies, state-owned companies and awarding bodies (in the case of gross cost Public Service Contracts) in the period from 1 January 2021 to 31 March 2022.
The Group has recognised the grants in the consolidated financial statements within the limits of the allocated resources and the amount resulting from reporting to the LPT Observatory for the years 2020 and 2021, also verifying that there is no overcompensation.

NOTA 5 SEGMENT REPORTING

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

- lease of rolling stock and management of the centralised services (Ro.S.Co & Services): the Parent Company FNM is active in (i) the hire of rolling stock with an owned fleet of 77 trains and 31 locomotives, to investees operating in the local public transport and freight transport sectors, (ii) the provision of administration services to own investees and (iii) management of the Group's property portfolio. This segment also comprises the business sectors of the investees (joint ventures 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 indirectly realised revenues from the Public Service Contract stipulated with the Lombardy Region for provision of the transport service, and revenues from the sale of tickets.
- railway infrastructure: this includes management, maintenance, design and construction of new facilities carried out on the railway infrastructure obtained under concession from the Lombardy Region, expiring on 31 October 2060. The consideration for carrying out this activity is defined in the "Public Service Contract" while the "Programme Agreement" regulates the investments directed at modernising and enhancing the network, both stipulated with the Lombardy Region. The Public Service Contract was renewed on 21 December 2022 for the years 2023 - 2028. The Programme Agreement signed in 2016 expires on 31 December 2027. From 2019, the segment also includes the terminal management activity;
- 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), of Veneto and in the city of Verona, in addition to the electric car sharing services in Lombardy. As part of these activities, the Group realised revenues from the sale of tickets, payments for sub-contracts, regional grants for activities carried out in the provinces of Varese and Brescia and payments for the service contract in the city and province of Verona, and in the province of Como, and from agreements with municipal administrations and private enterprises with regard to the car-sharing business;
- motorways: it 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.

2022	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Eliminations	Total from continuing operations
Revenues from third parties	68,039	129,512	121,582	278,389		**597,522**
Intersegment sales	14,015	6,966	11,936	2,411	(35,328)	**—**
Revenues from construction services - IFRIC 12		70,738		39,694		**110,432**
Segment revenues	82,054	207,216	133,518	320,494	(35,328)	**707,954**
Costs to third parties	(67,737)	(120,400)	(123,002)	(193,237)		**(504,376)**
Intersegment purchases	(1,019)	(18,497)	(11,848)	(3,964)	35,328	**—**
Costs of construction services - IFRIC 12		(62,824)		(39,694)		**(102,518)**
Segment costs	(68,756)	(201,721)	(134,850)	(236,895)	35,328	**(606,894)**
EBIT	**13,298**	**5,495**	**(1,332)**	**83,599**		**101,060**
Net financial income (loss)	(6,424)	2,727	(579)	220		**(4,056)**
Net profit of companies measured with the equity method	2,602			(1,785)		**817**
Earnings before tax	9,476	8,222	(1,911)	82,034		**97,821**
Taxes						**(28,270)**
Result for the year from continuing operations						**69,551**
Result from discontinued operations						
Operating result						**69,551**

31/12/2022	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Others	Total
Segment assets	563,095	526,873	111,828	602,214		1,804,010
Investments measured with the equity method	84,456		266	75,968		160,690
Assets held for sale	725		21,241			21,966
Income tax assets					32,887	32,887
Total unallocated group assets					**32,887**	**32,887**
Total assets	**648,276**	**526,873**	**133,335**	**678,182**	**32,887**	**2,019,553**
Segment liabilities	771,023	514,926	60,406	349,878		1,696,233
Liabilities held for sale			7,025			7,025
Income tax liabilities					9,382	9,382
Other unallocated liabilities					306,913	306,913
Total unallocated group liabilities					**316,295**	**316,295**
Total liabilities	**771,023**	**514,926**	**67,431**	**349,878**	**316,295**	**2,019,553**

2021	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Eliminations	Total from continuing operations
Revenues from third parties	65,026	121,951	111,519	210,889		**509,385**
Intersegment sales	11,863	5,220	12,539	2,118	(31,740)	**—**
Revenues from construction services - IFRIC 12		63,000		42,996		**105,996**
Segment revenues	76,889	190,171	124,058	256,003	(31,740)	**615,381**
Costs to third parties	(61,427)	(110,416)	(107,713)	(158,498)		**(438,054)**
Intersegment purchases	(726)	(16,375)	(12,479)	(2,160)	31,740	**—**
Costs of construction services - IFRIC 12		(58,384)		(42,996)		**(101,380)**
Segment costs	(62,153)	(185,175)	(120,192)	(203,654)	31,740	**(539,434)**
EBIT	**14,736**	**4,996**	**3,866**	**52,349**		**75,947**
Net financial income (loss)	(16,487)	35	(125)	(4,808)		**(21,385)**
Net profit of companies measured with the equity method	6,313			(595)		**5,718**
Earnings before tax	4,562	5,031	3,741	46,946		**60,280**
Taxes						**(17,144)**
Result for the year from continuing operations						**43,136**
Result from discontinued operations						
Operating result						**43,136**

31/12/2021	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Others	Total
Segment assets	522,470	399,262	49,723	763,180		1,734,635
Investments measured with the equity method	82,002		65,575			147,577
Income tax assets					37,292	37,292
Total unallocated group assets					**37,292**	**37,292**
Total assets	**604,472**	**399,262**	**115,298**	**763,180**	**37,292**	**1,919,504**
Segment liabilities	782,584	417,824	60,995	428,217	—	1,689,620
Deferred tax liabilities					1,551	1,551
Other unallocated liabilities					228,333	228,333
Total unallocated group liabilities					**229,884**	**229,884**
Total liabilities	**782,584**	**417,824**	**60,995**	**428,217**	**229,884**	**1,919,504**

Revenues from the Lombardy Region and Trenord account for 22% and 14%, respectively, and thus exceed 10% of the Group's consolidated revenues.

In particular, revenues from the Lombardy Region, amounting to EUR 154,337 thousand, are broken down by sector as follows:

- Railway infrastructure for EUR 146,191 thousand;
- Ro.S.Co. & Services for EUR 1,165 thousand;
- Road passenger mobility for EUR 6,981 thousand.

Revenues from Trenord, amounting to EUR 100,938 thousand, are broken down into the various sectors as follows:

- Railway infrastructure for EUR 43,928 thousand;
- Ro.S.Co. & Services for EUR 56,611 thousand;
- Road passenger mobility for EUR 399 thousand.

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 45, to which reference is made.
Please see paragraph 9. "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.

STATEMENT OF FINANCIAL POSITION

NOTA 6 PROPERTY, PLANT AND MACHINERY

As at 1 January 2021, property, plant and machinery, net of relative accumulated depreciation and provisions for loans, comprised the following:

	01.01.2021		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	52,507	(18,251)	34,256
Plant and machinery	185,533	(146,811)	38,722
Industrial and commercial equipment	11,577	(10,254)	1,323
Other assets	619,400	(282,131)	337,269
Assets in the course of construction and advances	31,770		31,770
Total Property, plant and machinery	**900,787**	**(457,447)**	**443,340**

Changes for 2021 are shown below:

Description	Land and buildings	Plant and machinery	Industrial and commercial	Other assets	Assets in the course of construction	Total
Net Value as at 01.01.2021	**34,256**	**38,722**	**1,323**	**337,269**	**31,770**	**443,340**
Investments financed with own funds	455	1,879	843	19,375	13,548	**36,100**
Transfers gross value		384		3,262	(3,646)	**—**
Divestments: Gross disposals	(311)	(2,156)	(10)	(417)	(316)	**(3,210)**
Divestments: Use of Accumulated		1,947	9	415		**2,371**
Depreciation Rates	(971)	(10,607)	(410)	(21,946)		**(33,934)**
Change in the scope of consolidation: historical cost		8,951	1,207	7,466		**17,624**
Change in the scope of consolidation:		(7,267)	(1,161)	(5,439)		**(13,867)**
Write-down of property, plant and equipment				(881)		**(881)**
Net Value as at 31.12.2021	**33,429**	**31,853**	**1,801**	**339,104**	**41,356**	**447,543**

At 31 December 2021, property, plant and machinery, net of relative accumulated depreciation and provisions for loans, comprised the following:

	31.12.2021		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	52,651	(19,222)	33,429
Plant and machinery	194,591	(162,738)	31,853
Industrial and commercial equipment	13,617	(11,816)	1,801
Other assets	648,205	(309,101)	339,104
Assets in the course of construction and advances	41,356		41,356
Total Property, plant and machinery	**950,420**	**(502,877)**	**447,543**

Changes for 2022 are shown below:

Description	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in the course of construction and	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	1,794	22,695	957	41,278	17,756	**84,480**
Transfers gross value	84	1,256		5,995	(7,335)	**—**
Divestments: Gross disposals	(181)	(16,997)	(791)	(791)	(21)	**(18,781)**
Divestments: Use of Accumulated		16,960	784	706		**18,450**
Depreciation Rates	(992)	(7,427)	(446)	(27,001)		**(35,866)**
IFRS 5 reclassification: historical cost	(6,248)	(15,984)	(48)	(394)	(35)	**(22,709)**
IFRS 5 reclassification: provision	1,866	5,385	41	325		**7,617**
Write-down of property, plant and equipment				(233)		**(233)**
Net Value as at 31.12.2022	**29,752**	**41,510**	**2,298**	**355,220**	**51,721**	**480,501**

As at 31 December 2022, property, plant and machinery, net of relative accumulated depreciation and provisions for loans, comprised the following:

	31.12.2022		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	48,100	(18,348)	29,752
Plant and machinery	185,561	(144,051)	41,510
Industrial and commercial equipment	13,735	(11,437)	2,298
Other assets	694,293	(339,073)	355,220
Assets in the course of construction and advances	51,721		51,721
Total Property, plant and machinery	**993,410**	**(512,909)**	**480,501**

Land and buildings

The item “Land and buildings” mainly refers to the net residual value of the following property:

- EUR 8,259 thousand for property related to the Cadorna station in Milan;
- EUR 6,642 thousand for land situated in the municipality of Saronno;
- EUR 5,899 thousand for Sacconago Terminal;
- EUR 2,729 thousand for property situated in the municipality of Saronno;
- EUR 1,519 thousand for land and property situated in the municipality of Tradate;
- EUR 1,587 thousand for land situated in the municipality of Garbagnate Milanese;
- EUR 688 thousand for garages situated in the municipality of Milan;
- EUR 649 thousand for property situated in the municipality of Iseo.

The increases for the year are attributable to the investments made for the acquisition of land from private parties for the development of the Sacconago Terminal expansion project, amounting to EUR 1,223 thousand, the renovation of the façade of the Piazzale Cadorna (MI) building for EUR 284 thousand and the purchase of land located in the municipality of Iseo, for EUR 172 thousand.

The change during the year due to the reclassification according to IFRS 5 refers to the assets of the subsidiary La Linea. In particular, the item includes EUR 4,382 thousand for land and property situated in the Municipality of Mestre.

Plant and machinery
The item “Plant and machinery” mainly refers to the net residual value of the following assets:

- EUR 39,004 thousand for buses;
- EUR 1,660 thousand for plant and machinery used for railway and motorway infrastructure maintenance.

Main increases in the item “Plant and machinery” (EUR 22,695 thousand) chiefly concern:

- the purchase of 24 electric buses for extra-urban transport, for EUR 8,387 thousand;
- the purchase of 31 Iveco Crossway 12mt methane buses for extra-urban transport, for EUR 6,885 thousand. Following registration, advances paid in 2021, in the amount of EUR 539 thousand, were also transferred from “Assets in the course of construction and advances”;
- the purchase of 11 CityMood 12 buses, for EUR 2,398 thousand;
- the purchase of 10 Iveco Crossway Low Entry buses, for EUR 1,950 thousand;
- the purchase of 6 used Magelis Iveco GT 12.8 mt Euro 6 buses, for EUR 812 thousand;
- the purchase of 6 Scania Citywide buses, for EUR 671 thousand;
- the purchase of 4 Mercedes Benz Citaro buses, for EUR 505 thousand;
- the purchase of 1 used Iveco Crossway bus, for EUR 62 thousand. Following registration, advances paid for 4 buses, in the amount of EUR 429 thousand, advances for the purchase of 2 used Iveco Crossway 12mt buses for extra-urban transport, in the amount of EUR 223 thousand, and the purchase of 1 used Evobus Citaro 17.9mt bus, in the amount of EUR 65 thousand, were also transferred from the item “assets in the course of construction and advances”.

Disposals during the period are attributable to buses and maintenance equipment for railway infrastructure that are no longer usable and have been fully depreciated, as well as the sale of vehicles used for the car sharing service.

The change due to the reclassification according to IFRS 5, amounting to a net value of EUR 10,599 thousand, is attributable to the reclassification of the assets of La Linea as assets held for sale.

Other changes refer to depreciation charges for the year.

Industrial and commercial equipment
The item “Industrial and commercial equipment”, increased mainly due to the purchase of equipment used for railway infrastructure maintenance, for EUR 835 thousand.

Other assets
Other assets mainly refer to rolling stock (for EUR 352,178 thousand), vehicles, furnishings and leased assets (operating leases).
The investment for the year, equal to EUR 41,278 thousand, concerns:

- 4 FLIRT TILO trainsets for EUR 37,980 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 4,226 thousand, were transferred from “Assets in the course of construction and advances” to the category in question; this rolling stock is leased to Trenord;
- revamping activities on 1 TAF train leased to Trenord, for EUR 1,357 thousand; following the completion of modernisation activities, investments incurred in the previous year,

amounting to EUR 151 thousand, were transferred from "Assets in the course of construction and advances" to the category in question;
- the modernisation of 3 DE520 locomotives leased to DB Cargo Italia and to Trenord, for EUR 758 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 355 thousand, were transferred from "Assets in the course of construction and advances" to the category in question;
- cyclical maintenance on 1 CSA train, for EUR 453 thousand; following the completion of cyclical maintenance activities on 1 CORADIA train, 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;
- cyclical maintenance on an E483 locomotive for EUR 236 thousand.

Aside from what was commented on previously following the entry into operation of 4 Effishunter E744 locomotives, investments incurred in the previous year, amounting to EUR 734 thousand, were transferred from "Assets in the course of construction and advances" to this category.

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 CORADIA rolling stock.

Assets in the course of construction and advances

The investments in Assets in the course of construction and advances, amounting to EUR 17,756 thousand, are mainly due to the following investments:

- advances paid for TAF rolling stock revamping activities (EUR 8,125 thousand);
- costs incurred for the construction of the Affori underground car park (EUR 4,067 thousand), not yet completed at 31 December 2022;
- advances paid for the acquisition of 11 new buses that have not yet entered into operation (EUR 2,629 million) at 31 December 2022;
- costs for the construction of new railway maintenance equipment (EUR 1,231 thousand);
- costs relating to the new electronic ticketing system (EUR 425 thousand);
- costs for the modernisation of DE520 locomotives (EUR 382 thousand);
- costs for extraordinary maintenance at the various depots (EUR 213 thousand);
- advances paid for design activities for the company headquarters located in the Bovisa area of Milan (EUR 200 thousand).

Transfers concern the items referred to above.

If property, plant and equipment had been recognised net of relative capital grants, under the items "Other non-current liabilities" (Note 27) and "Other current liabilities" (Note 32) respectively, the effect on the financial statements at 31 December 2022 would have been the following:

31/12/2022	**Book value**	**Grant**	**Net value less the grant**
Land and buildings	29,752	(5,368)	24,384
Plant and machinery	41,510	(20,659)	20,851
Industrial and commercial equipment	2,298		2,298
Other assets	355,220	(545)	354,675
Assets in the course of construction and advances	51,721		51,721
Total property, plant and equipment	**480,501**	**(26,572)**	**453,929**

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of property, plant and equipment, as these are assets mainly intended for use in local public transport services provided by Trenord S.r.l. through leasing contracts in force (rolling stock) or directly used by the Group as part of local public transport services by road (buses).

As at the date of preparation of these financial statements, there are no restrictions on the title and ownership of property, plant and equipment pledged as security for liabilities.

Costs of construction services

The adoption of IFRIC 12 meant that investments made in railway and motorway infrastructure and rolling stock, as part of the Concessions, are not shown among property, plant and equipment, but, as required by IFRIC 12 and IFRS 15, in costs for the year. For comments on this item, please refer to Note 35.

It should be noted that the item "Property, plant and machinery" includes investment property in the amount of EUR 2,772 thousand, which, in accordance with IAS 40, due to its limited significance with respect to the total item, is not shown on a separate line under assets.

NOTA 7 INTANGIBLE ASSETS

As at 1 January 2021, intangible assets comprised the following:

	01.01.2021		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Assets in the course of construction and advances	1,136		1,136
Other	32,187	(28,297)	3,890
Assets freely revertible - Railway infrastructure	46,140	(46,027)	113
Assets freely revertible - Motorway infrastructure	—	—	—
Total intangible assets	**79,463**	**(74,324)**	**5,139**

Changes for 2021 are shown below:

Description	Assets in the course of construction	Other	Assets freely revertible - Railway	Assets freely revertible - Motorway	Total
Net Value as at 01.01.2021	**1,136**	**3,890**	**113**		**5,139**
Acquisitions	1,617	635		409	**2,661**
Transfers	(974)	974			**—**
Transfers from contractual assets				26,455	**26,455**
Amortisation rates		(1,763)	(3)	(33,868)	**(35,634)**
Change in the scope of consolidation	97	503		270,449	**271,049**
Divestments				(97)	**(97)**
Net Value as at 31.12.2021	**1,876**	**4,239**	**110**	**263,348**	**269,573**

Therefore, as at 31 December 2021 intangible assets comprised the following:

	31.12.2021		
Description	**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 2022 are shown below:

Description	Assets in the course of construction	Other	Assets freely revertible - Railway	Assets freely revertible - Motorway	Total
Net Value as at 01.01.2022	**1,876**	**4,239**	**110**	**263,348**	**269,573**
Acquisitions	2,212	816		2,273	**5,301**
Transfers	(781)	781			**—**
Transfers from contractual assets				134,491	**134,491**
Transfers from contractual assets - consideration				(24,143)	**(24,143)**
Amortisation rates		(1,804)	(2)	(40,780)	**(42,586)**
Consideration for construction services				(2,000)	**(2,000)**
IFRS 5 reclassification		(20)			**(20)**
Divestments	(45)			(533)	**(578)**
Net Value as at 31.12.2022	**3,262**	**4,012**	**108**	**332,656**	**340,038**

As at 31 December 2022, intangible assets therefore comprised the following:

	31.12.2022		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Assets in the course of construction and advances	3,262		3,262
Other	35,876	(31,864)	4,012
Assets freely revertible - Railway infrastructure	46,140	(46,032)	108
Assets freely revertible - Motorway infrastructure	409,401	(76,745)	332,656
Total intangible assets	**494,679**	**(154,641)**	**340,038**

Assets in the course of construction and advances

Increases in the item “Assets in the course of construction and advances”, equal to EUR 2,212 thousand, refer mainly to the extension of the SAP application system managed by FNM and used by the subsidiaries MISE and MISE Engineering, for EUR 836 thousand, the upgrade of the SAP 4/HANA platform, for EUR 288 thousand, the upgrade of SAP operating software managed by FNM and used by Trenord, for EUR 99 thousand, the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 97 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 58 thousand, and development of the hydrogen production system, for EUR 78 thousand.

It should be noted that during the year, as the project activities were completed, when the modules implemented were made available, the costs incurred in 2021 in relation to the upgrade of the SAP module, managed by FNM and used by Trenord (EUR 325 thousand) and those relating to the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD (EUR 187 thousand) were transferred from this category to the item “Other”.

Overall, assets in the course of construction and advances at 31 December 2022 mainly refer to the extension of the SAP application system managed by FNM to the subsidiaries MISE and MISE Engineering, for EUR 868 thousand, the upgrade of the SAP 4/HANA platform, for EUR 473 thousand, the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 350 thousand, hydrogen production system development activities for EUR 303 thousand, the upgrade of SAP operating software managed by FNM and used by Trenord, for EUR 160 thousand, the implementation of additional SAP modules that FNM uses in its service administrative service for EUR 58 thousand, and, lastly, the activation of an application for SOD monitoring, for EUR 45 thousand.

Other

The increases for the year (EUR 816 thousand) are mainly attributable to the upgrade of SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 145 thousand, additional SAP operating software modules managed by FNM and used by Trenord S.r.l., for EUR 164 thousand, the extension of the SAP application system to two Group companies for EUR 58 thousand and additional SAP modules that FNM uses in the service administrative service, for EUR 54 thousand.

Transfers concern items referred to in “Assets in the course of construction and advances”.

Assets freely revertible - Railway infrastructure

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

Amortisation charge, equal to EUR 2 thousand, is calculated based on the duration of the 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".
The share of the motorway infrastructure for which the Group is not yet entitled to recognition of the investment when determining the tariff to be applied to end users is classified under "Contractual 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.

The most significant transfers from "Contractual assets" to "Intangible assets" for the motorway infrastructure "in operation", amounting to EUR 134,491 thousand, mainly refer to:

a. the reclassification of redevelopment work on S.P. 46 Rho-Monza following its opening to traffic in mid-November;
b. the completion of the extraordinary maintenance works and structural upgrading on the Po Viaduct;
c. the price adjustment granted in accordance with the law for the "lighting and adaptation works of triple-wave guardrails on the West bypass" for EUR 300 thousand;
d. the adjustment of the value of an expropriation, subject to litigation, following the progress made in negotiations to reach a settlement proposal for EUR 800 thousand;
e. testing and the amicable settlement relating to Bereguardo-Pavia motorway link construction works for EUR 400 thousand.

The contribution of EUR 2,000 thousand recognised relates to the "redevelopment of the Lambrate junction of the East bypass and completion of the access roads to the Segrate Intermodal Centre".

Amortisation charge, equal to EUR 40,780 thousand, is calculated based on the duration of the Infrastructure concession, expiring on 31 October 2028.

There are no intangible assets with restricted title or which are pledged as security for liabilities.
There are no internally constructed intangible assets.

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of intangible assets.

NOTA 8 GOODWILL

Goodwill recognised refers to the subsidiaries indicated below and during the year changed as follows during the year 2022 and 2021:

Description	Net Value 01.01.2022	Changes in 2022		Net Value 31.12.2022
		Reclassification	(Impairment)	
Azienda Trasporti Verona S.r.l.	2,714		(2,714)	—
La Linea S.p.A.	726	(726)		—
Total Goodwill	**3,440**	**(726)**	**(2,714)**	**—**

Description	Net Value 01.01.2021	Changes in 2021		Net Value 31.12.2021
		Reclass.	(Impairment)	
Azienda Trasporti Verona S.r.l.	3,627		(913)	2,714
La Linea S.p.A.	726			726
Total Goodwill	**4,353**	**—**	**(913)**	**3,440**

The goodwill recorded for the subsidiary La Linea resulted from purchase price allocation activities at the investment acquisition date (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 and Ecobus. Goodwill was as a result reclassified to assets held for sale in accordance with IFRS 5.
Subsequently, on 2 December 2022, the Board of Directors authorised the Chairman to finalise the negotiation and signing of the preliminary agreement for the sale of the entirety of the shares held by FNM in the company La Linea S.p.A.

The preliminary agreement was signed on 7 December 2022 and establishes that the purchase obligation, for a fixed sales price of EUR 5,400 thousand, a value aligned to the value recorded in the consolidated financial statements, will be met in two tranches:

- by 15 January 2023, hereinafter referred to as the “first closing”, 221,200 shares will be purchased by Alilaguna, 316,000 by Powerbus (formerly Ecobus) and 356,132 by Massimo Fiorese, for a total of EUR 2,993,294;
- by no later than 31 March 2023, hereinafter referred to as the “second closing”, 316,000 shares will be purchased by Alilaguna and 402,268 by Powerbus, for a total of EUR 2,406,706.

On 16 January 2023, the first closing took place.

At 31 December 2022, the value of the net assets held for sale reclassified to the items “Assets held for sale” and “Liabilities held for sale”, in accordance with IFRS 5, is aligned with the relative fair value net of costs to sell.

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 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, and for the remainder, as specified in more detail in the following section, as a result of the impairment test carried out for the purpose of the consolidated condensed interim financial statements as at 30 June 2022.

In particular, already in the first half of 2022, in view of the triggers linked to the indirect effects of the Russia-Ukraine war for the ATV CGU, the Directors carried out an impairment test that showed a recoverable amount lower than the carrying amount of the net assets attributable to the CGU. In the consolidated condensed interim financial statements as at 30 June 2022, an impairment loss amounting to a total of EUR 6,214 thousand was therefore recognised, of which EUR 2,714 thousand attributed to goodwill and EUR 3,500 thousand to “Rights of use”.
Subsequently, in order to prepare the consolidated financial statements at 31 December 2022, in view of the above-mentioned context of uncertainty in which the subsidiary is operating, the continuing indirect effects connected to the ongoing Russian-Ukrainian conflict and the residual consequences of the COVID-19 pandemic, taking into account that in the interim financial statements the CGU impairment test determined an impairment loss, the Directors deemed it necessary to repeat the impairment test with the support of an independent expert, in order to verify the recoverability of the net invested capital allocated to the CGU as described below. The test showed a cover which made it possible to reinstate the book value of “Rights of use”.

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 Public Service Contract, originally scheduled for 30 June 2019, has been extended to 31 December 2022. Previously, on 6 December 2017, the provincial council of Verona had approved the restricted call for tenders for the selection of the operator and by the established deadline of May 2018, ATV had 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.
As things currently stand, the Government Authority has not yet defined the continuation of activities at the end of the 12 months following the end of the emergency period. Also under consideration, at the initiative of ATV, is the possibility of an extension to 31 December 2026 in application of the provisions of art. 24, paragraph 5-*bis* of Legislative Decree 4/2022, i.e. following the presentation of an economic and financial plan for the following years that calls for, among other things, significant investments, including partial self-financing.
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 2026 (the last year of the plan) and the subsequent liquidation of the operating invested capital at the end of 2027 with a time lag of one year, assuming that the new concessionaire will take over during the year subsequent to the expiry of the Public Service Contract.

This time horizon is consistent with both the timing of the extension currently being discussed between ATV and the government body and the timeframe between the date of the call for tenders and the start-up of the service by the new concessionaire, as can be observed on average in the LPT sector. 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 derive from the 2023-2026 long-term plan, approved by ATV's Directors on 7 March 2023. The new projections were developed on the basis of the following main assumptions:

a. alignment of energy costs consistent with the new macroeconomic environment estimated on the basis of a study commissioned from specialist consultants updated at the end of December 2022. Please note that this assumption represents one of the main changes from the previous version of the plan used for the impairment test for the consolidated condensed interim financial statements as at 30 June 2022;
b. investments are valued at expected market values, maintained for 2023, 2024 and 2025 at the values recognised for 2022, 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. 15% fare increase for occasional trips and 10% for systematic trips, both from September 2023. This assumption is considered reasonable by the directors in view of the discussions held with the government body and considering that ATV's tariffs have not been changed since 2012.

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 Public Service Contract 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, assuming that in 2024 there will still be a 5% reduction in demand compared to pre-pandemic levels, which is progressively restored over the plan period with progressive annual growth of 1%.

The rate used to discount cash flows determined as above is equal to 8.20% (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 21,276 thousand, and therefore a cover of the value of the net invested capital allocated to the CGU of EUR 6,149 thousand.

The Directors believe that the fair value less costs of disposal of this CGU does not differ significantly from the value in use mentioned above.

A sensitivity analysis was carried out considering a change in the WACC discount rate. The following table shows the change in the value in use in millions of euros that would occur if this parameter were to vary:

WACC Sensitivity Analysis				
WACC				
7.2%	7.7%	8.2%	8.7%	9.2%
22.35	21.81	21.28	20.76	19.75

The break-even WACC that leads to a cover value of zero is 15.24%.

NOTA 9 RIGHT OF USE

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

	01.01.2021		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Right of use - software	113	(20)	93
Right of use - buildings	7,593	(2,542)	5,051
Right of use - plant and machinery	4,381	(1,166)	3,215
Right of use - other assets	8,878	(1,748)	7,130
Total right of use	**20,965**	**(5,476)**	**15,489**

Changes for 2021 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - plant and machinery	Right of use - other assets	Total
Net Value as at 01.01.2021	**93**	**5,051**	**3,215**	**7,130**	**15,489**
Acquisitions	188	2	1,305	1,680	3,175
Amortisation rates	(87)	(3,195)	(1,252)	(2,098)	(6,632)
Closing of contracts Historical Cost	(16)		(219)	(107)	(342)
Closing of contracts Fund	16		181	107	304
Change in the scope of consolidation Historical Cost		17,527		1,174	18,701
Change in the scope of consolidation Accumulated Amortisation		(2,660)		(225)	(2,885)
Net Value as at 31.12.2021	**194**	**16,725**	**3,230**	**7,661**	**27,810**

Therefore, at 31 December 2021 “Right of use” comprised the following:

Description	31.12.2021 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 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	60	1,135	2,081	362	3,638
Closing of contracts Historical Cost	(112)	(39)	(345)	(361)	(857)
Closing of contracts Fund	91	39	160	350	640
Write-down of rights of use		(98)	(2,815)	(44)	(2,957)
IFRS 5 reclassification: historical cost		(484)		(89)	(573)
IFRS 5 reclassification: accumulated amortisation		142		41	183
Amortisation Rates	(99)	(3,808)	(1,589)	(2,155)	(7,651)
Net Value as at 31.12.2022	**134**	**13,612**	**722**	**5,765**	**20,233**

Therefore, at 31 December 2022 “Right of use” comprised the following:

Description	31.12.2022 Historical cost	Accumulated amortisation	Net Value
Right of use - software	233	(99)	134
Right of use - buildings	25,734	(12,122)	13,612
Right of use - plant and machinery	7,203	(6,481)	722
Right of use - other assets	11,537	(5,772)	5,765
Total right of use	**44,707**	**(24,474)**	**20,233**

The item “Right of use - Buildings” is mainly attributable to the premises leased by the subsidiaries MISE and ATV to carry out their operations.
The increase for the year is attributable to contractual renewals, for which at the date on which the right of use was recognised, there was no reasonable certainty of exercising them, on the operating headquarters of the company ATV, for EUR 350 thousand, and a depot for the performance of the operating activities of the company FNMA, for EUR 235 thousand.

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. The write-down for the year was necessary in view of the losses incurred in 2022 (higher than those budgeted last year, mainly due to the increase in labour and energy costs) and those expected in future years, based on the information available to date. The directors therefore assessed the existence of an impairment loss and wrote down the relative non-financial assets relating to the CGU in the scope of consolidation for which a fair value at least equal to the carrying amount could not be determined.

The deterioration of forecast profitability starting from 2023 is mainly caused by the lack of the “car sharing” contribution in the recent renewal of the Public Service Contract for the 2023-2027 period, entered into by the Lombardy Region with FERROVIENORD S.p.A. This contribution until the year 2022 amounted to EUR 1.8 million, representing 31% of the subsidiary's revenues.

The item “Right to use - other assets” includes the lease of 4 Bombardier E494 TRAXX DC locomotives, leased to DB Cargo, which is due to expire on 31 December 2025, as well as company vehicles.
The increase in the year is entirely attributable to new contracts signed for vehicles used by the Group as operating vehicles or for fringe benefits.

In addition to what has been specified above for the CGU coinciding with the subsidiary E-vai, no factors were identified for the other CGUs that would indicate the need for impairment testing, to verify the recoverability of the carrying amount of rights of use.

NOTA 10 EQUITY INVESTMENTS

Changes in 2022 and 2021 relative to investments are presented below:

Description	01.01.2022 Book Value	Changes					31.12.2022 Book Value
		Increases Decreases	Operating result	Translation reserve	Other changes in Comprehensive Income	Reclassification	
Equity investments in joint ventures:							
Trenord Srl	39,604		(3,553)	53	634		36,738
NordCom SpA	8,243		231		16		8,490
Nord Energia SpA	11,222		1,705				12,927
Omnibus Partecipazioni Srl	7,332	(900)	1,711				8,143
Total equity investments in joint ventures	**66,401**	**(900)**	**94**	**53**	**650**		**66,298**
Equity investments in associates:							
Autostrada Pedemontana Lombarda	39,325		(402)				38,923
Tangenziali Esterne Milano	25,982	8,400	(1,383)		4,046		37,045
DB Cargo Italia S.r.l.	12,660		2,774		47		15,481
Sportit S.r.l.	2,491		(262)				2,229
Busforfun.com S.r.l.	452		(4)				448
Autotrasporti Pasqualini S.r.l.	181						181
Servizi Trasporti Interregionali S.p.A.	85						85
Total equity investments in associates	**81,176**	**8,400**	**723**	**—**	**4,093**	**—**	**94,392**
Total investments measured with the equity method	**147,577**	**7,500**	**817**	**53**	**4,743**	**—**	**160,690**
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 SpA	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
Sviluppo Artigiano	—	—					—
Imprese Artigiane Soc. Coop.	2	(2)					—
Total equity investments in other	**11,074**	**137**	**—**	**—**	**(70)**	**—**	**11,141**
Total equity investments	**158,651**	**7,637**	**817**	**53**	**4,673**	**—**	**171,831**

Description	01.01.2021 Book Value	Changes					31.12.2021 Book Value
		Increases Decreases	Operating result	Translation reserve	Other changes in Comprehensive Income	Reclassification	
Equity investments in joint ventures:							
Trenord Srl	39,275		57	42	230		39,604
Nord Energia SpA	12,015	(2,861)	2,068				11,222
NordCom SpA	7,795		453		(5)		8,243
Omnibus Partecipazioni Srl	6,394	(1,000)	1,938				7,332
Conam S.r.l.	219	(219)					—
Total equity investments in joint ventures	**65,698**	**(4,080)**	**4,516**	**42**	**225**	**—**	**66,401**
Equity investments in associates:							
Tangenziali Esterne Milano		25,928	(1,496)		1,550		25,982
Autostrada Pedemontana Lombarda		38,424	901				39,325
DB Cargo Italia S.r.l.	10,277		2,356		27		12,660
Busforfun.com S.r.l.	492	510	(550)				452
Sportit S.r.l.		2,500	(9)				2,491
Autotrasporti Pasqualini S.r.l.	181						181
Servizi Trasporti Interregionali S.p.A.	85						85
Total equity investments in associates	**11,035**	**67,362**	**1,202**	**—**	**1,577**	**—**	**81,176**
Total investments measured with the equity method	**76,733**	**63,282**	**5,718**	**42**	**1,802**	**—**	**147,577**
Other equity investments:							
Milano Serravalle - Milano Tangenziale S.p.A.	85,841	(85,841)					—
Autostrade Lombarde S.p.A.		5,802				(5,802)	—
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					1,706
CIV S.p.A.		673					673
Società progetto Brebemi SpA		301				(301)	—
Fondazione ATV	99						99
Aeroporto Valerio Catullo di Verona Villafranca	40	10					50
Fap SpA	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
Sviluppo Artigiano	2	(2)					—
Imprese Artigiane Soc. Coop.	2						2
Total equity investments in other	**91,313**	**(74,136)**	**—**	**—**	**—**	**(6,103)**	**11,074**
Total equity investments	**168,046**	**(10,854)**	**5,718**	**42**	**1,802**	**(6,103)**	**158,651**

Changes in the 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 50).

Comments are provided below on the principal assessments made on the recoverability of the amounts and the principal changes during the year, other than recognition of the contribution to the Consolidated Financial Statements determined by the realisation of the net profit for the year and “Other changes in Comprehensive Income”:

Trenord S.r.l.

The item “Translation reserve”, positive for EUR 53 thousand, is due to the translation into euro of the financial statements of the investee TILO SA, 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 2022 (equal to 1.01249) to income statement items, and the spot exchange rate at 31 December 2022 (0.9847) to assets and liabilities.

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

The impairment test was developed using the economic and financial projections for the 2023-2033 period approved by the Trenord Board of Directors on 20 February 2023, determining the recoverable amount on the basis of the value in use.

The 2023 - 2033 projections are based on two contextual elements, namely:

i. the extension of the current Public Service Contract until 31 July 2023; and
ii. the assignment to Trenord with the new Public Service Contract as of 1 August 2023 and until 31 July 2033.

The assumptions underlying the economic projections approved by Trenord's directors are also shown below:

1. Traveller demand and traffic revenues. A traveller recovery curve was assumed starting in 2024, with assumptions of a return to 2019 levels beginning in 2026/27. The tariff update was assumed to be consistent with an adjustment of 75% of planned inflation;
2. Public Service Contract Fees. Until 31 July 2023, the Public Service Contract fee was estimated based on the provisions of the contract in force. For the 1 August 2023-31 July 2033 period, the new Public Service Contract will provide for fee revenues through the definition and calculation of the Regulatory Economic and Financial Plan model required by reference legislation and ART Resolution no. 154/2019.
3. Investments. They were estimated on the basis of what was set forth in the pre-information notice regarding the assignment to Trenord, as also confirmed by Regional Law no. 15 of 6 August 2021, appropriately updated in order to consider the most recent information shared with the Lombardy Region with reference to the 2023-2033 Public Service Contract;
4. Other items. The service operating plan and operating costs were developed on the basis of production trends in line with the commissioning of new trains and the decommissioning of older trains over time, indexed to inflation and contractual adjustments.

Due to the pre-information notice regarding the assignment to Trenord, as also confirmed by Regional Law no. 15 of 6 August 2021, no alternative scenario of the tender not being awarded was considered, but rather a single scenario of the tender being awarded was considered, in line with the projections approved by the Trenord directors.

With reference to the period beyond the horizon of the economic and financial projections, two weighted scenarios were considered:

- in the first case Trenord continues the service, on the strength of its position as incumbent and the complexity of the service it manages, and therefore a terminal value was estimated;
- in the second, in view of the possibility that the Lombardy Region might start a competitive bid on part of the future offer, on a prudential basis and in light of the purposes of this test, the liquidation of the operating invested capital forecast at 31 December 2033 was evaluated at book value.

EBITDAs throughout the plan period for both scenarios were reduced by 5% to make up for the assumed volume effect during the plan period and express any higher costs due to inflation.

The rate used to discount cash flows determined as described above was calculated as equal to 9% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The g rate was estimated to be 0.

Impairment testing, carried out according to the above methodology, did not identify any need to write down the equity investment.
A sensitivity analysis was also carried out considering both a change in the WACC discount rate and g-rate growth rate in the calculation of the terminal value.
The following table shows the cover values in millions of euros that would occur if these parameters were to vary:

Sensitivity Analysis on WACC and g rate in the impairment test of TRENORD						
		WACC				
		8.00 %	**8.50 %**	**9.00 %**	**9.50 %**	**10.00 %**
g rate	**-1.0 %**	28.56	20.96	13.96	7.46	1.36
	-0.5 %	30.36	22.46	15.26	8.56	2.36
	0.0 %	32.36	24.16	16.76	9.86	3.46
	0.5 %	35.06	26.46	18.66	11.46	4.86
	1.0 %	38.06	29.06	20.86	13.36	6.46

The Directors believe that the fair value less costs of disposal of this CGU does not differ significantly from the value in use mentioned above.

Moreover, the shareholders have undertaken to support the investee’s capital and finances.

NORD ENERGIA S.p.A.

The year 2022 is characterised by the conclusion on 9 July 2022 of the exemption period of the Merchant Line, which allowed for the remunerated transfer of capacity. At its meeting on 8 November 2022, the Board of Directors of the investee company acknowledged that the company had fulfilled its corporate purpose, thus resulting in what is set forth in art. 2484, paragraph 1, point 2 of the Italian Civil Code.

The Board, having confirmed the above-mentioned cause for dissolution, in accordance with art. 2485 of the Italian Civil Code, authorised the Chief Executive Officer to convene the Shareholders' Meeting to allow it to pass the appropriate resolutions on the matter.
The Shareholders' Meeting of 20 December 2022, with minutes taken by Notary Zabban, file no. 75184/15700, therefore confirmed the cause for dissolution and entrusted the liquidation operations to a three-member board of liquidators. The meeting of liquidators was recorded in the register of companies on 10 January 2023.

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.

<u>*Current investments in other companies*</u>

Current investments in other companies	**31.12.2022**	**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	**0**	**6,313**

On 9 December 2021, the operator Aleàtica S.A.U., controlling shareholder of Autostrade Lombarde S.p.A. and indirectly of Società di Progetto Brebemi S.p.A., formally transmitted a binding offer for the acquisition of the shares held by MISE and MISE Engineering in the investee companies Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A. for a total price of EUR 6,313,362.
The Board of Directors of the subsidiary MISE, held on 20 December 2021, and the Shareholders' Meeting held on 10 March 2022, had authorised the signing for acceptance of the binding offer received from the operator Aleàtica S.A.U.
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. had been reclassified to current assets, adjusting the corresponding value to the price of the offer received, which was considered representative of the fair value of these shares, and thus recording a gain of EUR 184 thousand (Note 43).
On 28 June 2022 the sales of the shares held by MISE and MISE Engineering in the share capital of Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A. to Aleàtica S.A.U. were finalised.

NOTA 11 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

This item is broken down as follows:

Description	31.12.2022		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		693	693
Other financial assets measured at amortised cost	**1,000**	**693**	**1,693**
APL interest-bearing loan	51,109		51,109
Sabrom interest-bearing loan	2,767		2,767
TE interest-bearing loan	840		840
Busforfun interest-bearing loan	1,600	480	2,080
Financial receivables for interest to related parties		47	47
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Other financial assets measured at amortised cost with related parties (Note 49)	**56,316**	**481**	**56,797**
Total	**57,316**	**1,174**	**58,490**

Description	31.12.2021		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		533	533
Others	1		1
Other financial assets measured at amortised cost	**1,001**	**533**	**1,534**
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)
Other financial assets measured at amortised cost with related parties (Note 49)	**52,119**	**329**	**52,448**
Total	**53,120**	**862**	**53,982**

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

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

The item “APL interest-bearing loan” refers to the two interest-bearing loans granted to the associated company Autostrada Pedemontana Lombarda S.p.A. for a total nominal 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, was recorded on the initial consolidation of MISE 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 change during the year of EUR 3,289 thousand related to accrued interest.

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 2023; a second for EUR 156 thousand, under the same conditions as the previous one. The total amount of EUR 2,767 thousand also includes the interest accrued at 31 December 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 840 thousand also includes the interest accrued from the date on which the quotas were called up to 31 December 2022, calculated at an interest rate of 12.06%, as provided for in the agreement.

On 30 July 2021, FNM signed a loan agreement with the associate Busforfun.com 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 bears interest at a floating rate of 6-month Euribor + 165 bps per annum. The contract signed required repayment in 5 yearly instalments with the first instalment falling due on 31 December 2022.

In order to support the strategic development of the investee, on 2 December 2022 the FNM Board of Directors approved, *inter alia*:(i) taking out of an additional loan in favour of Busforfun, to be disbursed in the year 2023, at an interest rate equal to the 6-month Euribor plus a spread of 4%, for EUR 2,000 thousand, repayable in 5 equal principal instalments, with the first instalment commencing on 31 December 2024; (ii) the postponement of the start date of the first instalment for the repayment of the outstanding loan from 31 December 2022 to 31 December 2023, with all other conditions remaining the same, without prejudice to the recalculation of financial expenses.

The additional loan was taken out on 25 January 2023.

The item "Busforfun.com Loan" includes interest accrued and not yet collected in the amount of EUR 80 thousand.

NOTA 12 CURRENT AND NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Description	31.12.2022		
	Non-Current	Current	Total
Severance indemnities provision policies	4,324	942	5,266
Investments - Fideuram funds		6,767	6,767
Financial assets measured at fair value through profit or loss	**4,324**	**7,709**	**12,033**

Description	31.12.2021		
	Non-Current	Current	Total
Severance indemnities provision policies	5,419		5,419
Investments - Fideuram funds		7,000	7,000
Financial assets measured at fair value through profit or loss	**5,419**	**7,000**	**12,419**

The item "Severance indemnities provision policies" concerns the policies taken out by the subsidiary MISE for the "Employee severance indemnities". The carrying amount represents the total receivable at 31 December 2022 from the insurance companies Allianz (formerly Ras) and Assicurazioni Generali (formerly Ina Assitalia).

The item "Investments - Fideuram funds" 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.

The return for the period recorded an impairment loss of EUR 233 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.

NOTA 13 RECEIVABLES FOR INVESTMENTS IN SERVICES UNDER CONCESSION

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.

At 31 December 2021 and 2022, the item is broken down as follows:

Description	31.12.2022	31.12.2021
Credit for costs incurred in the period and not collected - Funded investments	47,665	38,789
Credit for costs incurred in the period and not collected - Rolling Stock “2017 - 2032 Programme”	201,668	99,272
Receivables for funded investments	**249,333**	**138,061**

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

Description	Funded investments	Rolling stock	Total
Receivables for funded investments 01.01.2022	**38,789**	**99,272**	**138,061**
Receivables collected during the year	(45,191)	(323,956)	(369,147)
Use of advances	(9,599)		(9,599)
Write-downs carried out			—
Receivables for costs incurred in the period and not collected - Infrastructure (Note 35)	63,104	425,385	488,489
Receivable for general expenses	562	967	1,529
	—		
Receivables for funded investments 31.12.2022	**47,665**	**201,668**	**249,333**

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 rolling stock, not included in the “2017-2032 Purchase Programme”.

NOTA 14 CONTRACTUAL ASSETS

This item, amounting to EUR 77,208 thousand, includes the balance of the investments made until 31 December 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.
Changes in 2022 and 2021 are presented below:

Description	01/01/2022	Changes in 2022			31.12.2022
		Increases	Reclassificatio	Decreases	
Historical cost	155,392	55,660	(130,352)	(1,504)	79,196
Financial expenses	5,105	1,577	(4,139)		2,543
Awarding Body fees	(15,409)	(13,265)	24,143		(4,531)
Total Contractual assets	**145,088**	**43,972**	**(110,348)**	**(1,504)**	**77,208**

Description	01/01/2021	Changes in 2021				31.12.2021
		Increases	Reclassification	Decreases	Change in scope of consolidation	
Historical cost	—	53,136	(146)	(25,437)	127,839	155,392
Financial expenses	—	1,269		(1,018)	4,854	5,105
Awarding Body fees	—	(10,197)			(5,212)	(15,409)
Total Contractual assets	**—**	**44,208**	**(146)**	**(26,455)**	**127,481**	**145,088**

The increase in the year for investments made was EUR 55,660 thousand.

The most significant changes relate to:

- redevelopment work on SP 46 Rho-Monza for approximately EUR 42,588 thousand, subsequently reclassified to motorway infrastructure in operation;
- extraordinary maintenance on the Po bridge viaduct amounting to EUR 5,400 thousand;
- completion of the access road to the intermodal centre of Segrate; the amount of EUR 3,113 thousand also includes the portion of the settlement reached with the contractor in relation to the reserves recorded;
- "automotive hydrogen distribution systems" project for EUR 2,598 thousand;
- extraordinary maintenance on the Rho viaduct for works amounting to EUR 1,762 thousand, subsequently reclassified to motorway infrastructure in operation.

Decreases for the year refer primarily to the costs incurred for feasibility studies, analyses and the start-up of design activities that were not continued.

The fees recognised by the Awarding Body refer to:

- EUR 11,934 thousand for the contribution provided by the Ministry of Infrastructure and Sustainable Mobility for redevelopment works with motorway characteristics of the S.P. 46 Rho-Monza;
- EUR 900 thousand for the contribution provided by the Ministry of Infrastructure and Sustainable Mobility for dynamic structure monitoring;
- EUR 431 thousand for the agreement in place with Westfield Milan S.p.A. for works to complete the access roads to the Segrate intermodal centre.

Financial expenses of EUR 1,577 thousand refer to interest expense accrued on loans for motorway infrastructure.

NOTA 15 DEFERRED TAX ASSETS AND LIABILITIES

Description	31.12.2022	31.12.2021	Change
Deferred tax assets	44,774	45,092	(318)
Deferred tax liabilities	(12,116)	(9,319)	(2,797)
Balance	**32,658**	**35,773**	**(3,115)**

Changes in net deferred tax assets are shown below:

Description	31.12.2022	31.12.2021	Change
Balance at the start of the year	**35,773**	**24,015**	**11,758**
Allocated to income statement	(1,612)	1,650	(3,262)
Allocated to capital	(1,493)	(500)	(993)
Change in the scope of consolidation		10,608	(10,608)
IFRS 5 reclassification	(10)		(10)
Balance at the end of the year	**32,658**	**35,773**	**(3,115)**

Deferred tax assets and liabilities are mainly generated from temporary differences on income components with a future deductibility or taxability and on other adjustments for the adoption of international accounting standards to the financial statements of investees.

The nature of temporary differences generating deferred tax assets and liabilities is summarised below:

2021 Deferred tax assets	Balance as at 01.01.2021	Allocated to income statement	Allocated to capital	Change in the scope of consolidation	Balance as at 31.12.2021
Capital gains	597	(277)			320
Temporary non-deductible amortisation, depreciation and provisions	16,587	1,795		14,139	32,521
Intangible assets	154	(63)		307	398
Post-employment benefit	775	(202)	54	228	855
Impairment of receivables	886	(59)			827
Property, plant and equipment impairment and depreciation	5,951	1,054			7,005
Leases	9	206		297	512
Tax losses	540	1,594		156	2,290
IFRIC 12 - Renewal provision	—	(615)		164	(451)
Derivative financial instruments	—	—	(554)	1,369	815
Total	**25,499**	**3,433**	**(500)**	**16,660**	**45,092**

2022 Deferred tax assets	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2022
Capital gains	320	55			375
Temporary non-deductible amortisation, depreciation and provisions	32,521	(1,982)		(53)	30,486
Intangible assets	398	1,034		—	1,432
Post-employment benefit	855	(356)	(728)	(2)	(231)
Impairment of receivables	827	23		(14)	836
Property, plant and equipment impairment and depreciation	7,005	2,008			9,013
Leases	512	1,054		(3)	1,563

Tax losses	2,290	(2)		—	2,288
IFRIC 12 - Renewal provision	(451)	(587)		—	(1,038)
Derivative financial instruments	815	—	(765)	—	50
Total	**45,092**	**1,247**	**(1,493)**	**(72)**	**44,774**

2021 Deferred tax liabilities	Balance as at 01.01.2021	Allocated to income statement	Allocated to capital	Change in the scope of consolidation	Balance as at 31.12.2021
Capital gains	77	(75)			2
Fixed assets	1,407	(108)			1,299
Assets under concession		1,966		6,052	8,018
Total	**1,484**	**1,783**	**—**	**6,052**	**9,319**

2022 Deferred tax liabilities	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2022
Capital gains	2	—			2
Fixed assets	1,299	(41)		(62)	1,196
Assets under concession	8,018	2,900		—	10,918
Total	**9,319**	**2,859**	**—**	**(62)**	**12,116**

The recognition of deferred tax assets in shareholders' equity is related to the recognition of actuarial gains and losses in a specific reserve of shareholders' equity regarding the post-employment benefit of companies valued on a line-by-line basis and companies measured using the equity method (Note 10), for which the change in actuarial gain/loss is a change in the carrying amount of the investment other than the contribution to the Consolidated Income Statement.

Considerations on estimates on which the recognition of deferred taxes depends are made in Note 4 “Items subject to significant assumptions and estimates”. Specifically, based on historical results and expectations of taxability, the Group is expected to reasonably realise the deferred tax assets at 31 December 2022.

NOTA 16 INVENTORIES

The next table shows how this item is broken down:

Description	31.12.2022	31.12.2021
Permanent way material	7,064	5,171
Bus Spare Parts	3,133	3,001
Motorway infrastructure maintenance material	2,573	1,870
Spare parts for contact lines, apparatuses, control units and telephones	1,747	1,697
Gasoil and lubricants	486	359
Other auxiliary materials	557	515
(LESS: Provision for stock obsolescence)	(3,451)	(3,109)
Total	**12,109**	**9,504**

This item increased by EUR 2,605 thousand compared to the previous year, mainly due to the increase in materials used to carry out maintenance work on railway infrastructure (EUR 1,893 thousand) and for maintenance work on motorway infrastructure (EUR 703 thousand).

Following specific analysis of the rotation indexes of materials, it was deemed necessary to add to the provision for inventory write-down relating to obsolete material (EUR 342 thousand).

NOTA 17 TRADE RECEIVABLES

Description	Current	
	31.12.2022	31.12.2021
Receivables from others - gross	86,559	74,612
(LESS) Provision for bad debts	(4,124)	(4,462)
Trade receivables from third parties	**82,435**	**70,150**
Receivables from related parties - gross	70,598	62,986
(LESS) IFRS 9 Impairment Provision	(69)	(69)
Trade receivables from related parties (Note 49)	**70,529**	**62,917**
Total	**152,964**	**133,067**

Trade receivables from third parties

The change in trade receivables, amounting to EUR 12,285 thousand, is mainly attributable to:

- receivables for interconnection relationships with interconnected motorway companies, of EUR 59,491 thousand (EUR 45,622 thousand 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 year, amounting to EUR 13,869 thousand, was impacted by toll trends;
- receivables from the Province of Verona for the Public Service Contract in place for the city and province of Verona, amounting to EUR 4,916 thousand (EUR 5,808 thousand at 31 December 2021).

The fair value of receivables approximates the carrying amount at 31 December 2022 and 31 December 2021.

With reference to IFRS 9, it is pointed out that the risk of default on the receivables was estimated, as in previous years, taking into account the generic risk of non-collectibility of the receivables not due at the reference date, which can be derived from historical experience.

Trade receivables from related parties

The item mainly includes receivables due from the Lombardy Region for the Public Service Contract and the Programme Agreement on railway infrastructure for the portion relating to the invoicing of planning, project management and site safety expenses, as well as from the investee Trenord.

The increase in gross trade receivables from related parties, amounting to EUR 7,612 thousand compared to 31 December 2021, was mainly due to higher receivables relating to the provision of design services, up compared to 2021, for the maintenance of railway infrastructure to be charged back to the Lombardy Region, as well as fees invoiced to Trenord for network access revenues.

NOTA 18 OTHER CURRENT AND NON-CURRENT ASSETS

This item is broken down as follows:

Description	31.12.2022		
	Non-Current	Current	Total
Receivables for advances to suppliers on work in progress on financed Trains		63,967	63,967
Receivables for advances to suppliers on work in progress on Funded investments		26,988	26,988
Receivables for grants		11,650	11,650
Tax receivables		9,829	9,829
Receivables for advances to suppliers on work in progress on motorway infrastructure		3,725	3,725
Receivables from INPS illness costs		358	358
Receivables for Government grants		839	839
Sundry assets	3,535	6,791	10,326
(LESS) Provision for bad debts		(223)	(223)
Other assets from third parties	**3,535**	**123,924**	**127,459**
Receivables from related parties	7	25,603	25,610
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other assets from related parties (Note 49)	**7**	**25,566**	**25,573**
Total	**3,542**	**149,490**	**153,032**

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 Funded investments		29,826	29,826
Tax receivables		7,519	7,519
Receivables for grants		5,720	5,720
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 assets	1,911	7,976	9,887
(LESS) Provision for bad debts		(209)	(209)
Other assets 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 assets from related parties (Note 49)	**7**	**17,968**	**17,975**
Total	**1,918**	**123,012**	**124,930**

Other assets - third parties

The item "Receivables for advances to suppliers on work in progress on financed Trains", amounting to EUR 63,967 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 year, amounting to EUR 16,433 thousand, related to the start of a new application for the Caravaggio train work order and the achievement of contractual milestones, for EUR 83,745 thousand, partially offset by utilisations in the period following progress on work orders for EUR 67,312 thousand.
The percentage of progress on work orders accrued in relation to the percentage of completion during the year was EUR 425,385 thousand (compared to the total value of EUR 1,637 million).

"Receivables for advances to suppliers on work in progress on Funded investments", amounting to EUR 26,988 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 2,838 thousand in connection with the higher utilisations for the progress made during the year.

Receivables for grants, which increased by EUR 6,098 thousand, relate to receivables claimed from:

- from the Awarding Body of the Public Service Contract by the subsidiary ATV for the additional services performed, for EUR 3,997 thousand (EUR 5,531 thousand at 31 December 2021);
- the Awarding Body of the Public Service Contract by the subsidiary ATV for contributions to be collected to cover the loss of traffic revenues resulting from the COVID-19 pandemic by the subsidiary ATV, in the amount of EUR 3,317 thousand (not present at 31 December 2021);

- the Province and Municipality of Verona for contributions to be received on purchases of new buses, also carried out by ATV, in the amount of EUR 2,615 thousand (not present at 31 December 2021);
- the Awarding Body of the Public Service Contract by the subsidiary ATV for the contributions allocated by Legislative Decrees 115, 144 and 179/2022 to cover the increase in fuel costs as a result of the Russia-Ukraine conflict, benefiting local public transport companies, valid for the second and third four-month periods of 2022, in the amount of EUR 1,700 thousand (not present at 31 December 2021).

Current tax receivables refer primarily to VAT receivables arising from the monthly settlement for EUR 7,610 thousand (not present at 31 December 2021), VAT receivables for which a refund has already been requested for EUR 513 thousand (EUR 6,013 thousand at 31 December 2021), receivables claimed from the tax authorities for the reimbursement of excise duty on diesel fuels for EUR 972 thousand (EUR 817 thousand at 31 December 2021), receivables claimed from the tax authorities for the tax credits recognised in 2022 deriving from the “energy tax credit” (EUR 372 thousand) and the “facades bonus” (EUR 238 thousand).

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 on 26 April 2022 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. The change is justified by fewer contracts activated.

“Receivables from INPS”, amounting to EUR 358 thousand (EUR 1,490 thousand 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 year 2022.

Receivables for Government grants regard:

- EUR 737 thousand receivable from the State for the “transport bonus”; Decree-Law no. 50/2022 “Aid Decree” established the transport bonus as a measure in favour of the use of public transport for commuters. The bonus provided a discount of EUR 60 on passes purchased by users who applied through a ministerial portal;
- EUR 102 thousand (EUR 102 thousand at 31 December 2021) for the receivable for grants relating to investments to be disbursed to cover expenses incurred by the Group in connection with infrastructure modernisation.

Sundry assets
The item “Current sundry assets” includes EUR 2,076 thousand (EUR 2,085 thousand at 31 December 2021) in advances to suppliers and EUR 2,520 thousand (EUR 4,239 thousand at 31 December 2021) in prepayments for insurance premiums.
Specifically, deferrals include:

- deferrals for 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 728 thousand (EUR 1,005 thousand 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.

Other assets – related parties
Receivables from related parties refer mainly to amounts for services provided to investees in joint ventures, which increased by EUR 7,598 thousand in relation to higher amounts invoiced to Trenord to charge back traction electricity, as well as tax receivables, in particular items related to Group VAT for EUR 1,167 thousand (EUR 2,232 thousand at 31 December 2021) and for the tax consolidation for EUR 507 thousand (EUR 628 thousand at 31 December 2021).
The fair value of receivables approximates the carrying amount at 31 December 2022 and 31 December 2021.

NOTA 19 CURRENT AND NON-CURRENT TAX RECEIVABLES

Description	31.12.2022		
	Non-Current	Current	Total
IRES (CORPORATE INCOME TAX)	17	88	105
IRAP (REGIONAL BUSINESS TAX)		124	124
Tax receivables	**17**	**212**	**229**

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**	**2,968**

This item includes amounts due from the tax authorities for IRES and IRAP, which decreased with respect to the previous year due to lower advances paid by the investees and the Parent Company with respect to the expense for the year.

NOTA 20 CASH AND CASH EQUIVALENTS

The next table shows how this item is broken down.

Description	31.12.2022	31.12.2021
Bank and postal deposits	235,885	351,047
(LESS) Impairment IFRS 9	(693)	(693)
Cash on hand	1,736	1,478
Total	**236,928**	**351,832**

The breakdown of bank and postal deposits is shown below:

Bank and postal deposits	31.12.2022	31.12.2021	Changes
Bank and postal deposits in cash pooling	116,469	99,979	16,490
ATV (and its subsidiary La Linea 80)	10,474	15,732	(5,258)
MISE (and its subsidiary Milano Serravalle Engineering)	26,544	136,807	(110,263)
Ferrovienord (accounts dedicated to RL investments)	82,398	98,529	(16,131)
Total	**235,885**	**351,047**	**(115,162)**

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. 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.

Since part of MISE's liquidity comes from the use of bank loans for the financial coverage of the planned investments in the concession, the cash pooling will concern only the current accounts opened with Unicredit and BPER, which are not concerned by the funds dedicated to the payment of the investments mentioned above.

On that basis, in view of cash on bank deposits of EUR 235,885 thousand, of short-term payables to banks of EUR 55,070 thousand and non-current payables to banks of EUR 143,681 thousand (Note 23), the Group has payables in giro accounts - inclusive of interest - of EUR 35,555 thousand (EUR 35,986 thousand at 31 December 2021), as represented below:

Payables in giro account	31.12.2022	31.12.2021	Change
Nord Energia	20,381	19,651	730
NordCom	8,258	9,291	(1,033)
Corporate bodies	6,916	7,044	(128)
Total (Note 24)	**35,555**	**35,986**	**(431)**

On these giro accounts, interest income and expenses are paid at market rates (Note 24).

On 31 May 2018, the subsidiary FERROVIENORD stipulated with Cassa Depositi e Prestiti a loan agreement to support the regional train purchasing programme; this agreement provided that the grants paid by the Lombardy Region after the execution, would be credited on a specific current account, pledged in favour of DCP and European Investment Bank. The balance of this current account at 31 December 2022 amounts to EUR 42,279 thousand (EUR 58,410 thousand at 31 December 2021).
These amounts may be used by the Group exclusively for the execution of the train purchase programme 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.
By Regional Government Decree no. 7207 of 24 October 2022, the Lombardy Region:

a. redetermined the cost of the fleet renewal programme at EUR 1,389,340,000 in order to take into account the tender discounts on supplies as well as the voluntary cancellation of the initially planned Cassa Depositi e Prestiti loan;
b. approved the new outline of the Implementation Agreement, replacing the one signed on 10 July 2019.

On 27 October 2022, the new Implementation Agreement was signed between the Lombardy Region and FERROVIENORD for the management of the purchase programme pursuant to Regional Government Decree no. 7207 of 24 October 2022.
Lastly, in consideration of these deeds, on 19 January 2023 the notarial deed of release and cancellation of the pledge and termination of the deed of pledge on receivables was drawn up, on the basis of which: (i) the pledgees unconditionally and irrevocably consented to the release, cancellation and discharge of the pledge created under the deed of pledge on receivables; (ii) the deed of pledge on receivables was terminated by mutual consent.

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

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

NOTA 21 ASSETS AND LIABILITIES HELD FOR SALE

In consideration of the sale of the equity investments held in La Linea, as commented on in Note 3, the assets and liabilities of La Linea, its subsidiary Martini Bus and NTT, were reclassified under the items "Assets held for sale" and "Liabilities related to assets held for sale" and measured in accordance with IFRS 5.

Amounts in thousands of euros	La Linea	Martini Bus	NTT	Total
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	(14,519)	(558)		(15,077)
Intangible assets	(7)	(5)		(12)
Goodwill	(577)	(148)		(725)
Right of use	(346)	(44)		(390)
Investments measured with the equity method	—			—
Investments in other companies	(7)	(2)	(2)	(11)
Financial assets				—
Deferred tax assets	(64)	58		(6)
Other Receivables	(36)	(60)		(96)
TOTAL NON-CURRENT ASSETS	**(15,556)**	**(759)**	**(2)**	**(16,317)**
CURRENT ASSETS				
Inventories				—
Trade Receivables	(3,591)	(631)		(4,222)
Other Receivables	(690)	(147)		(837)
Tax receivables	(227)	(16)	(5)	(248)
Financial assets				—
Cash and cash equivalents	(27)	(249)	(66)	(342)
TOTAL CURRENT ASSETS	**(4,535)**	**(1,043)**	**(71)**	**(5,649)**
Assets held for sale	20,091	1,802	73	21,966
TOTAL ASSETS	**—**	**—**	**—**	**—**
LIABILITIES				
TOTAL SHAREHOLDERS' EQUITY	**11**	**—**		**11**
NON-CURRENT LIABILITIES				
Payables to banks	210	42	—	252
Financial Payables	—	—	—	—
Lease liabilities	231	22	—	253
Other liabilities	253	—	—	253
Provisions for risks and charges	—	—	—	—
Post-employment benefits	1,127	494	—	1,621
TOTAL NON-CURRENT LIABILITIES	**1,821**	**558**	**—**	**2,379**
CURRENT LIABILITIES				
Payables to banks	251	(42)	—	209
Financial Payables	—	—	—	—
Lease liabilities	119	24	—	143
Trade payables	1,819	144	3	1,966
Payables for taxes	—	—	—	—
Tax payables	177	27	—	204
Other liabilities	1,563	312	2	1,877
Provisions for risks and charges	236	—	—	236
TOTAL CURRENT LIABILITIES	**4,165**	**465**	**5**	**4,635**

Liabilities related to assets held for sale	(5,997)	(1,023)	(5)	(7,025)
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY	—	—	—	—

NOTA 22 SHAREHOLDERS' EQUITY

Descrizione	Patrimonio Netto attribuibile agli Azionisti di Maggioranza							Totale Patrimonio netto di Gruppo	Patrimonio Netto di Terzi	Totale Patrimonio Netto
	Capitale sociale	Altre riserve	Riserva var. Fair value Strumenti derivati	Utili/Perdite Indivisi	Riserva utili/perdite attuariali	Riserva di traduzione	Utili/Perdite dell'esercizio			
Saldo 01.01.2021	**230.000**	**7.788**	**0**	**203.387**	**(7.661)**	**105**	**24.185**	**457.804**	**19.304**	**477.108**
Totale Utile Complessivo			**3.306**		**172**	**42**	**40.875**	**44.395**	**2.269**	**46.664**
Destinazione utile 2020				24.185			(24.185)	-		-
Variazione perimetro di consolidamento			(4.221)	(291.168)	11			(295.378)	(61)	(295.439)
Saldo 31.12.2021	**230.000**	**7.788**	**(915)**	**(63.596)**	**(7.478)**	**147**	**40.875**	**206.821**	**21.512**	**228.333**
Totale Utile Complessivo			**6.462**	**0**	**2.121**	**53**	**68.476**	**77.112**	**1.468**	**78.580**
Destinazione utile 2021				40.875			(40.875)	-		-
Saldo 31.12.2022	**230.000**	**7.788**	**5.547**	**(22.721)**	**(5.357)**	**200**	**68.476**	**283.933**	**22.980**	**306.913**

At 31 December 2022 and 31 December 2021, fully paid-up share capital amounted to EUR 230,000 thousand, comprising 434,902,568 ordinary shares, with no par value.

On 26 April 2022, the Shareholders' Meeting approved 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 previous year is attributable to the acquisition of MISE on 26 February 2021.

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

The net assets acquired were therefore recognised at the book values, specifically adjusted to IAS/IFRS, that appeared in MISE's financial statements at the date of the transaction and amounting to EUR 309.9 million, while the difference of EUR 294.9 million with the price paid to acquire the shareholding in MISE, amounting to EUR 604.8 million, was recognised as a reduction in the item “Shareholders' equity attributable to the Group”.

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

	La Linea	ATV	Total
Share held by non-controlling shareholders	*49 %*	*50.00 %*	
Balance as at 01.01.2022	**3,917**	**17,595**	**21,512**
Operating result	658	417	1,075
Reserve for Actuarial Gains/(Losses)	120	273	393
Balance as at 31.12.2022	**4,695**	**18,285**	**22,980**

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**	**2022 Profit**	**Other result components transited directly to Shareholders' Equity**	**Other changes**	**Shareholders' equity 31.12.22**
Financial Statements of FNM S.p.A.	405,025	8,031	71		413,127
Derecognition of equity investments	(655,426)	1,887		(1,500)	(655,039)
Shareholders' equity contributed by the consolidated companies	459,652	58,558	8,565	1,500	528,275
Put option recognition	(2,430)				(2,430)
FNM Group shareholders' equity	**206,821**	**68,476**	**8,636**	**—**	**283,933**

The reasons underlying the difference between market capitalisation (equal to EUR 184.6 million at 31 December 2022) and Group shareholders' equity (equal to EUR 283.9 million at 31 December 2022) are to be found in a combination of factors that can be summarised as follows:

a. the Group is listed in the Standard segment of the MTA of Borsa Italiana, a segment that penalises the security in terms of daily trading volumes;
b. the free float on the market is less than 30%, as the Group's shareholding structure is 72.3% made up of stable shareholders;
c. market transactions relate to minority shareholdings, which reflect information asymmetries with respect to controlling shareholders;
d. minority shareholders could apply a significant discount to the value of unconsolidated equity investments recorded in the Group's financial statements, as only 11% of the recorded value distributes dividends; these equity investments therefore represent surplus assets which do not offer remuneration to minority shareholders;
e. the non-distribution of dividends, as resolved by the Shareholders' Meeting during the approval of the financial statements for the year ending 31 December 2022.

As a result of these considerations, the Directors believe that the existing difference between market capitalisation and Group shareholders' equity cannot be considered an indicator of impairment as market capitalisation is not considered representative of the Group's recoverable amount.

NOTA 23 CURRENT AND NON-CURRENT PAYABLES TO BANKS

Payables to banks at 31 December 2022 and 31 December 2021 are broken down as follows:

Description	31.12.2022		
	Non-Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	74,697	24,813	99,510
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	24,934	12,440	37,374
BEI Funding	25,131	8,364	33,495
Intesa-Banco BPM 2010	14,974	7,479	22,453
Banca BPER (BEI intermediation) 2012	3,945	1,941	5,886
Other payables to banks for loans	—	33	33
Payables to banks	**143,681**	**55,070**	**198,751**

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	37,196	12,583	49,779
BEI Funding		41,709	41,709
Intesa-Banco BPM 2010	22,500	7,500	30,000
Banca BPER (BEI intermediation) 2012	6,000	2,000	8,000
Other payables to banks for loans	502	249	751
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 BPER (EIB Intermediation) 2012" represent the bank debt of the subsidiary MISE recognised at amortised cost. All instalments due in the year were duly repaid, totalling EUR 47,000 thousand.

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

Funding	Residual Nominal Amount	Expiration	Interest rate	Covenants
INTESA (formerly UBI) - BANCO BPM	22,500	31/12/2025	6-month Euribor (no floor) + margin 2%	NFP/EBITDA ≤ 5 NFP/SE< 2
MPS - BNL	37,500	31/12/2025	6-month Euribor (no floor) + margin 2.25%	NFP/EBITDA ≤ 5 NFP/SE< 2
CARIGE	6,000	31/12/2025	Fixed rate 3.617%	N/A
INTESA - BANCO BPM-UNICREDIT-BNL-INTESA (formerly UBI)	100,000	31/12/2026	6-month Euribor (no floor) + margin 1.80%	NFP/EBITDA ≤ 4 NFP/SE< 2

As at the closing date of 31 December 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.
Both instalments falling due during the year, amounting to EUR 8,279 thousand, were repaid.

As a result of the consolidation of MISE, in the previous year a reduction was recorded in the Group Shareholders' Equity in the amount of EUR 295 million, 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.

During the year, 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 ≤ 4.5 at the calculation dates of 31 December 2021 and 30 June 2022, ≤ 3.5 at the calculation dates of 31 December 2022 and 30 June 2023, ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

As at the closing date of 31 December 2022, based on available data, these covenants have been met.

Reference is made to section 8.2 of the management report for detailed information about the Company's financial structure.

Please also note that, aside from the above-mentioned refinancing, the Group has liquidity headroom of around EUR 123 million in uncommitted lines, thereby offering sufficient financial flexibility.

NOTA 24 BOND, CURRENT AND NON-CURRENT FINANCIAL PAYABLES AND LEASE LIABILITIES

Description	31.12.2022		
	Non-Current	Current	Total
Payables to bondholders	644,398	961	645,359
Bond Loan	**644,398**	**961**	**645,359**

Description	31.12.2021		
	Non-Current	Current	Total
Payables to bondholders	642,958	962	643,920
Bond Loan	**642,958**	**962**	**643,920**

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 MISE and for the remaining part to maintain adequate levels of liquidity to meet operating and investment needs.

The fair value of the Bond was approximately EUR 545 million at 31 December 2022.

Other financial liabilities are described below:

Description	31.12.2022		
	Non-Current	Current	Total
Giro account		4,969	4,969
Derivative instruments payable	85	124	209
Financial Payable Put Option La Linea	2,112		2,112
Financial Payables	**2,197**	**5,093**	**7,290**
Giro account		30,586	30,586
Financial payables to related parties (Note 49)	**—**	**30,586**	**30,586**
Total	**2,197**	**35,679**	**37,876**

Description	31.12.2021		
	Non-Current	Current	Total
Payables to other non-controlling shareholders		21,858	21,858
Giro account		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 Payables	**3,923**	**28,293**	**32,216**
Giro account		31,175	31,175
FINLOMBARDA financing		7,973	7,973
Financial payables to related parties (Note 49)	**—**	**39,148**	**39,148**
Total	**3,923**	**67,441**	**71,364**

The item "Giro current account payables" to third parties refers to the cash pooling with various company entities (Supplementary FNM scheme for EUR 4,811 (EUR 4,721 thousand at 31 December 2021) and the FNM Company Recreational Group for EUR 158 thousand (EUR 89 thousand at 31 December 2021)).

The item "Derivative instruments payable" represents the derivatives in place at 31 December 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 and therefore they were accounted for under hedge accounting.
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, considering the method for the determination of the option.

"Payables to other non-controlling interests" present at 31 December 2021 were 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, had

requested the liquidation on 19 November 2018. The payable recognised included 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 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 accounts 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 20,381 thousand (EUR 19,651 thousand at 31 December 2021), with NordCom, for EUR 8,258 thousand (EUR 9,291 thousand at 31 December 2021); and with the FNM pension fund for EUR 1,946 (EUR 2,232 thousand at 31 December 2021).

The “Finlombarda financing” payable referred 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. All instalments falling due during the year were duly repaid, for a total of EUR 8,000 thousand; the loan was paid off in full with the last instalment paid in December.
The loan provided for an interest rate equal to the 6-month Euribor (zero floor) plus a margin of 2.50% and included 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 and are broken down as follows:

Description	31.12.2022		
	Non-Current	Current	Total
Lease liabilities	18,009	7,631	25,640
Lease liabilities	**18,009**	**7,631**	**25,640**
Lease liabilities	20	115	135
Lease liabilities to related parties (Note 49)	**20**	**115**	**135**
Total	**18,029**	**7,746**	**25,775**

Description	31.12.2021		
	Non-Current	Current	Total
Lease liabilities	22,687	6,926	29,613
Lease liabilities	**22,687**	**6,926**	**29,613**
Lease liabilities	106	21	127
Lease liabilities to related parties (Note 49)	**106**	**21**	**127**
Total	**22,793**	**6,947**	**29,740**

The value of fees recorded in the income statement for low value and short term contracts amounts to EUR 1,921 thousand.

The Group is not exposed to significant future increases in the variable lease payment as the lease agreements do not establish significant variable components.

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

Minimum future lease payments	31.12.2022	31.12.2021
Less than 1 year	8,246	7,272
2 - 5 years	17,864	18,213
Over 5 years	107	4,633
Total	**26,217**	**30,118**
Future interest expense	(442)	(378)

Present value of payables related to finance leases	25,775	29,740

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

Present value of payables related to finance leases	31.12.2022	31.12.2021
Less than 1 year	7,734	6,947
2 - 5 years	17,941	18,067
Over 5 years	100	4,726
Total	**25,775**	**29,740**

The maturity of the non-current portion of financial liabilities, including the bond, is shown below:

Description	31.12.2022	31.12.2021
Between 1 and 2 years	7,746	6,947
Between 2 and 5 years	656,778	658,001
Over 5 years	100	4,726
Total	**664,624**	**669,674**

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

Description	31.12.2022	31.12.2021
Payables to Bondholders	0.982 %	0.982 %
Payables for leases IFRS 16	0.982% - 2.18%	1.47% - 2.18%
Payables for cash pooling	0.090 %	0.004 %
Payable to Finlombarda	2.500 %	2.500 %

The rates for lease liabilities were determined on the basis of the marginal financing rates of the Group companies.

For the sake of full disclosure, it should be noted that during the year, "non-cash transaction" investments were made that did not require the use of cash or cash equivalents, mainly relating to the acquisition of assets by means of lease transactions in the amount of EUR 3,638 thousand. During the previous year, the value of non-cash transactions relating to the acquisition of assets by means of lease transactions amounted to EUR 3,175 thousand.
For the purposes of the disclosure required by IAS 7 (44A-44E), the change in liabilities shown in the cash flow statement in financing activities, whether arising from changes in cash flows or otherwise, is shown below:

	2022
Changes from cash flows from financing activities	(92,884)
Changes in fair value	(3,164)
Other changes	4,328
Total	**(91,720)**

NOTA 25 CURRENT AND NON-CURRENT PAYABLES FOR FUNDED INVESTMENTS

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

Payables for funded investments	31.12.2022	31.12.2021
Payables to Lombardy Region - Programme Agreement	41,112	36,978
Payables for funded investments to related parties (Note 49)	**41,112**	**36,978**
Total payables for funded investments	**41,112**	**36,978**

The item refers mainly to the surplus collections obtained from the Lombardy Region for investments made by the Group, for the portion already allocated to investments and not yet paid to suppliers.
The increase compared to 31 December 2021 is mainly connected to the higher collections during the year compared to utilisations in light of progress made on Programme Agreement orders.

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

Payables for funded investments	31.12.2022	31.12.2021
Payables to the Ministry of Transport	5,824	5,822
Payables for funded investments	**5,824**	**5,822**
Payables to the Lombardy Region	6,763	6,759
Payables for funded investments to related parties (Note 49)	**6,763**	**6,759**
Total payables for funded investments	**12,587**	**12,581**

The items “Payables to the Ministry of Transport” and “Payables to the Lombardy Region” mainly refer to the portion of collections of fees relating 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.

NOTA 26 NET FINANCIAL POSITION

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

Description	31.12.2022	of which related parties	31.12.2021	of which related parties	Notes
A. Cash and cash equivalents	236,928	—	351,832	—	20
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	**236,928**	**—**	**351,832**	**—**	
E. Current financial payables	(76,667)	(71,698)	(144,566)	(76,126)	23 - 24 - 25
F. Current portion of non-current financial payables	(63,901)	(115)	(56,536)	(21)	23 - 24 - 25
G. Current financial debt (E+F)	**(140,568)**	**(71,813)**	**(201,102)**	**(76,147)**	
H. Net current financial debt (G -D)	**96,360**	**(71,813)**	**150,730**	**(76,147)**	
I. Non-current financial payables	(176,494)	(6,783)	(204,980)	(6,865)	23 - 24 - 25
J. Debt instruments	(644,398)	—	(642,958)	—	24
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(820,892)**	**(6,783)**	**(847,938)**	**(6,865)**	
M. Total financial debt (H+L)	**(724,532)**	**(78,596)**	**(697,208)**	**(83,012)**	

Current financial payables include current payables to banks of EUR 55,070 thousand (EUR 88,774 thousand at 31 December 2021) (Note 23), 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 41,112 thousand (EUR 36,978 thousand at 31 December 2020) (Note 25), the balance of the cash pooling giro accounts with joint ventures and corporate bodies for a total of EUR 35,555 thousand (EUR 35,986 thousand at 31 December 2021) and the lease liability of EUR 7,746 thousand (EUR 6,947 thousand at 31 December 2021) (Note 24).In the previous year, this item also included the payable to minority shareholders of the subsidiary MISE, amounting to EUR 21,858 thousand, and the payable to Finlombarda of the subsidiary MISE, amounting to EUR 7,973 thousand.

Non-current financial payables mainly include the payable for the bond issued on 20 October 2021, amounting to EUR 644,398 thousand (Note 24), non-current payables to banks of EUR 143,681 thousand (Note 23) and lease liabilities of EUR 18,041 thousand (Note 24).
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	31.12.2022	of which related parties	31.12.2021	of which related parties	Notes
A. Cash and cash equivalents	194,649	—	293,422	—	20
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	**194,649**	**—**	**293,422**	**—**	
E. Current financial payables	(76,667)	(71,698)	(144,566)	(76,126)	23 - 24 - 25
F. Current portion of non-current financial payables	(63,901)	(115)	(56,536)	(21)	23 - 24 - 25
G. Current financial debt (E+F)	**(140,568)**	**(71,813)**	**(201,102)**	**(76,147)**	
H. Net current financial debt (G -D)	**54,081**	**(71,813)**	**92,320**	**(76,147)**	
I. Non-current financial payables	(176,494)	(6,783)	(204,980)	(6,865)	23 - 24 - 25
J. Debt instruments	(644,398)	—	(642,958)	—	24
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(820,892)**	**(6,783)**	**(847,938)**	**(6,865)**	
M. Total financial debt (H+L) adjusted	**(766,811)**	**(78,596)**	**(755,618)**	**(83,012)**	

IFRIC 12 Impacts					
of which - D. Liquidity	42,279		58,410		20
N. Total IFRIC 12 financial debt	**42,279**	**—**	**58,410**	**—**	
Net financial debt (M+N)	**(724,532)**	**(78,596)**	**(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 20).
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”).

In addition to financial debt, as concerns indirect financial debt reference should be made to Note 28 for the provisions recognised in the financial statements, and the final commitments at 31 December 2022 that oblige the Group to acquire or construct an asset in the next 12 months are shown below:

Description	Amount
Investments in funded rolling stock	178,886
Funded railway infrastructure investments	73,324
Motorway infrastructure investments	42,271

Investments in rolling stock with own funds	28,091
Investments in buses	15,177
Other investments	2,493
Total	340,242

NOTA 27 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are broken down as follows:

Description	31.12.2022	31.12.2021
Capital grants	13,237	9,999
Other liabilities	7,783	7,469
Non-current liabilities	**21,020**	**17,468**
Capital grants from the Lombardy Region	10,075	8,230
Other liabilities	—	203
Other non-current liabilities to related parties (Note 49)	**10,075**	**8,433**
Total	**31,095**	**25,901**

The item “Capital grants” concerns the non-current portion of public funding received by the subsidiary ATV from the Veneto region for the purchase of new buses for urban and extra-urban transport (EUR 12,216 thousand) besides loans received in 2001 pursuant to Law 270/97 from the Ministry of Public Works to redevelop the Cadorna Station in Milan equal to EUR 1,020 thousand. The change during the year relates to grants received from the subsidiary ATV for the purchase of new rolling stock, net of the recognition of the grant in the Consolidated Income Statement in the manner set forth in the accounting standard.
Contributions received during the year for capital grants, classified in the cash flow statement under “Other changes from investing activities”, amounts to EUR 4,259 thousand.

The item “Other liabilities” mainly includes the non-current portion, amounting to EUR 4,602 thousand (EUR 5,506 thousand at 31 December 2021) relating 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.

The item “Other liabilities” also includes payables to personnel for future charges arising from agreements signed during the year in the amount of EUR 1,126 thousand as well as deferred income relating to future maintenance charges on owned rolling stock, against advances collected from lessees during the year 2017, in the amount of EUR 885 thousand.

“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 3,965 thousand and for the purchase of buses for EUR 6,061 thousand. The decrease in the year is due to the recognition of the grant in the Consolidated Income Statement, according to procedures indicated in the accounting standard.

NOTA 28 CURRENT AND NON-CURRENT PROVISIONS FOR RISKS AND CHARGES

This item is broken down as follows:

Description	Cyclical maintenance	Motorway Infrastructure Renewal provisions	Provision for Commitments relating to non-compensate	Personnel	Ancillary charges for the Affori Redevelopment Programme	Other risks	Total
Balance as at	**49,029**	**53,192**	**9,472**	**6,489**	**1,143**	**26,607**	**145,932**
IFRS 5 reclassification		—	—			(236)	**(236)**
Increases	15,428	19,797	—	863	170	2,280	**38,538**
Uses	(8,326)	(14,075)	(251)	(3,701)		(720)	**(27,073)**
Other changes	(2,492)	660	117			256	**(1,459)**
Releases		(1,679)	(426)	(3,122)		(8,294)	**(13,521)**
Balance as at	**53,639**	**57,895**	**8,912**	**529**	**1,313**	**19,893**	**142,181**

Provisions for risks and charges have the following dates:

Description	31.12.2022	31.12.2021
Current	67,641	50,159
Non-current	74,540	95,773
Total	**142,181**	**145,932**

Reference is made to Note 4 for considerations on the estimate processes underlying the assessment of litigation and potential liabilities.

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 15,428 thousand, with use in the year amounting to EUR 8,326 thousand. The provision was discounted to present value on the basis of future utilisation forecasts; the amount of the discounting, included in the item “other changes”, was EUR 2,492 thousand.

Motorway infrastructure renewal provision
The value of the renewal provision, equal to EUR 57,895 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 8,912 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
On 10 May 2022, the employers' organisations Asstra, Agens and Anav and the trade unions FILT/CGIL, FIT/CISL, UILTRASPORTI, FAISA CISAL and UGL/FNA signed the renewal of the national collective labour agreement for road, rail and tram workers, which had expired in 2017. This renewal will be valid until 31 December 2023. The renewal provided for the payment of a one-off contribution to make up for the contractual holiday period, worth EUR 500 at parameter 175, which was paid in two instalments in July 2022 and January 2023. Pay increases totalling EUR 90 per month at the benchmark were then established, to be paid in three tranches of equal amounts in July 2022, June 2023 and September 2023. An allowance to be paid during days of leave of EUR 8 was also defined. Lastly, the obligation was established of joining the LPT Health Fund, with a monthly contribution of EUR 12 for each employee hired on an indefinite-term basis and not in the probation period.
In addition, a second-level agreement was signed on 29 September 2022, which provided for an adjustment of some contractual terms. In particular: an increase was recognised in the middle managers allowance, the company contribution to the FNM Pension Fund was increased; the value of meal vouchers was raised from EUR 7 to EUR 8 per day, the monthly productivity bonus for office workers was increased, linking it to new productivity and organisational efficiency objectives; and lastly the structure of the Performance Bonus for office workers and operational staff was revised, particularly with regard to the possibility of converting it into company welfare benefits.

These agreements resulted in the utilisation of the provision for amounts referring to the one-off payment to compensate the contractual holiday period defined by the national agreement and the adjustment of the contractual benefits provided by the company bargaining agreement, for EUR 3,701 thousand and the excess amount of EUR 3,122 thousand was released.

Expenses for Plan of Integrated Intervention (PII) Affori
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 original estimate of these futures costs payable by the Group was equal to EUR 2,640 thousand. During 2016, following the completion of clean up works for EUR 819 thousand, the provision was used for the previously allocated amount of EUR 700 thousand. In 2021, a portion of the provision in the amount of EUR 797 thousand was released as a result of the restatement of assets. During the current year,

adjustment provisions of EUR 170 thousand were recognised; the residual provision therefore amounts to EUR 1,313 thousand.

Other risks

The provision for other risks at 31 December 2022 included:

- EUR 11,918 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 as the risk estimate from the dispute with the Customs Agency described in the Management Report, in paragraph 11 “Most relevant litigation and other information”;
- EUR 8,232 thousand, of which EUR 2,280 thousand allocated in the year, as a risk estimate of losing litigation ongoing with third parties; EUR 719 thousand of the fund was used in the year, and EUR 1,915 thousand was released due to litigation that had been settled.

Considerations on the estimates used in assessing litigation and potential liabilities are made in the section “Items subject to significant assumptions and estimates”.

NOTA 29 POST-EMPLOYMENT BENEFITS

Description	31.12.2022	31.12.2021
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial	20,410	28,011
Total	**20,410**	**28,011**

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

Description	31.12.2022	31.12.2021
Service costs	273	379
Interest (Note 44)	259	93
Total	**532**	**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 45).

The change in the liability relative to post-employment benefit is shown below:

Description	31.12.2022	31.12.2021
Debt at the start of the year	**28,011**	**21,201**
Service costs	273	379
Actuarial loss/(gain)	(2,611)	194
Interest cost	259	93
Uses	(3,870)	(2,641)
Transfers	(18)	
IFRS 5 Reclassification	(1,634)	
Change in scope of consolidation		8,785
Debt at the end of the year	**20,410**	**28,011**

The following main actuarial assumptions were used:

Description	31.12.2022	31.12.2021
Discount rate	3.70	1.00
Annual rate of compensation increase	1.00	1.50
Annual rate of inflation	2.50	1.75
Annual rate of post-employment benefit increase	3.38	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 active workers' characteristics and the decrease in mortality registered in recent years.

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx Eurozone Corporate AAA index, according to ESMA provisions.

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	1.3 %	-1.3 %
Post-employment benefits	18,740	22,037

NOTA 30 TRADE PAYABLES

Trade payables are broken down as follows:

Description	31.12.2022	31.12.2021
Payables for invoices received	132,074	145,794
Payables for invoices to be received	325,210	215,678
Trade payables	**457,284**	**361,472**
Trade payables to related parties	13,405	10,855
Trade payables to related parties (Note 49)	**13,405**	**10,855**
Total	**470,689**	**372,327**

Trade payables increased by EUR 98,362 thousand, mainly due to the advancement of orders for the renewal of funded rolling stock (for EUR 100,136 thousand) and investments in motorway infrastructure (for EUR 8,437 thousand), partially offset by the decrease in the trade payable for investments to renew rolling stock with own funds (for EUR 6,363 thousand) and railway infrastructure modernisation (for EUR 12,475 thousand).
In particular, concerning the renewal of financed rolling stock, the balance includes payables for invoices received for EUR 77,949 thousand (EUR 56,310 thousand at 31 December 2021) and payables for invoices to be received for EUR 226,166 thousand (EUR 147,668 thousand at 31 December 2021). As concerns the railway infrastructure modernisation projects, the balance includes payables for invoices received for EUR 14,443 thousand (EUR 42,296 thousand at 31 December 2021) and payables for invoices to be received for EUR 20,705 thousand (EUR 5,328 thousand at 31 December 2021).

Payables to suppliers include the payable to Cogel S.p.A. (equal to EUR 1,697 thousand), in relation to which there is a pending dispute, from whose outcome no additional liabilities from those already allocated are expected.

NOTA 31 PAYABLES FOR TAXES AND DUTIES

Payables are broken down as follows:

Description	31.12.2022	31.12.2021
IRES (CORPORATE INCOME TAX)	8,126	938
IRAP (REGIONAL BUSINESS TAX)	1,256	613
Payables for taxes	**9,382**	**1,551**
IRPEF and withholdings	4,913	4,327
VAT	1,751	1,849
Other	12	13
Tax payables	**6,676**	**6,189**

The payable includes the IRES and IRAP charge for the year (Note 46). The increase was mainly due to the lower advance payments made with respect to the subsidiary MISE's expense for the period.

NOTA 32 OTHER CURRENT LIABILITIES

Other current liabilities are broken down as follows:

Description	31.12.2022	31.12.2021
Payables to personnel	17,788	17,686
Deferred income	6,288	5,290
Payables to social security agencies	8,994	9,330
Concession fee payable	5,593	4,936
Capital grants	1,967	1,543
Advances from customers	242	175
Agencies	96	91
Payables to the Ministry of Infrastructures and Transport	85	85
Other liabilities	4,973	4,668
Current liabilities	**46,026**	**43,804**
Payables to Joint Ventures/Associates	14,061	13,969
Capital grants from the Lombardy Region	1,202	1,783
Payable to the Pension Fund	1,011	678
Payables to the Lombardy Region	1,422	1,986
Current liabilities to related parties (Note 49)	**17,696**	**18,416**
Total	**63,722**	**62,220**

The item “Payables to personnel” refers to amounts at December 2022 paid in January 2023 and to bonuses and holidays accrued but not taken.

The item “Deferred income” includes the current portion of deferrals related 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.

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

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

The item “Capital grants from the Lombardy Region” mainly refers to grants from the Lombardy Region for the purchase of rolling stock (EUR 227 thousand) and for the purchase of buses (EUR 645 thousand).

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

INCOME STATEMENT

For a better understanding of the changes in the year, 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.

NOTA 33 REVENUES FROM SALES AND SERVICES

The next table shows the breakdown of this item:

Description	2022	2021
Income from motorway tolls	254,989	197,703
Revenues from Public Service Contract for automotive sector	42,457	39,067
Products of automotive traffic	39,951	31,878
Income from Service Areas concessions	7,723	4,164
Terminal movements revenues	1,084	1,527
Car sharing revenues	1,920	1,104
Property income	574	469
Motorway maintenance services invoiced	95	
Services invoiced	6,808	7,623
Revenues from sales and services	**355,601**	**283,535**
Hire of rolling stock	67,917	64,407
Railway infrastructure management Public Service Contract	63,691	84,870
Revenues from network access	23,633	2,363
Services invoiced	12,845	10,431
Train replacements	7,761	5,841
Design services and railway infrastructure project management	8,799	4,088
Car sharing contribution	1,800	1,800
Motorway maintenance services invoiced	1,517	—
Property income	489	458
Car sharing revenues	381	341
Revenues from sales and services to related parties (Note 49)	**188,833**	**174,599**
Total	**544,434**	**458,134**

Revenues from sales and services - third parties

Revenues from sales and services to third parties increased by EUR 71,066 thousand primarily due to the contribution of MISE, present for only 10 months in the year 2021, equal to EUR 28,441 thousand, as well as the following changes:

Income from motorway tolls

Toll revenues, shown gross of the supplementary concession fee and net of discounts applied to users, considering the 2021 pro forma value of EUR 225,678 thousand, show an increase of 12.99% due to the traffic trend (+12.35% compared to 31 December 2021), its composition and the 2.62% tariff adjustment - related to the 2019 annual fee and previously suspended - applied as of 1 January 2022 on the motorway network under concession. The change in tolls is also affected by the breakdown of traffic between light and heavy vehicles.

Revenues from Public Service Contract for automotive sector

Revenues increased by EUR 3,390 thousand (+8.7%) in relation to two adjustments to the kilometre fee recognised: the first resulting from a one-off contribution of the Veneto Region, amounting to EUR 907 thousand, to offset the increase in the cost of fuels (Regional Government Decree 1012/2022) and the second obtained as a result of the allocation of additional resources by the State to the National Transport Fund (about EUR 100 million/year for the LPT sector from 2022 to 2025), amounting to roughly EUR 1,321 thousand.

Products of automotive traffic

Revenues from public road transport services increased by EUR 7,073 million due to higher sales, consistent with the recovery in demand as a result of the resumption in the use of public transport, going from EUR 31,878 thousand in 2021 to EUR 38,951 thousand in the current year. In particular, it should be noted that the higher sales compared to 2021 are mainly related to tickets (EUR +3,622 thousand) and passes (EUR +3,417 thousand).
On the other hand, there was a decrease in rental services mainly related to the Padua area of EUR 534 thousand.

Income from Service Areas concessions

Income from service area concessions benefited not only from the positive traffic trend, but also from the renewal of some contracts, with more favourable economic conditions for the subsidiary MISE, resulting in an increase of EUR 3,559 thousand (EUR 3,093 thousand when compared to 2021 pro-forma), marking an increase of 66.80% compared to 2021 pro-forma.

Terminal movements revenues

Terminal handling revenues relate to the subsidiary Malpensa Intermodale. The decrease of EUR 443 thousand compared to 2021 is mainly related to a slowdown in flows linked to external factors on the railway infrastructure in Germany.

Car sharing revenues

Mobility sharing service revenues registered an increase of EUR 816 thousand (+73.9%), reflecting a rise in turnover in both the consumer and B2B segments.

Services invoiced

Invoiced services decreased in relation to road passenger transport services; in particular, revenues from sub-contracted services for the year decreased due to fewer additional COVID-19 trips made compared to the previous year.

Revenues from sales and services - related parties

Revenues from sales to related parties increased by EUR 14,234 thousand over the previous year; the most significant changes are reported below.

Hire of rolling stock
Revenues for the hire of rolling stock increased by EUR 3,510 thousand primarily following the changes commented on below:
- higher revenues on Caravaggio and Donizetti trainsets, in the amount of EUR 3,840 thousand, put into service in 2022;
- higher revenues on TILO trainsets, in the amount of EUR 2,840 thousand, phased in from December 2020;
- higher revenues for the hire of DE520 locomotives, in the amount of EUR 223 thousand;
- lower lease payments, following the renewal of the operating lease contract with Trenord for CSA trainsets, for EUR 1,811 thousand, and TAF trainsets, for EUR 959 thousand;
- lower revenues following the termination of the PESA trainset contract, by EUR 658 thousand.

Railway infrastructure management Public Service Contract
The consideration for the Public Service Contract for railway infrastructure management with the Lombardy Region decreased by EUR 21,179 thousand.

The change is mainly due to the different way in which the network access fee is charged, which, as a result of Regional Government Decree no. X/56356 of 30 November 2021, means that the access fee is paid directly by the railway companies (thus rising from EUR 2,363 thousand to EUR 23,633 thousand, an increase of EUR 21,270 thousand compared to 2021) and no longer as a consideration for the Public Service Contract.

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 Public Service Contract 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 Public Service Contract from the Infrastructure Manager. This change was implemented with a transitory rule already in the period from 12 to 31 December 2021 and led to an increase in revenues from network access with a parallel reduction in the item Public Service Contract, as commented on above.

Services invoiced
The item includes revenues for the performance of services rendered to investees of the Parent Company, which increased due to higher SAP fees.

Train replacements
The item refers to the consideration invoiced to Consorzio Elio for buses provided to replace the train service; income for train replacement services amounted to EUR 7,761 thousand compared to EUR 5,841 thousand in 2021, due to the increase in extraordinary transit thanks to the evolution of the pandemic, which made it possible to ease the measures adopted by the Authorities to handle the Covid-19 epidemic.

Design services and railway infrastructure project management
This item increased from EUR 4,088 thousand to EUR 8,799 thousand and includes chargebacks to the Lombardy Region for planning and project management relating to railway infrastructure maintenance. The increase for the period relates to design activities.

Car sharing
The item “Car sharing contribution”, unchanged from the previous year, reflects the consideration owed by the Lombardy Region, as established in the Public Service Contract, for the service provided by FERROVIENORD through the subsidiary E-Vai.

Motorway maintenance services invoiced
This item relates to design and project management activities relating to the maintenance of motorway infrastructure carried out in favour of the associated company APL.

For a more detailed analysis of revenues by business segment, please refer to paragraph 9 “Operating performance of business segments” of the Management Report.

NOTA 34 GRANTS

The next table shows the breakdown of this item:

Description	2022	2021
Compensatory measures for loss of traffic revenues	7,717	11,887
Capital grants	1,782	1,280
Contributions to cover raw material price increases	3,542	—
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	501	583
Other grants	1,648	1,741
Grants	**15,190**	**15,491**
Capital grants Lombardy Region	4,574	4,604
Grants for the renewal of the National Collective Bargaining Agreement, Lombardy Region	1,644	1,613
Compensatory measures for loss of traffic revenues	530	1,613
Other grants, Lombardy Region	1,822	1,797
Grants to related parties (Note 49)	**8,570**	**9,627**
Total	**23,760**	**25,118**

Compensatory measures for loss of traffic revenues
The item grants decreased by EUR 4,170 thousand mainly in relation to the recognition of the offsetting measures introduced by Law no. 77 of 17 July 2020 (art. 200 paragraph 1, the “Relaunch Decree”) as amended, Law no. 126 of 13 October 2020 (art. 44, the “August Decree”), Law no. 176 of 18 December 2020 (art. 22-*ter*, the “Ristori Bis Decree”) and Law no. 69 of 21 May 2021 (art. 29, “Support Decree”), to partially offset the lower traffic revenues recorded in relation to the restrictive measures adopted to limit the spread of the COVID-19 virus, amounting to EUR 7,717 thousand, in addition to the portion paid by the Lombardy Region, amounting to EUR 530 thousand.

Contributions to cover raw material price increases
This item includes:
- “LPT fuel fund” contributions allocated by Decree Laws 115, 144 and 179 of 2022 to cover the increase in fuel costs due to the crisis in the energy sector in the wake of the Russia-

Ukraine conflict, benefitting local public transport companies, valid for the second and third four-month periods of 2022;
- contributions from the methane tax credit in the amount of EUR 1,404 thousand;
- contributions from the tax credit for higher electricity costs incurred during the year in the amount of EUR 438 thousand.

Net of this effect, other grants from third parties remained substantially unchanged.

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 2022.

Other grants, Lombardy Region

This item mainly refers to grants received for the purchase of high frequency trains (EUR 950 thousand), buses (EUR 536 thousand), the redevelopment of the Cadorna station in Milan (EUR 146 thousand), the grant, as per Regional Law 12/88, for the development of car parks at various stations along the Bovisa – Saronno stretch (EUR 121 thousand) and for the development of the "La Civiltà di Golasecca" museum (EUR 69 thousand).

Information required by article 1, paragraphs 125 and subsequent of Law 124/2017

As regards the information required by article 1, paragraphs 125 et seq. of Law 124/2017, the table below shows the amounts that were received from public administrations during fiscal year 2022 and the credits to the income statement of the accrued portions of the contributions in the manner set forth in the government grants accounting standard and the fees recognised by motorway and railway concession awarding bodies:

Company	Provider	Subject matter	Amount Collected in 2022	Amount for 2022
FNM	Lombardy Region	Museum Project - Golasecca Civilisation		68,964
FNM	Ministry of Economy and Finance	Facade Bonus		49,049
FERROVIENORD	Lombardy Region	R.L. 12/88 Car Parks Grant	—	121,066
FERROVIENORD	Lombardy Region	Grants for Coverage of National Collective	434,113	434,113
FERROVIENORD	Lombardy Region	Public Service Contract	68,149,335	65,243,923
FERROVIENORD	Lombardy Region	Public Service Contract - Funded Rolling Stock	326,747,699	428,084,799
FERROVIENORD	Lombardy Region	Programme Agreement	45,130,902	49,004,081
FERROVIENORD	Others	Programme Agreement	17,073,652	14,911,743
FERROVIENORD	Ministry of Economy and	Energy Tax Credit	—	371,915
FERROVIENORD	Ministry of Economy and	Facade Bonus	—	27,050
FNMA	Ministry of Economic	Relaunch Decree revenue supplement grants	409,017	731,448
FNMA	Ministry of Economic	Relaunch Decree additional run grants	290,660	322,930
ATV	Ministry of Economic Development	Investment grants Regional Government Decree 1123/2021, Regional Government Decree	2,762,255	—
ATV	Ministry of Economy and	Energy Tax Credit	—	1,470,573
ATV	Ministry of Economic	Relaunch Decree revenue supplement grants	—	3,316,909
ATV	Local Health Unit 9 Verona	ATV Training Grants	19,014	—
Malpensa Intermodale	Ministry of Economic	INDUSTRY 4.0 investments	35,192	—
La Linea	Ministry of Labour and Social Policy	Contributions art. 1 par. 306-308 DL 178/2020	90,671	
MISE	Anas S.p.A.	Access road to the New Rho-Pero Exhibition Centre Section A Junction - 1st and 2nd stage interventions	33,753,439	33,753,439
MISE	Lombardy Region	Redevelopment of the Lambrate junction of the East bypass and completion of the access roads to Segrate Intermodal Centre	38,638,396	38,638,396
MISE	MIMS - SVCA	Redevelopment, with motorway characteristics, of SP 46 Rho-Monza - lot 2: Underground railway crossing variant of the Milan-Saronno line	41,765,791	41,765,791
MISE	MIMS	Dynamic monitoring system for control of structures	901,022	901,022

NOTA 35 REVENUES FROM CONSTRUCTION SERVICES - IFRIC 12

The adoption of IFRIC 12 meant that investments made in railway and motorway infrastructure and rolling stock, entirely financed by the Lombardy Region, are not shown among tangible assets, but, as required by IAS 15, are charged to costs for the year.
The amount of these investments in 2022 was EUR 110,432 thousand, versus EUR 105,997 thousand in the previous year, and refers to railway infrastructure modernisation and enhancement work for EUR 70,738 thousand (EUR 63,000 thousand in 2021) and motorway infrastructure work for EUR 39,694 thousand (EUR 42,997 thousand in 2021).

The item also includes income deriving from the recovery of overhead costs for work orders for both the modernisation of the railway infrastructure and the renewal of rolling stock, respectively for EUR 5,244 thousand and EUR 3,140 thousand (EUR 2,503 thousand and EUR 2,606 thousand in 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 425,665 thousand.

NOTA 36 OTHER INCOME

The next table shows the breakdown of this item:

Description	2022	2021
Motorway infrastructure management income	6,237	3,798
Performance of services	3,450	3,312
Lease payments	2,906	1,718
Sale of warehouse materials	2,877	2,563
Recovery of costs	1,752	978
Recovery of gasoil excise	1,241	1,153
Insurance pay-outs	997	492
Fines and penalties	942	558
Capital gain on property, plant and equipment	660	616
Non-recurring income	476	1,185
Release of the provision for bad debts	194	—
Release of provisions for risks and charges	—	951
Other income	94	88
Other income	**21,826**	**17,412**
Sundry income with related parties	8,502	8,720
Other income from related parties (Note 49)	**8,502**	**8,720**
Total	**30,328**	**26,132**

Other income increased by EUR 4,196 thousand compared to the comparative year 2021, due to MISE's contribution of EUR 1,223 thousand to the consolidated group - in 2021 other income relating to the 1 January - 26 February 2021 period were not included - as well as the following changes:

Motorway infrastructure management income

This item refers to the recovery of management costs of the Agrate and Terrazzano barriers, recoveries of service area maintenance expenses and income from the management of the interconnected network.
Income in the year increased by EUR 2,439 thousand in connection with traffic trends and higher recoveries under the new contracts entered into with sub-concessionaires.

Sale of inventory materials

“Sale of inventory materials” relates to sales of obsolete material no longer usable for maintenance and increased by EUR 1,188 thousand.

Insurance pay-outs

Higher insurance pay-outs by EUR 505 thousand were recognised during the year.

Release of the provision for bad debts

With the risk of the non-collectability of receivables written down in the previous year no longer applicable, provisions for EUR 194 thousand were released (Note 17).

Sundry income with related parties

The item includes services provided by the Group to companies in joint ventures, in line with the previous year, besides the amount of costs recovered for railway infrastructure Planning and Project Management, carried out through funding from the Lombardy Region incurred for railway infrastructure modernisation works and the renewal of rolling stock.

The item also includes the capital gain relating to the sale of the business unit of the subsidiary MISE Engineering to APL, for EUR 874 thousand.

On 18 May 2022, Autostrada Pedemontana Lombarda and the subsidiary Milano Serravalle Engineering signed a "Letter of Intent" with the aim of outlining a negotiation process for the possible acquisition by Autostrada Pedemontana Lombarda of a business unit belonging to the subsidiary Milano Serravalle Engineering, against payment of consideration to be determined on the basis of an expert appraisal. On 16 December 2022, a contract was signed between the parties for the "transfer of the Business Unit". The consideration for the BU was determined based on an appraisal carried out by an independent expert, which attributed a total value of Euro 258,590 to the BU at 31 May 2022. This amount was subjected to a price adjustment mechanism agreed upon by the parties that, while the value of goodwill remained unchanged, took into account the net book value of the business unit at the effective date of the final deed.

On 31 January 2023, in accordance with contractual timelines, a financial position adjustment as at 16 December 2022 was submitted. On the following 27 February 2023, the parties signed the deed to specify the scope of the Business Unit and assess the price adjustment, with the transaction becoming fully effective on the basis of the values at 16 December 2022.

NOTA 37 RAW MATERIALS, CONSUMABLES AND GOODS USED

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

Description		**2022**	**2021**
Fuel, of which:			
	ATV S.r.l.	*14,505*	*7,692*
	FNM Autoservizi S.p.A.	*3,253*	*2,071*
	La Linea S.p.A.	*1,639*	*2,053*
	Martinibus	*464*	
	Malpensa Intermodale	*138*	*148*
Total Fuel		**19,999**	**11,964**
Other Costs for materials, of			
	FERROVIENORD S.p.A.	*10,349*	*5,564*
	ATV S.r.l.	*3,291*	*3,735*
	Milano Serravalle - Milano Tangenziali	*1,916*	*1,451*
	FNM Autoservizi S.p.A.	*800*	*1,113*
	La Linea S.p.A.	*125*	*61*
	Malpensa Intermodale	*39*	
Total Other costs for materials		**16,520**	**11,924**
Total		**36,519**	**23,888**

The item increased with respect to 2021, 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 costs, in addition to higher production volumes, it should be noted that:

- automotive diesel costs, amounting to EUR 7,534 thousand, rose by EUR 1,797 thousand with respect to 2021 (EUR 5,737 thousand) as a result of the higher average cost (amounting to 1.391 EUR/litre versus 1.1 EUR/litre in 2021);
- automotive CNG costs, amounting to EUR 6,495 thousand, rose by EUR 4,461 thousand with respect to 2021 (EUR 2,034 thousand) as a result of the higher average cost (amounting to 1.087 EUR/m3 versus 0.368 EUR/m3 in 2021).

As regards the costs of FNM Autoservizi, automotive diesel costs, amounting to EUR 3,253 thousand, rose by EUR 1,182 thousand with respect to those of 2021 (EUR 2,071 thousand) by effect of the increased production volumes (from 5.066 million bus km to 5.445 million bus km) and the higher average cost (EUR 1.46/litre compared to EUR 1.14/litre in 2021) as well as the increase in average consumption (2.46 km/litre compared to 2.45 km/litre in 2021).

The change in the year attributable to FERROVIENORD, equal to EUR 4,785 thousand, is due to the increased use of materials for maintenance works over the comparative year.
Reference is made to Note 4 for considerations on the estimate process for inventory obsolescence.

NOTA 38 SERVICE COSTS

The next table shows the breakdown of this item:

Description	2022	2021
Motorway infrastructure maintenance	40,434	36,754
Third-party services - Maintenance	14,461	14,326
Sundry third-party services	13,870	7,746
Utilities	13,489	8,609
Costs for subcontracting of LPT road services	11,987	13,044
Motorway infrastructure management	7,728	6,489
Expenses for employees	7,558	6,424
Insurance	6,270	4,687
Cleaning expenses	4,578	4,310
Consulting	5,159	3,644
Commercial expenses	3,437	2,253
Supervision expenses	3,221	3,289
Third-party services - Bus maintenance	2,849	2,918
IT costs	1,758	1,613
Real estate management	1,692	1,077
Motor vehicles management	1,548	1,513
Legal and notary fees	1,367	1,003
Coordinated and continuative services	1,232	435
Third-party services - Maintenance of rolling stock	822	451
Provisions for risks and charges	1,892	3,311
Other charges	6,099	4,812
Costs for non-ordinary consulting services		1,808
Service costs	**151,451**	**130,516**
Service costs - related parties	10,455	9,113
Service costs - related parties (Note 49)	**10,455**	**9,113**
Total	**161,906**	**139,629**

Service costs - third parties

Service costs with third parties show a net increase of EUR 20,935 thousand compared to 2021, due to the contribution of MISE to the consolidated group, amounting to EUR 6,300 thousand - in 2021, costs for services relating to the 1 January - 26 February 2021 period were not included - as well as what is described below:

- an increase of EUR 6,124 thousand in expenses for design, project management and safety coordination activities outsourced to third parties, of which EUR 4,583 thousand for railway infrastructure maintenance and EUR 1,044 thousand for motorway infrastructure maintenance;
- increase of EUR 4,239 thousand in utilities due to price increases;
- increase in expenses for employees, in particular travel and lodging and preventive medical examinations, by EUR 845 thousand;
- increase of EUR 1,440 thousand in insurance charges for policy renewals under more onerous economic conditions;
- increase in commercial expenses and commissions to third parties by EUR 1,184 thousand in relation to higher advertising expenses during the year;

- increase of EUR 408 thousand in collection charges relating to the increase in traffic;
- decrease of EUR 1,057 thousand in the subcontracting of automotive services to third parties in relation to the decline in additional services performed during the period.

The item "Motorway infrastructure maintenance" includes allocations to the renewal provision in the amount of EUR 19,797 thousand and utilisations of the renewal provision in the amount of EUR 14,075 thousand.

The renewal provisions recognised represent the amount set aside during the year in order to ensure their consistency. The amount set aside is valued taking into account scheduled maintenance as well as the progress of the investment plan, as set forth in the Economic and Financial Plan.

The utilisation of the renewal provision represents the expenses incurred during the financial year for the restoration of assets under concession, included under the item maintenance of assets under concession, covered by the renewal provision previously set aside.

Finally, the non-recurring charge of EUR 1,808 thousand in 2021 is attributable to consulting fees for development projects.

Service costs - related parties

"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 rose by EUR 933 thousand net of the consolidation of MISE of EUR 409 thousand, due to increased IT services.

NOTA 39 PERSONNEL COSTS

The item personnel costs is broken down as follows:

Description	2022	2021
Wages and salaries	117,288	109,302
Social security contributions	31,717	32,203
Allocation to supplementary pension fund	8,115	7,329
Allocation to National Collective Labour Agreement provision	835	2,073
Pension liabilities	1,923	943
Allocation for post-employment benefit payable	273	379
Other costs	3,083	2,401
Recovery of personnel costs	(1,126)	(1,174)
Total	**162,108**	**153,456**

Personnel costs showed an overall net increase of EUR 8,652 thousand, mainly due to the contribution of MISE in the first two months, which was not present in 2021, amounting to EUR 7,515 thousand.

The item "Pension liabilities" includes the leaving incentives defined following the collective redundancy procedure formalised with the agreement signed on 20 July 2022 between trade union representatives and the subsidiary MISE. The agreement provides for voluntary consensual termination by employees to be exercised by the end of 2022, subject to the payment of an incentive.

The National Collective Bargaining Agreement for the Railway/Tram sector is applied to all Group employees, with the following exceptions: MISE employees are subject to the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia; E-Vai and La Linea employees are subject to the National Collective Bargaining Agreement for Commerce; Martini Bus employees are subject to the National Collective Bargaining Agreement for the Garages sector; and senior managers are subject to the contract for senior managers of industrial companies.
The average number of employees by category is shown below:

Average number of employees by category	2022	2021
Executives	51	47
Middle managers	175	170
Office workers	602	600
Blue collar workers	1,981	2,025
Total	**2,809**	**2,842**

NOTA 40 DEPRECIATION, AMORTISATION AND WRITE-DOWNS

The next table shows the breakdown of this item:

Description	2022	2021
Depreciation	35,866	33,934
Amortisation	42,586	35,634
Amortisation of right of use	7,651	6,632
Write-down of Property, plant and machinery	233	880
Write-down of Intangible assets	48	—
Write-down of rights of use	2,957	—
Impairment Goodwill	2,714	913
Depreciation, amortisation and write-downs	**92,055**	**77,993**

Reference is made to Note 4 for the type of estimate processes connected with this item.

Depreciation
This item, up by EUR 1,932 thousand, derives from the increase in depreciation of rolling stock following the entry into service of new fleets.

Amortisation

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

Amortisation of right of use
The amortisation of the right of use increased due to the signing of new contracts in the financial year as well as the consolidation of MISE as of 26 February 2021.

Write-down of property, plant and equipment

The amount is entirely attributable to the write-down of capitalised maintenance on trains.

Write-down of rights of use

The write-down relates to the rights of use of the subsidiary E-Vai.

Impairment Goodwill

Comments are provided in Note 8.

NOTA 41 WRITE-DOWNS OF FINANCIAL ASSETS

This item includes the amounts relating to provisions for bad debts, in the amount of EUR 506 thousand, and the write-downs made on contractual assets, in the amount of EUR 1,155 thousand.
In 2021, a write-down of EUR 3,158 thousand was recognised in relation to receivables relating to funded work orders.

NOTA 42 OTHER OPERATING COSTS

The next table shows the breakdown of this item:

Description	2022	2021
Concession fee	28,019	22,155
Allocations to the provision for risks and charges	15,788	13,682
Taxes and duties	2,170	1,762
Non-recurring expenses	840	757
Fines, penalties and settlements	733	464
Capital losses on property, plant and equipment	66	262
Losses on receivables	29	70
Release of provisions for risks and charges	(855)	
Release of non-recurring provisions for risks and charges		(2,237)
Other charges	3,153	2,825
Other operating costs	**49,943**	**39,740**
Other operating costs	104	190
Other operating costs to related parties (Note 49)	**104**	**190**
Total	**50,047**	**39,930**

The change in other operating costs shows a net increase of EUR 10,117 thousand compared to 2022, mainly due to the contribution of MISE, amounting to EUR 3,309 thousand, and is analysed below.

The item “Concession fees” refers to motorway concession fees. The comparative year 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 2,763 thousand due to the change in toll revenues and traffic trends.

Allocations to the provision for risks and charges
This item 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 2021 and 2022. The following were delivered during 2022:

- 20 high-capacity (EMU), long configuration, “Caravaggio” type trains;
- 6 high-capacity (EMU), short configuration, “Caravaggio” type trains;
- 16 “Donizetti” type (EMU) trains;
- 5 “Colleoni” type trains.

The release of the provision for non-recurring risks and charges, present in 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 13 of the Management Report, to which reference should be made.

Other charges
This item includes membership fees for EUR 1,852 thousand (EUR 1,312 thousand at 31 December 2021).

NOTA 43 FINANCIAL INCOME

Financial income accrued as shown in the following table:

Description	2022	2021
Income from fund discounting	4,171	—
Current bank accounts and deposits	151	76
Gain from disposal	80	—
Other financial income	659	430
Financial income	**5,061**	**506**
Valuation of equity investments in other companies	—	199
Other financial income	3,647	2,213
Financial income from related parties (Note 49)	**3,647**	**2,412**
Total	**8,708**	**2,918**

Income from fund discounting

The income is attributable to the change in the discount rate for the cyclical maintenance provision, in the amount of EUR 2,492 thousand, and the motorway infrastructure renewal provision, in the amount of EUR 1,679 thousand.

Gain from disposal

The gain from disposal to third parties relates to the sale of the equity investment in Confederazione Autostrade S.p.A., which took place on 28 June 2022, as described in Note 10.

Current bank accounts and deposits

Financial income on current bank accounts and deposits increased by EUR 76 thousand in relation to the lower quantity of cash and the lower average remuneration rate, which went from 0.019% to 0.045% in 2022.

Valuation of equity investments in other companies

The income derives from the valuation of the investment in Società di Progetto Brebemi to adjust it to the purchase offer received (Note 21).

Other financial income

This item relates to the financial income resulting from the loan agreements between FNM and the investee Busforfun and between MISE and the investees APL, S.A.Bro.M. and Tangenziale Esterna (Note 11).

NOTA 44 FINANCIAL EXPENSES

Financial expenses are accrued on:

Description	2022	2021
Financial expenses on the corporate bond	6,314	1,245
Financial expenses on loans	4,297	10,856
Discounting of renewal provision	777	634
Lease agreement as lessee	443	322
Financial expenses from measurement at fair value though profit or loss	196	
Post-employment benefit (Note 29)	259	93
Non-recurring Bridge Loan up-front fees, extension fees and accessory expenses		8,602
Fees and charges for not using loans		18
Other financial expenses	264	119
Financial expenses	**12,550**	**21,889**
Financial expenses to related parties	151	399
Write-downs on Equity investments in other companies	40	
Financial expenses for non-recurring financial receivable adjustment		2,012
Financial expenses on giro account	22	2
Lease agreement as lessee	1	1
Financial expenses to related parties (Note 49)	**214**	**2,414**
Total	**12,764**	**24,303**

Financial expenses on the corporate bond
This item includes the financial expenses relating to the bond loan (Note 24) 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 relating to:
- 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 185 thousand;
- loans taken out by MISE, for a total of EUR 4,263 thousand (EUR 4,362 thousand in 2021), the item includes interest accrued on both long-term and short-term loans, inclusive of the portion capitalised in intangible assets relating to assets under concession, amounting to EUR 1,577 thousand, and the negative IRS spread relating to financial hedging contracts, amounting to EUR 1,457 thousand.

In the previous year, the item also included financial expenses arising from:
- the short-term bridge loan of EUR 620 million taken out on 28 January 2021 and repaid on 20 October 2021 to 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, 1.50% for the 29 April - 30 June period and 1.75% for the 1 July - 20 October period, equal to EUR 6,217 thousand;
- the loan taken out by the Parent on 7 August 2018 and disbursed only for the Term Loan Facility, calculated at the contractual interest rate equal to 6-month Euribor + 1.3% spread, equal to a total of EUR 53 thousand. 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.

Up-front fees, extension fees and non-recurring accessory expenses
This item included financial expenses relating to the upfront fees (EUR 6,729 thousand), extension fees (EUR 930 thousand) and accessory expenses (EUR 943 thousand) relating to the short-term bridge loan of EUR 620 million taken out by the Parent Company on 28 January 2021 from a pool of banks comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch.

Lease agreement as lessee
Lease agreements as lessee are attributable to the application of IFRS 16.

Financial expenses for non-recurring financial receivable adjustment
In application of the provisions of IFRS 9, following the postponement of the expected date of repayment from 2044 to 2053 of the loan to APL for a nominal amount of EUR 150,000 thousand, the calculation of the amortised cost was updated in 2021, taking account of the interest rate (6.89%) and the different duration, which resulted in an adjustment to the financial receivable recognised by EUR 2,012 thousand.

NOTA 45 NET PROFIT OF COMPANIES MEASURED WITH THE EQUITY METHOD

The item of the result of companies measured with the equity method at 31 December 2022 and 31 December 2021 is broken down as follows:

Description	2022	2021	Change
Trenord Srl *	(3,553)	57	(3,610)
Autostrada Pedemontana Lombarda	(402)	901	(1,303)
Tangenziali Esterne di Milano S.p.A. **	(1,383)	(1,496)	113
NORD ENERGIA SpA ***	1,705	2,068	(363)
DB Cargo Italia Srl	2,774	2,356	418
Omnibus Partecipazioni Srl ****	1,711	1,938	(227)
NordCom SpA	231	453	(222)
Busforfun.Com S.r.l.	(4)	(550)	546
Sportit S.r.l.	(262)	(9)	(253)
Result of companies valued at equity	**817**	**5,718**	**(4,901)**

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

The details of the 2022 income statement for joint ventures and associates are provided below:

Amounts in thousands of euros	Trenord Srl	NordCom SpA	Busforfun.com Srl	Nord Energia SpA	Omnibus Partecip. Srl	DB Cargo Italia S.r.l.	Sportit S.r.l.	Autostrada Pedemontana Lombarda	Tangenziali esterne di Milano SpA	2022
Revenues from sales and services	781,027	20,540	4,593	7,263	—	75,681	—	53,164	—	942,268
Grants	—	97	—	—	—	4,413	—	—	—	4,510
Other income	50,914	138	379	—	72	3,937	8,740	3,335	129	67,644
TOTAL REVENUES AND OTHER INCOME	**831,941**	**20,775**	**4,972**	**7,263**	**72**	**84,031**	**8,740**	**56,499**	**129**	**1,014,422**
Raw materials, consumables and goods used	(35,201)	(435)	(100)	—	—	(1,211)	(3)	(283)	—	(37,233)
Service costs	(350,799)	(10,423)	(4,204)	(3,492)	(227)	(38,424)	(7,374)	(21,875)	(506)	(437,324)
Personnel costs	(284,084)	(5,432)	(731)	(107)	(213)	(27,463)	(721)	(8,243)	(126)	(327,120)
Depreciation, amortisation and	(175,017)	(3,366)	(361)	(392)	—	(7,026)	(281)	(2,718)		(189,161)
Other operating costs	(2,021)	(59)	(103)	(4)	(3)	(366)	(1,110)	(5,199)	(16)	(8,881)
TOTAL COSTS	**(847,122)**	**(19,715)**	**(5,499)**	**(3,995)**	**(443)**	**(74,490)**	**(9,489)**	**(38,318)**	**(648)**	**(999,719)**
EBIT	**(15,181)**	**1,060**	**(527)**	**3,268**	**(371)**	**9,541**	**(749)**	**18,181**	**(519)**	**14,703**
Financial income	152	6				96	—	14	—	268
Financial expenses	(3,298)	(64)	(125)	(4)	—	(111)	(10)	(20,739)		(24,351)
NET FINANCIAL INCOME	**(3,146)**	**(58)**	**(125)**	**(4)**	**—**	**(15)**	**(10)**	**(20,725)**	**—**	**(24,083)**
Net profit of companies measured with the equity method	200	—	—	498	3,793		—	—	(5,615)	(1,124)
EARNINGS BEFORE TAX	**(18,127)**	**1,002**	**(652)**	**3,762**	**3,422**	**9,526**	**(759)**	**(2,544)**	**(6,134)**	**(10,504)**
Income taxes	11,024	(230)		(920)	—	(2,590)	—	1,407		8,691
PROFIT/(LOSS) FOR THE YEAR	**(7,103)**	**772**	**(652)**	**2,842**	**3,422**	**6,936**	**(759)**	**(1,137)**	**(6,134)**	**(1,813)**

Amounts in thousands of euros	Trenord Srl	NordCom SpA	Busforfun.com Srl	Nord Energia SpA	Omnibus Partecip. Srl	DB Cargo Italia S.r.l.	Sportit S.r.l.	Autostrada Pedemontana Lombarda	Tangenziali esterne di Milano SpA	2021
Revenues from sales and services	649,707	18,746	1,140	9,974	—	65,870	255	25,857		771,549
Grants	—	—	—	—	—	4,701	—	—		4,701
Other income	116,093	357		—	73	3,361	—	2,018	101	122,003
TOTAL REVENUES AND OTHER INCOME	**765,800**	**19,103**	**1,140**	**9,974**	**73**	**73,932**	**255**	**27,875**	**101**	**898,253**
Raw materials, consumables and goods used	(32,782)	(194)	—	—	—	(876)	—	(108)		(33,960)
Service costs	(309,816)	(9,212)	(1,389)	(5,691)	(178)	(31,430)	(229)	(3,589)	(398)	(361,932)
Personnel costs	(270,656)	(5,227)	(287)	(105)	(183)	(27,293)	(22)	(6,564)	(100)	(310,437)
Depreciation, amortisation and	(177,468)	(3,488)	587	(593)	—	(5,880)	(10)	(10,880)		(197,732)
Other operating costs	(1,080)	(75)		(4)	(2)	(299)	(20)	(3,767)	(14)	(5,261)
TOTAL COSTS	**(791,802)**	**(18,196)**	**(1,089)**	**(6,393)**	**(363)**	**(65,778)**	**(281)**	**(24,908)**	**(512)**	**(909,322)**
EBIT	**(26,002)**	**907**	**51**	**3,581**	**(290)**	**8,154**	**(26)**	**2,967**	**(411)**	**(11,069)**
Financial income	782			1		106	—	12	—	901
Financial expenses	(1,782)	(75)	—	(41)	—	(90)	(1)	(10,377)		(12,366)
NET FINANCIAL INCOME	**(1,000)**	**(75)**	**—**	**(40)**	**—**	**16**	**(1)**	**(10,365)**	**—**	**(11,465)**
Net profit of companies measured with the equity method	237	—	—	912	4,249	—	—	—	—	5,398
EARNINGS BEFORE TAX	**(26,765)**	**832**	**51**	**4,453**	**3,959**	**8,170**	**(27)**	**(7,398)**	**(411)**	**(17,136)**
Income taxes	26,878	(119)		(1,006)	—	(2,279)	—	1,311		24,785
PROFIT/(LOSS) FOR THE YEAR	**113**	**713**	**51**	**3,447**	**3,959**	**5,891**	**(27)**	**(6,087)**	**(411)**	**7,649**

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 investee and on the capital and financial situation of the investee Trenord and APL (section 9.5).

NOTA 46 INCOME TAXES

The next table shows the breakdown of this item.

Description	2022			2021		
	Total	IRES	IRAP	Total	IRES	IRAP
Current	(26,563)	(21,404)	(5,159)	(18,592)	(14,582)	(4,010)
Robin Tax				(496)	(496)	
Taxes for previous years	(96)	(96)		293	293	
Prepaid/Deferred	(1,611)	(1,953)	342	1,651	1,651	
Total	**(28,270)**	**(23,453)**	**(4,817)**	**(17,144)**	**(13,134)**	**(4,010)**

Current taxes rose by EUR 7,971 thousand due to the Group’s higher taxable income for the year.

Reconciliation between the IRES ordinary rate and effective rate:

Description	2022	2021
Applicable IRES rate	24.00 %	24.00 %
Untaxed capital grants	-1.02 %	-1.57 %
Robin Tax	0.00 %	0.82 %
Other changes	1.47 %	3.79 %
ACE Deduction	-0.81 %	-1.85 %
Deductible IRAP	-0.19 %	-0.08 %
Deferred tax liabilities	2.00 %	-2.74 %
Effective rate	24.45 %	22.38 %

NOTA 47 RESULT FROM DISCONTINUED OPERATIONS

No discontinued operations were recognised, as in 2022.

NOTA 48 EARNINGS PER SHARE

Earnings per share are calculated dividing the result attributable to Group shareholders by the average weighted number of ordinary shares issued, excluding any treasury shares purchased from this calculation, no stock option plans being in place.

Description	2022	2021
Profit attributable to parent company shareholders in Euro	68,476,000	40,875,000
Weighted average number of shares	434,902,568	434,902,568
Basic earnings per share in Euro cents	0.16	0.09

Diluted earnings per share coincide with basic earnings per share.

NOTA 49 OPERATIONS WITH RELATED PARTIES

FNM 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 include also the transactions with entities for which the Group has joint control and with associates.

Pursuant to article 2427, subparagraph 1 n. 22-*quinquies* and *sexies* of the Italian Civil Code, it is pointed out that the Lombardy Region, in application of the addendum 4/4 to Italian Legislative Decree 118/2011, introducing the applied accounting standard concerning the Consolidated Financial Statements, included from the 2018 Consolidated Financial Statements its own instrumental agencies, units and bodies and the subsidiary and investee companies, thus also including the FNM Group.

Transactions with Related Parties are presented below:

Description	Notes	31/12/2022			31/12/2021		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
BALANCE SHEET							
Other non-current financial assets measured at amortised cost	11	57,316	56,316	98.3 %	53,120	52,119	98.1 %
Other non-current receivables	18	3,542	7	0.2 %	1,918	7	0.4 %
Trade receivables	17	152,964	70,529	46.1 %	133,067	62,917	47.3 %
Other current receivables	18	149,490	25,566	17.1 %	123,012	17,968	14.6 %
Other current financial assets measured at amortised cost	11	1,174	481	41.0 %	862	329	38.2 %
Receivables for funded investments	13	249,333	247,336	99.2 %	138,061	136,064	98.6 %
Payables for funded investments	25	12,587	6,763	53.7 %	12,581	6,759	53.7 %
Lease liabilities	24	18,029	20	0.1 %	22,793	106	0.5 %
Other non-current liabilities	27	31,095	10,075	32.4 %	25,901	8,433	32.6 %
Current financial payables	24	35,679	30,586	85.7 %	67,441	39,148	58.0 %
Current payables for funded investments	25	41,112	41,112	100.0 %	36,978	36,978	100.0 %
Current lease liabilities	24	7,746	115	1.5 %	6,947	21	0.3 %
Trade payables	30	470,689	13,405	2.8 %	372,327	10,855	2.9 %
Other current liabilities	32	63,722	17,696	27.8 %	62,220	18,416	29.6 %

Description	Notes	2022			2021		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
INCOME STATEMENT							
Revenues from sales and services	33	543,434	188,833	34.7 %	458,134	174,599	38.1 %
Grants	34	23,760	8,570	36.1 %	25,118	9,627	38.3 %
Revenues from construction services	35	110,432	71,215	64.5 %	105,997	63,001	59.4 %
Other income	36	30,328	8,502	25.9 %	26,132	8,720	33.4 %
Service costs	38	(161,906)	(10,455)	6.5 %	(139,629)	(9,113)	6.5 %
Other operating costs	42	(50,047)	(104)	0.2 %	(39,930)	(190)	0.5 %
Financial income	43	8,708	3,647	47.2 %	2,918	2,412	82.7 %
Financial expenses	44	(12,764)	(214)	0.5 %	(24,303)	(2,414)	9.9 %

Description	2022			2021		
	Total	Related parties		Total	Related parties	
		Absolute value	Proportion %		Absolute value	Proportion %
CASH FLOWS						
Cash flows from operations	145,223	258,112	177.7 %	140,418	250,929	178.7 %
Cash flow from investments	(157,196)	(127,098)	80.9 %	(546,452)	(739,152)	135.3 %
Cash flow from financing	(102,589)	(7,758)	7.6 %	504,522	(15,184)	-3.0 %

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 18).

“Receivables for funded investments” recognise, in accordance with IFRIC 12, the portions not yet collected and intended to finance the investments in the modernisation of infrastructure and the renewal of rolling stock (Note 13).

“Current financial payables to related parties” include the balance of the giro account held with joint venture investees and the Pension Fund (Note 24).

“Payables for funded investments to related parties” include payables to the Lombardy Region relative to the excess of collections of fees obtained from the Body for investments made by the Group, for the portion already allocated to investments and not yet offset (Note 25).

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.

The services provided to and received from investee companies, under normal market conditions, are summarised below:

Activities which produced revenue	Trenord	NordCom	NORD ENERGIA	DBCI
Administrative Services	X	X	X	
Sap Fee	X	X	X	
Lease of premises in Novate	X			
Lease of offices in P.le Cadorna	X	X		
Lease of Iseo offices and space	X			
Hire of rolling stock	X			X
Sale of advertising space	X			

Activities which produced costs	Trenord	NordCom	NORD ENERGIA	DBCI
IT Services		X		
Lease of distributed IT		X		

Top Management

Relations with Top Management refer to the compensation of the Directors of the Parent Company and to the remuneration of key personnel and they are analysed as follows with reference to 31 December 2022:

Amounts in thousands of euros	**2022**
Directors	707
Other Key Personnel	1,699
Total	**2,406**

It should be noted that no loans have been granted and no receivables are due from Directors and Key Management Personnel. It should also be noted that no commitments have been undertaken by the Company on their behalf.

The amount shown under the item “Other Key Personnel” includes short-term benefits in the amount of EUR 254 thousand and termination benefits granted to key management personnel in the amount of EUR 400 thousand.

It should be noted that as of today there are no stock options.

NOTA 50 OTHER COMPREHENSIVE INCOME

Details of related items recorded in shareholders' equity at 31 December 2022 and 31 December 2021 are reported below:

Description	2022			2021		
	Gross value	Tax (Charge)/Benefit	Net Value	Gross value	Tax (Charge)/Benefit	Net Value
Post-employment benefit actuarial	2,611	(728)	1,883	(184)	51	(133)
Revaluation of Fair value of derivatives	3,190	(765)	2,425	2,305	(551)	1,754
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	631		631	313		313
Revaluation of fair value of derivatives of companies measured with the equity method	4,037		4,037	1,552		1,552
Gains/(losses) arising from the translation of financial statements of foreign companies	53		53	42		42
Total	**10,522**	**(1,493)**	**9,029**	**4,028**	**(500)**	**3,528**

Post-employment benefit actuarial gain/(loss)
Starting from the preparation of the Consolidated Financial Statements at 31 December 2011, actuarial gains/losses are not recognised the income statement, but in a specific reserve of shareholders' equity, net of the tax effect, recognised in the statement of comprehensive income (Note 29).

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 10).

Reserve for changes in fair value of derivatives
Reference is made to Note 24.

Gains/(losses) arising from the translation of financial statements of foreign companies
Reference is made to Note 10.

NOTA 51 RISK MANAGEMENT

Credit risk

Credit risk represents the Group's exposure to potential losses arising from counterparty default.
The Group has a considerable number of receivables from the counterparty Lombardy Region, the Group's majority shareholder.

In particular, as regards financial counterparty risk from the use of liquidity, the Group deals with entities that have a secure, high profile and considerable international standing.
As regards motorway tolls, credit risk is particularly limited given the procedure in place for collecting tolls, and the subsidiary MISE constantly monitors these receivables and writes down positions for which there may be a risk of partial or total failure to collect the receivable.

Receivables due from third parties for which credit risk is assessed, are summarised below:

Description	31/12/2022	31/12/2021
Receivables from banks (note 20)	235,885	351,047
Trade receivables from third parties (note 17)	82,435	70,150
Other receivables from third parties (note 18)	117,630	77,129
Other financial assets measured at amortised cost (Note 11)	1,693	1,534
Financial Assets measured at fair value through profit or loss (Note 12)	12,033	12,419
Total	**449,676**	**512,279**

"Receivables from others" included in the previous table are net of tax payables.

Financial assets are recognised in the financial statements, net of the write-down calculated based on the counterparty default risk, determined considering information available on customer solvency and historical data.
Trade receivables from non-related parties at the end of the reporting period present the following due dates:

Description	2022			2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	149,561		149,561	64,718	(185)	64,533
Past due for 31-60 days	758		758	758	(75)	683
Past due for 61-90 days	2,068	(319)	1,749	2,382	(45)	2,337
Past due for 91-120 days	373		373	160	(38)	122
Past due for 121-360 days	452	(321)	131	2,590	(540)	2,050
Over 361 days	3,876	(3,484)	392	4,004	(3,579)	425
Total	**157,088**	**(4,124)**	**152,964**	**74,612**	**(4,462)**	**70,150**

Changes in the provision for bad debts (trade) during the year are presented below:

Description	31/12/2022	31/12/2021
Balance as at 1 January	4,442	2,805
Change in scope of consolidation	(108)	1,432
Allocation of the period	552	581
Releases of the period	(202)	
Uses of the period	(560)	(356)
Balance as at 31 December	**4,124**	**4,462**

Liquidity risk

The Group's liquidity risk may arise from the difficulty of obtaining loans for its operations in appropriate times, or from the ability to refinance existing debt or to refinance it at favourable conditions, or from failure to comply with financial ratios ("covenants") and other commitments provided for in the various loan agreements, with the resulting application of the acceleration clause and the right of the counterparties to obtain early repayment of the loans disbursed.
The above liquidity risks are mitigated by obtaining (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20

December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

Company and Group cash flows, financing needs and liquidity are monitored and managed centrally controlled by the Group Treasury department managed by FNM, with the aim of guaranteeing the effective and efficient management of financial resources.

As regards the motorway segment, the Group believes that the financial requirements linked to the investments made in the motorway infrastructure, according to the contents of the Economic and Financial Plan, are essentially covered by the operating cash flows.

The possibility of accessing additional debt capital to be allocated to the motorway infrastructure investment programme is supported by the cash flows generated by operations, also in relation to the application of the provisions issued by the Transport Regulatory Authority on tariffs. The above-mentioned flows guarantee repayment of the debt within the period of the concession, in compliance with current contractual and conventional commitments. In the absence of tariff recognition as investments progress, the mechanism for recognising the annual toll tariff adjustment provides for the possible creation of "notional items" to be settled at the end of the expiry of the concession.

Management considers that currently available funds and credit lines, as well as funds and credit lines that will be generated from operations and loans, will enable the Group to meet its requirements arising from investing activities, the management of working capital and repayment of loans on their natural expiry.

Contract due dates for financial liabilities are shown below:

Description	**< 1 year**	**between 1 and**	**between 2 and**	**> 5 years**	**Total**
2022					
Lease liabilities	115	20			135
Payables to the Lombardy Region	30,586		6,763		37,349
FINLOMBARDA financing					—
Current account	30,586				30,586
Total related parties	**61,287**	**20**	**6,763**		**68,070**
Payables to banks	55,070	46,766	96,915		198,751
Bond Loan			650,000		650,000
Lease liabilities	7,631	7,631	10,278	100	25,640
Payables to other non-controlling shareholders	4,969				4,969
Current account					—
Other financial payables	61				61
Total third parties	**67,731**	**54,397**	**757,193**	**100**	**879,421**
Total	**129,018**	**54,417**	**763,956**	**100**	**947,491**

Description	< 1 year	between 1 and 2	between 2 and 5	> 5 years	Total
2021					
Lease liabilities	21	21	64		106
Payables to the Lombardy Region	39,169		6,759		45,928
FINLOMBARDA financing	8,000				8,000
Current account	31,175				31,175
Total related parties	**78,365**	**21**	**6,823**	**—**	**85,209**
Payables to banks	96,816	46,766	118,414		261,996
Bond Loan			650,000		650,000
Lease liabilities	7,251	7,121	11,028	4,633	30,033
Payables to other non-controlling shareholders	21,858				21,858
Current account	4,811				4,811
Other financial payables	61				61
Total third parties	**130,797**	**53,887**	**779,442**	**4,633**	**968,759**
Total	**209,162**	**53,908**	**786,265**	**4,633**	**1,053,968**

The following average rate was applied for finance lease agreements:

Description	31/12/2022	31/12/2021
Average rate applied	0.98 %	1.47 %

Currency risk

The Group mainly operates at a local level, and therefore is not exposed to currency risk.

Interest rate risk

Financial liabilities primarily consist of the bond loan, loans taken out by MISE from major credit institutions, the EIB loan and finance leases. The Group is not exposed to particular risks of changes in interest rates on finance lease agreements, as these agreements concern corresponding finance lease agreements in which the Group is the lessor. The possible volatility of financial expenses associated with changes in interest rates on loans is monitored and mitigated by adopting an interest rate risk management policy which opts for a balanced mix of loans.

In particular, the bond issued by FNM and the EIB loans are not subject to volatility as they are subject to a fixed rate.

As regards the loans taken out by MISE in order to limit their effects, hedging contracts have been entered into connected with the variability of interest rates (Interest Rate Swap - IRS).At 31 December 2022, floating rate debt of MISE amounted to 78.31% of the long-term portfolio.

At 31 December 2022, Group's floating rate debt amounted to 85% of the long-term portfolio.

More specifically, at the end of 2022, the subsidiary has IRS derivative contracts in place with a total notional amount of EUR 30 million, referring to hedges on bilateral floating rate loans for a total amount of EUR 60 million maturing on 31 December 2025. With regard to the remaining portion of debt, which is primarily linked to the Euribor rate, in view of i) forecasts of any significant increases in short-term rates and ii) the weighted residual useful life of the loans of just over 2 years, there is currently no need to adjust the existing loan agreements and/or implement additional hedges to convert floating-rate loans into fixed-rate loans.

The following table shows the impact on shareholders' equity and the net profit for the year ended 31 December 2022 of a hypothetical positive and negative change of 125 basis points (bps) in interest rates actually applied during the year:

(Amounts in thousand of euros) Loss/ (Profit)	31/12/2022			
	Income statement result		Other Comprehensive Income	
	Interest +125 bps	Interest -125 bps	Interest +125 bps	Interest -125 bps
Non-hedged floating rate loans				
Effect of change in interest rate	2,022	(1,976)		
Floating-rate loans converted through IRS into fixed-rate loans				
Effect of change in interest rate on the fair value of hedging derivatives - effective portion of hedge (*)			423	(441)
Impacts before tax effect	2,022	(1,976)	423	(441)
Tax effect	(556)	543	(101)	106
Impact after tax effect	***1,466***	***(1,433)***	***322***	***(335)***

(*) The change in the interest rate affects the change in fair value of hedging derivatives, which is recognised in other comprehensive income and therefore does not impact the income statement.

Capital management

The main objectives pursued by the Group in its capital risk management policy are to create value for shareholders and safeguard the business as a going concern. The Group also aims to maintain an optimal capital structure in order to reduce the cost of debt and meet requirements (covenants) of debt agreements (Note 23 - 24). Particular attention is paid to the level of indebtedness in relation to shareholders' equity and to EBITDA, pursuing goals of profitability and generation of operating cash.

In order to mitigate risk, the Group obtained (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20 December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

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.

Amounts in thousands of euros	**Notes**	**Book value 31/12/2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through OCI		0			
Financial assets measured at fair value through profit or loss	10-12	17,909		6,767	11,142
Financial derivative liabilities	24	209		209	

Amounts in thousands of euros	**Notes**	**Book value 31/12/2021**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through OCI		0			
Financial assets measured at fair value through profit or loss	10-12	24,387		13,276	11,111
Financial derivative liabilities	24	3,399		3,399	

The accounting value already approximates fair value, where the related hierarchical level is not expressed.

There are currently some instruments in the financial statements whose value is determined by models with input not directly linked to observable market data, particularly in relation to the valuation of minority interests. For all derivative instruments used by the Group, the fair value is determined on the basis of valuation techniques that make reference to parameters observable on the market (i.e. “Level 2”); during the year, there were no transfers from Level 1 to Level 2 and vice versa.

NOTA 52 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS

In compliance with provisions in IFRS 7, the next tables show information on categories of financial assets and liabilities of the Company at 31 December 2022 and 31 December 2021, restated according to IFRS 9 information.

Amounts in thousands of euros	**Notes**	**Book value at 31/12/2022**	**Financial assets at amortised cost**	**Financial assets at FV through profit or loss**	**Financial assets at FV through OCI**	**Financial liabilities at FV**	**Financial liabilities at amortised cost**
NON-CURRENT ASSETS							
Equity investments measured at fair value through profit or loss	10	11,141		11,141			
Other financial assets measured at amortised cost	12	57,316	57,316				
Financial assets measured at Fair Value through profit or loss	11	4,324		4,324			
Contractual assets	14	77,209	77,209				
Other Receivables	18	3,542	3,542				
CURRENT ASSETS							
Trade Receivables	17	152,964	152,964				
Other Receivables	18	149,490	149,490				
Other financial assets measured at amortised cost	11	1,174	1,174				
Financial assets measured at Fair Value through profit or loss	12	7,709		7,709			
Receivables for funded investments	13	249,333	249,333				
Cash and cash equivalents	20	236,928	236,928				
NON-CURRENT LIABILITIES							
Payables to banks	23	143,681					143,681
Bond Loan	24	644,398					644,398
Financial Payables	24	2,197				85	2,112
Lease liabilities	24	18,029					18,029
Payables for funded investments	25	12,587					12,587
Other liabilities	27	31,095					31,095
CURRENT LIABILITIES							
Payables to banks	23	55,070					55,070
Bond Loan	24	961					961
Financial Payables	24	35,679				124	35,555
Lease liabilities	24	7,746					7,746
Payables for funded investments	25	41,112					41,112
Trade payables	30	470,689					470,574
Other liabilities	32	63,722					63,722

Amounts in thousands of euros	Notes	Book value at 31/12/2021	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at FV	Financial liabilities at amortised cost
NON-CURRENT ASSETS							
Equity investments measured at fair value through profit or loss	10	11,074		11,074			
Other financial assets measured at amortised cost	11	53,120	53,120				
Financial assets measured at Fair Value through profit or loss	11	5,419		5,419			
Contractual assets	14	145,088	145,088				
Other Receivables	18	1,918	1,918				
CURRENT ASSETS							
Trade Receivables	17	133,067	133,067				
Other Receivables	18	123,012	123,012				
Other financial assets measured at amortised cost	11	862	862				
Financial assets measured at Fair Value through profit or loss	12	7,000		7,000			
Investments in other companies	21	6,313		6,313			
Receivables for funded investments	13	138,061	138,061				
Cash and cash equivalents	20	351,832	351,832				
NON-CURRENT LIABILITIES							
Payables to banks	23	165,683					165,683
Bond Loan	24	642,958					642,958
Financial Payables	24	3,923				1,837	2,086
Lease liabilities	24	22,793					22,793
Payables for funded investments	25	12,581					12,581
Other liabilities	27	20,395					20,395
CURRENT LIABILITIES							
Payables to banks	23	88,774					88,774
Bond Loan	24	962					962
Financial Payables	24	67,441				1,562	65,879
Lease liabilities	24	6,947					6,947
Payables for funded investments	25	36,978					36,978
Trade payables	30	372,327					372,327
Other liabilities	32	67,726					67,726

NOTA 53 SIGNIFICANT NON-RECURRENT EVENTS AND TRANSACTIONS

During the year, no significant, non-recurring events and transactions were reported.

During the previous financial year, the following was recognised:

- a non-recurring expense of EUR 1,808 thousand in connection with development projects, primarily relating to the MISE acquisition;
- non-recurring income of EUR 2,237 thousand deriving from the release of a provision for risks following the partial closure of the dispute with the Customs Agency.
- non-recurring financial expenses for EUR 8,602 thousand, relating to upfront fees (EUR 6,729 thousand), extension fees (EUR 930 thousand) and accessory expenses (EUR 943 thousand) relating to the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch.

  Non-recurring financial expenses also included a EUR 2,010 thousand adjustment to the loan to APL of EUR 150 million. In application of the provisions of IFRS 9, following the postponement of the expected date of repayment of the loan from 2044 to 2053, the calculation of the amortised cost was updated, taking account of the rate (6.89%) and the different duration.

NOTA 54 TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to the CONSOB notice of 28 July 2006, the Group did not carry out atypical and/or unusual transactions, defined as such in the notice, during 2022.

NOTA 55 DESCRIPTION OF THE IMPACTS OF THE COVID-19 EPIDEMIC AND THE RUSSIA-UKRAINE CONFLICT ON THE INCOME STATEMENT

The year 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 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 year 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 2,714 thousand was recognised (Note 8).

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.

NOTA 56 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

In order to streamline its operations in the field of public bus transport services, on 16 January 2023 FNM finalised the sale (“First Closing”) of 893,332 shares of La Linea S.p.A., corresponding to 28.27% of the share capital, to the shareholders Alilaguna S.p.A., Powerbus S.r.l. and Mr Massimo Fiorese. By 31 March 2023 (“Second Closing”), the parties have undertaken to finalise the sale of the remaining 718,268 shares, corresponding to 22.73% of the share capital. The sale value of the entire 51% shareholding is EUR 5.4 million (a value aligned to the value of the assets and liabilities recognised in the financial statements, classified according to IFRS 5).At the same time as the Second Closing, La Linea shall also proceed with the full settlement of its payables to FNM, deriving from the two existing loan agreements, for a total of EUR 7.3 million. Any failure to extinguish these loan agreements constitutes a condition subsequent of the First Closing and a condition precedent of the Second Closing. To this end, the La Linea Board of Directors decided to submit a request for the disbursement of a bank loan for a total of EUR 8.0 million.

Again in 2023, the entire FNM Group will continue to monitor possible external variables that could lead to further price increases, which are currently difficult to estimate in magnitude and duration.
The Group remains flexible in the effective management of variable and discretionary costs relating to all the Group's activities, and carefully 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, 15 March 2023

The Board of Directors

ANNEX 1
to the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.22

Name	Registered Office	Nature of Control	Consolidation method	%
FERROVIENORD S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
NORD_ING S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNM Autoservizi S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
E-Vai S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Nuovo Trasporto Triveneto S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Malpensa Intermodale S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Malpensa Distripark S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNMPAY S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNM POWER S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Milano Serravalle - Milano Tangenziali S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100 %
Milano Serravalle Engineering S.r.l.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100 %
Azienda Trasporti Verona S.r.l.	Verona - Lungadige Galtarossa 5	Subsidiary	Line-by-line Consolidation	50 %
La Linea 80 Scarl	Belluno - via Garibaldi 77	Subsidiary	Line-by-line Consolidation	50.3 %
La Linea S.p.A.	Venice - Via della Fisica 30	Subsidiary	Line-by-line Consolidation	51 %
Martini Bus S.r.l.	Venice - Via Mutinelli 11	Subsidiary	Line-by-line Consolidation	51 %
Trenord S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50 %
TILO SA	Bellinzona CH - Via Portaccia 1a	Joint Venture	Measured with the Equity method	25 %
NordCom S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	58 %
NORD ENERGIA S.p.A. in liquidation	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	60 %
CMC MeSta SA	Bellinzona CH - Viale Officina 10	Joint Venture	Measured with the Equity method	60 %
Omnibus Partecipazioni S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50 %
ASF Autolinee S.r.l.	Como - via Asiago 16/18	Joint Venture	Measured with the Equity method	24.5 %
Autostrada Pedemontana Lombarda S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Associate	Measured with the Equity method	36.7 %
DB Cargo Italia S.r.l.	Milan - P.le Cadorna 14	Associate	Measured with the Equity method	40 %
Busforfun.com S.r.l.	Venice - via Botteghino 217	Associate	Measured with the Equity method	40 %
Sportit S.r.l.	Milan - Viale Abruzzi 41	Associate	Measured with the Equity method	33 %
Tangenziali Esterne di Milano S.p.A.	Milan - Via Fabio Filzi 25	Associate	Measured with the Equity method	23 %

ANNEX 2
to the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.22
Information pursuant to article 149-*duodecies* of the Consob Issuer Regulation

The following statement, prepared pursuant to article 149-duodecies of the Consob Issuer Regulation, indicates fees for 2022 for auditing services and non-auditing services provided by the same independent auditors and by entities belonging to its network.

With respect to the Parent Company:	
a) by the auditing firm, for the provision of audit services	62
b) by the auditing firm:	
– for verification services for the issue of an attestation	0
– for the provision of other services*	58
c) by entities belonging to the auditing firm's network:	
– for verification services for the issue of an attestation	0
– for the provision of other services	0
With respect to subsidiaries:	
a) by the auditing firm, for the provision of audit services	270
b) by the auditing firm:	
– for verification services for the issue of an attestation	0
– for the provision of other services**	84
c) by entities belonging to the auditing firm's network:	
– for verification services for the issue of an attestation	0
– for the provision of other services	0

* of which EUR 56 thousand relating to the limited assurance engagement on the consolidated NFD of the FNM Group

** of which EUR 58 thousand for services for the procedure pursuant to art. 2437-*ter*, EUR 13 thousand relating to reasonable assurance services on the data sent by certain subsidiaries to the COVID-19 LPT Observatory and EUR 9.3 thousand relating to the signing of tax returns for Group companies

CERTIFICATION
of the consolidated financial statements pursuant to art. 154-*bis* of Legislative Decree 58/98

1. The undersigned, Andrea Gibelli as "Chairman of the Board of Directors" and Eugenio Giavatto 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:

   - the adequacy in relation to the characteristics of the company and
   - effective application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2022.

2. They also attest that

   a) the consolidated financial statements of FNM S.p.A.:
      - were prepared in accordance with the applicable International Accounting Standards (IAS/IFRS) recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
      - 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 includes a reliable analysis of the performance and operating result as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Milan, 15 March 2023

The Executive in charge of financial reporting Eugenio Giavatto	The Chairman of the Board of Directors Andrea Gibelli

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FNM SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FNM Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2022, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of FNM SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of investments accounted for under the equity method *Paragraphs "Equity investments" and "Impairment losses of property, plant and equipment, intangible assets and investments in other companies"* *Note 10 "Equity investments"* The balance as of 31 December 2022 of the line 'Equity investments measured with the equity method' in the consolidated financial statements of FNM SpA is Euro 160,690 thousand and comprises investments in joint ventures and associates. This line accounts for 8% of total assets in the consolidated financial statements of FNM SpA. In case of impairment indicators, the recoverability of their carrying amounts is verified by comparing the carrying amounts with the related recoverable amounts in accordance with international accounting standards IAS 36 "Impairment of assets". The valuation technique used by the Company to determine the recoverable amounts of the investees is value in use, determined with the support of an independent expert on the basis of the cash flows projections included in the business plans. The analyses carried out by management led it to perform an impairment test on the investment in Trenord Srl from which no impairment loss to be recognized in the financial statements was identified. We identified the assessment of the recoverability of the equity investments in the above-mentioned entities as a key audit matter for the following reasons: i) the materiality of the balance; ii) the complexity of the process to estimate the recoverable amounts of investees based on valuation assumptions affected by economic and	We carried out specific analyses to understand, evaluate and validate the relevant controls implemented by the Company to verify the recoverability of the line 'Equity investments measured with the equity method', including the identification of impairment indicators. We obtained an understanding of the estimation method adopted by management to determine the recoverable amounts as approved by the board of directors of FNM SpA. With reference to the investment in the joint venture Trenord Srl, the directors identified impairment indicators as of 31 December 2022. Therefore, we performed the following procedures: - we understood the process adopted for the preparation of the 2023-2033 economic-financial projections approved by the investee's board on 20 February 2023; - to assess the reasonableness of the economic-financial projections used in the impairment test we compared the actual results reported for fiscal year 2022 and for previous years with the related budget data included in the previous economic-financial projections; furthermore, also with the support of *Transportation*

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
market conditions which are subject to uncertainties, also considering the indirect effects deriving from the outbreak of the Russia-Ukraine conflict and the health emergency caused by Covid-19; and iii) the high degree of judgement applied by management in estimating the future cash flows and the discount rate.	experts from the PwC network, we analysed the significant assumptions underlying the economic-financial projections; - we checked the consistency of the cash flows included in the economic-financial projections and those used for the purposes of the impairment test; the reasonableness of the methodology used to determine the Terminal Value as well as compliance with the provisions of IAS 36 in relation to the determination of value in use; - with the support of valuation experts belonging to the PwC network, we checked the reasonableness of the assumptions adopted by management to determine the discount rates used, the method of application of the discounted cash flow model and the mathematical accuracy of calculations; - we analysed the sensitivity analysis carried out by management and performed additional sensitivity analyses with regard to both the financial assumptions used by management and the assumptions underlying the investee's economic-financial projections. Finally, we checked the adequacy and completeness of the disclosures in the notes to the consolidated financial statements.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of the provision for the renewal of the motorway infrastructure *Paragraphs "Provisions for risks and charges"* *Note 28 "Current and Non-Current provisions for risks and charges"* The balance of the line 'Provisions for risks and charges' as of 31 December 2022 includes Euro 57,895 thousand relating to a provision for renewal of motorway infrastructure. The balance accounts for 3% of total equity and liabilities in the consolidated financial statements of FNM SpA. The provision reflects the estimate of the present value of the costs that the subsidiary Milano Serravalle – Milano Tangenziali SpA ("MISE") shall incur to fulfil the contractual obligation laid down in the agreement entered into with the Grantor (the "Concession Agreement"), to ensure that the infrastructure under concession is kept in good condition. The process of estimation of the above-mentioned provision is based on several assumptions including technical hypotheses about the planning of renovation work and, specifically, the duration of maintenance cycles, the state of conservation of the structures and the estimated costs for each item. The measurement of the provision was a key audit matter for the following reasons: i) the materiality of the balance; ii) the complexity of the estimation process; and iii) the high degree of judgement applied by management to determine the assumptions underlying the calculation of the provision.	We performed specific analyses to understand the process adopted by MISE to determine the provision in question. We obtained and analysed the report prepared by MISE's technical management on the planning of renewal works on the motorway infrastructure. With the support of experts from the PwC network, we analysed the main assumptions underlying the calculation models used by the MISE's technical management, with particular reference to: i) the duration of maintenance cycles for each homogeneous category of work; ii) the analysis of the state of conservation of the infrastructure; iii) the estimated costs to be incurred for each item; iv) the compliance of these assumptions with respect to the obligations laid down in the Concession Agreement. We verified the mathematical accuracy of the calculations made to determine the provision. We analysed the reasonableness of the interest rates used to discount the provision to present value. Finally, we checked the adequacy and completeness of the disclosures in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate FNM SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 28 April 2017, the shareholders of FNM SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of FNM SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2022 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FNM SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the FNM Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the FNM Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of FNM Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of FNM SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 30 March 2023

PricewaterhouseCoopers SpA

Signed by

Riccardo Proietti
(Partner)

As disclosed by the Directors in paragraph "Form and content of the consolidated financial statements", the accompanying consolidated financial statements of FNM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Separate financial statements
for the year ended 31 December 2022

- ***Statement of Financial Position***
- ***Income Statement***
- ***Statement of comprehensive income***
- ***Statement of changes in shareholders' equity***
- ***Statement of Cash Flows***
- ***Notes to the Financial Statements***

STATEMENT OF FINANCIAL POSITION AT 31.12.2022

Amounts in Euro	Notes	31/12/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and machinery	1	400,635,137	377,447,102
Intangible assets	2	5,470,876	4,808,397
Right of use	3	5,416,333	6,785,456
Equity investments	4	710,001,873	710,600,544
Other financial assets measured at amortised cost	5	9,646,750	1,540,000
of which: Related Parties	5	9,646,750	1,540,000
Deferred Tax Assets	6	9,970,087	7,956,777
Other assets	8	651,001	890,808
TOTAL NON-CURRENT ASSETS		**1,141,792,057**	**1,110,029,084**
CURRENT ASSETS			
Trade Receivables	7	29,358,688	25,903,244
of which: Related Parties	7	27,942,090	23,911,053
Other financial assets measured at amortised cost	5	1,932,494	1,303,639
of which: Related Parties	5	1,932,494	1,303,639
Other assets	8	19,439,024	13,137,906
of which: Related Parties	8	10,567,864	5,969,840
Tax receivables	9	—	448,059
Other securities		13	13
Cash and cash equivalents	10	115,752,945	96,410,699
TOTAL CURRENT ASSETS		**166,483,164**	**137,203,560**
Assets held for sale	4	3,912,111	—
TOTAL ASSETS		**1,312,187,332**	**1,247,232,644**

Amounts in Euro	Notes	31/12/2022	31/12/2021
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		230,000,000	230,000,000
Other reserves		7,788,521	7,788,521
Reserve for indivisible profit		167,413,136	162,005,390
Reserve for actuarial gains/(losses)		(105,555)	(176,967)
Profit for the year		8,030,832	5,407,746
SHAREHOLDERS' EQUITY	**11**	**413,126,934**	**405,024,690**
NON-CURRENT LIABILITIES			
Payables to banks	12	25,130,708	—
Bond Loan	13	644,397,343	642,957,974
Lease liabilities	13	3,406,362	4,915,673
of which: Related Parties	13	442,912	514,779
Other liabilities	15	6,164,022	6,279,293
of which: Related Parties	15	3,786,661	4,353,904
Provisions for risks and charges	19	233,464	233,464
Post-employment benefits	16	1,135,579	1,315,626
TOTAL NON-CURRENT LIABILITIES		**680,467,478**	**655,702,030**
CURRENT LIABILITIES			
Payables to banks	12	8,315,157	41,708,565
Bond Loan	13	961,644	961,644
Financial Payables	13	153,060,426	88,099,208
of which: Related Parties	13	148,041,966	83,227,359
Lease liabilities	13	2,269,403	2,107,746
of which: Related Parties	13	642,746	543,373
Trade payables	17	35,362,852	36,214,828
of which: Related Parties	17	14,169,527	10,945,767
Tax payables	18	951,173	712,254
Payables for taxes	18	8,470,993	121,508
Other liabilities	15	8,771,272	15,365,383
of which: Related Parties	15	3,455,162	10,487,020
Provisions for risks and charges	19	430,000	1,214,788
TOTAL CURRENT LIABILITIES		**218,592,920**	**186,505,924**
Liabilities related to assets held for sale		—	—
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**1,312,187,332**	**1,247,232,644**

2022 INCOME STATEMENT

Amounts in Euro	Notes	2022	2021
Revenues from sales and services	20	79,320,251	74,623,029
of which: Related Parties	20	78,516,469	73,954,877
Grants	21	1,291,023	1,242,991
of which: Related Parties	21	1,164,886	1,164,886
Other income	22	3,623,706	3,181,553
of which: Related Parties	22	2,760,628	2,370,140
PRODUCTION VALUE		**84,234,980**	**79,047,573**
Service costs	23	(18,477,236)	(14,744,409)
of which: Related Parties	23	(8,903,729)	(8,049,071)
Personnel costs	24	(16,676,605)	(15,102,402)
Depreciation, amortisation and write-downs	25	(29,984,080)	(29,068,901)
Other operating costs	26	(1,743,597)	(1,305,641)
of which: Related Parties	26	(51,556)	(91,667)
TOTAL COSTS		**(66,881,518)**	**(60,221,353)**
EBIT		**17,353,462**	**18,826,220**
Dividends	27	900,000	3,861,252
of which: Related Parties	27	900,000	3,861,252
Impairment of equity investments	4	(1,886,559)	—
Financial income	28	343,373	37,074
of which: Related Parties	28	163,965	22,720
Financial expenses	29	(6,740,712)	(16,530,811)
of which: Related Parties	29	(138,580)	(19,410)
of which: Non Recurring	29	—	(8,602,340)
NET FINANCIAL INCOME		**(7,383,898)**	**(12,632,485)**
EARNINGS BEFORE TAX		**9,969,564**	**6,193,735**
Income taxes	30	(1,938,732)	(785,989)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**8,030,832**	**5,407,746**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	31	—	—
PROFIT FOR THE YEAR		**8,030,832**	**5,407,746**

2022 STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Notes	31/12/2022	31/12/2021	Change
PROFIT FOR THE YEAR		**8,030,832**	**5,407,746**	**2,623,086**
Components that will not be reclassified in the operating result				
Actuarial gain		95,574	(11,441)	107,015
Income taxes		(24,162)	3,192	(27,354)
Total other consolidated comprehensive income that will not be reclassified in the operating result	**32**	**71,412**	**(8,249)**	**79,661**
TOTAL COMPREHENSIVE INCOME		**8,102,244**	**5,399,497**	**2,702,747**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31.12.2022

Amounts in Euro	Share capital	Other reserves	Reserve for indivisible profit	Reserve for actuarial Gains/(Losses)	Profit for the year	TOTAL
Balance as at 01.01.2021	**230,000,000**	**7,788,521**	**138,113,566**	**(168,718)**	**23,891,824**	**399,625,193**
Allocation of 2020 profit			23,891,824		(23,891,824)	—
Other comprehensive income				(8,249)		(8,249)
Profit for the year					5,407,746	5,407,746
Total comprehensive income	—	—	—	(8,249)	5,407,746	5,399,497
Balance as at 31.12.2021	**230,000,000**	**7,788,521**	**162,005,390**	**(176,967)**	**5,407,746**	**405,024,690**
Allocation of 2021 profit			5,407,746		(5,407,746)	—
Other comprehensive income				71,412		71,412
Profit for the year					8,030,832	8,030,832
Total comprehensive income	—	—	—	71,412	8,030,832	8,102,244
Balance as at 31.12.2022	**230,000,000**	**7,788,521**	**167,413,136**	**(105,555)**	**8,030,832**	**413,126,934**
Notes	**11**	**11**	**11**	**32**	**11**	**11**

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2022

Amounts in Euro	Notes	31/12/2022	31/12/2021
Cash flow from operating/(for) activities		**Total**	**Total**
Operating result		8,030,832	5,407,746
Income taxes	30	1,938,732	785,989
Depreciation of tangible assets for the year	25	26,332,903	25,008,142
Amortisation of intangible assets for the period	25	1,306,348	1,099,829
Amortisation of right of use	25	2,112,165	2,080,275
Write-downs for the year on property, plant and equipment	25	232,664	880,655
Gain from disposal of property, plant and equipment	22	(240,735)	(248,120)
Impairment of equity investments	4	1,886,559	—
Provision for bad debts	21	—	22,000
Allocation to the provision for risks	19	134,505	663,715
Release of the provision for risks	19	(50,000)	(490,000)
Dividends cash-in	27	(900,000)	(3,861,252)
Capital grants for the year	21	(1,204,136)	(1,204,136)
Interest income	28	(343,373)	(37,074)
Interest expense	29	6,740,712	16,530,811
Cash flow from income activities		**45,977,176**	**46,638,580**
Net change in the provision for post-employment benefit	16	(97,141)	(121,230)
Net change in provision for risks and charges	19	(142,392)	(174,000)
(Increase)/Decrease in trade receivables	7	(3,455,444)	15,427,925
(Increase)/Decrease in other receivables	7	(646,041)	2,958,131
Increase/(Decrease) in trade payables	17	4,377,140	(1,946,972)
Decrease in other liabilities	15	(6,054,191)	(2,177,528)
Payment of taxes	18	(532,966)	(4,937,888)
Total cash flow from operating activities		**39,426,141**	**55,667,018**
Cash flow from/(for) investing activities			
Investments in property, plant and equipment	1	(49,852,437)	(27,975,495)
Investments in intangible assets	2	(1,968,827)	(1,815,591)
Decrease in trade payables for property, plant and equipment	17	(5,229,117)	(33,426,876)
Disposal value of property, plant and equipment	1	339,570	397,710
Investments in Equity investments	4	(5,200,000)	(533,537,895)
Dividends cash-in	27	900,000	3,861,252
(Increase)/Decrease in financial receivables	5	430,414	(587,963)
Collection of loan to subsidiary companies	5	233,334	233,333
Disbursement of loans to subsidiary companies	5	(9,250,000)	(1,050,000)
Interest income collected		194,020	32,658
Total cash flow from investing activities		**(69,403,043)**	**(593,868,867)**
Cash flow from/(for) assets held for sale			
Change in assets held for sale		—	—
Total cash flow from assets held for sale		**—**	**—**
Cash flow from/(for) financing activities			

Increase/(Decrease) in financial payables	13	64,973,345	(35,338,281)
Repayments of finance lease payables	13	(2,090,696)	(2,031,246)
Payment of interest expense		(409,127)	(15,675,231)
New bank loans	12	—	620,000,000
Bank loan repayment	12	(8,279,374)	(678,243,747)
Bond issue	13	—	644,631,000
Interest paid on bond loan	13	(4,875,000)	—
Total cash flow from/(for) financing activities		**49,319,148**	**533,342,495**
Liquidity generated (+) / absorbed (-)		**19,342,246**	**(4,859,354)**
Cash and cash equivalents at the start of the year	10	96,410,699	101,270,053
Cash and cash equivalents at the end of the year	10	115,752,945	96,410,699
Liquidity generated (+) / absorbed (-)		**19,342,246**	**(4,859,354)**

FNM S.p.A.

Registered Office in Piazzale Cadorna 14 – 20123 Milan
Share capital EUR 230,000,000.00 fully paid up

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31.12.2022

GENERAL INFORMATION
COMPANY OPERATIONS

As already stated in the management report, FNM S.p.A. (hereinafter “FNM” or the “Company” or the “Parent”) guides and coordinates the operating subsidiaries of the Group, the leasing of rolling stock, and also manages its centralised services.
Main investee companies carry out their own activities, managing railway infrastructure, in the passenger rail and road mobility, as well as motorway infrastructure, sectors. These activities take place under concessions and/or Public Service Contracts stipulated with the Lombardy Region and the Ministry of Transport and Infrastructure - MIMS. The FNM Group also carries out important operations in the sectors of sustainable mobility, goods' transport, IT and energy. The management report and consolidated financial statements provide further details on the FNM Group's operating segments and the activity carried out by each investee.

The centralised services carried out by FNM S.p.A. can be defined, overall, as:

a) rolling stock lease services, in particular to Trenord and to DB Cargo Italia;
b) administrative services, which concern the management through specific Public Service Contracts with investees of the following centralised activities: the organisation and provision of accounting services; personnel administration; general services; support for project development and extraordinary initiatives; coordination of company secretarial departments; legal advice and related activities; treasury; planning and control; ICT (Information & Communication Technology); purchasing, tenders and contracts; management of human resources and organisation, communication;
c) property management services.

The Company, domiciled in P.le Cadorna, 14 – MILAN, is listed on the Standard Class 1 market of the Milan Stock Exchange.

FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS

These financial statements, prepared in compliance with CONSOB provisions in resolution no. 11971/1999 as amended, including in particular provisions introduced by resolutions no. 14990 of 14 April 2005 and no. 15519 of 27 July 2006, contain the financial statements and notes relative to the Company, produced on the basis of international accounting standards (IFRS) issued by the IASB (International Accounting Standards Boards) and adopted by the European Union. IFRS mean all “International Financial Reporting Standards”, all “International Accounting Standards” (IAS) and all interpretations of the “International Financial Reporting Standards Interpretations Committee” (IFRS IC, formerly IFRIC), previously called the “Standard Interpretations Committee” (SIC). In particular, IFRS were adopted in a manner consistent with all periods presented in this document.

These separate Financial Statements are presented together with the Consolidated financial statements at 31 December 2022 prepared in compliance with IFRS.

The Lombardy Region, with registered office at Piazza Città di Lombardia 1, prepares the Consolidated Financial Statements for the larger Group of which the Company is part, which are available on the Lombardy Region website.

With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that in view of the outlook, capitalisation and financial position of the Company, there were no material uncertainties over the Company's ability to continue as a going concern and therefore the Company prepared the financial statements at 31 December 2022 on a going concern basis.

This document was prepared and authorised for publication by the Board of Directors of the Company that met on 15 March 2023.

This version of financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This financial statements has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PRESENTATION OF THE FINANCIAL STATEMENTS

The following presentation of the financial statements was adopted:

a) in the Statement of Financial Position, assets and liabilities are entered as current or non-current items; an asset/liability is classified as current when it meets one of the following criteria:
   - it is expected to be realised/settled or to be sold/used in the entity's normal operating cycle or
   - it is held primarily for the purpose of trading or
   - it is expected to be realised/settled within 12 months after the reporting period.

   If these three conditions are not met, the assets/liabilities are classified as non-current;

b) in the Income Statement, positive and negative income components are stated by nature;

c) in Other Comprehensive Income, all changes in Other comprehensive profit (loss), in the year, generated by transactions other than those carried out with Shareholders and based on specific IAS/IFRS are recognised. The Company opted to present these changes in a separate statement from the Income Statement. Changes in "Other comprehensive income" are recognised net of related tax effects, indicating the amount of deferred taxes relative to such changes in a separate item, separately indicating components that will be recorded in subsequent years in the income statement, and components for which no recognition in the income statement is expected, pursuant to IAS 1R in effect since 1 January 2013;

d) the Statement of Changes in Equity, as required by international accounting standards, provides separate evidence of income for the period and any other change not recorded in the Income Statement, but directly recognised as Other comprehensive income based on specific IAS/IFRS standards, as well as transactions with Shareholders, in their capacity as Shareholders;

e) the Statement of Cash Flows has been prepared using the indirect method.

With reference to CONSOB resolution no. 15519 of 27 July 2006, related-party transactions are indicated separately in the statement of financial position and income statement, given their significance. With reference to the above resolution, income and expenses arising from non-recurrent transactions or events that are not repeated frequently during normal activities are indicated separately in the income statement; non-recurrent transactions are identified based on internal management criteria in the absence of reference standards, and this identification might differ from that adopted by other Issuers or operators in the sector.

ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

In preparing these separate financial statements, the same accounting standards and measurement criteria used to prepare the separate financial statements at 31 December 2021 were used, supplemented as described in the section "IFRS accounting standards, amendments and interpretations adopted from 1 January 2022".

Areas requiring a greater degree of discretion and significant assumptions and estimates are reported in the section "Items subject to significant assumptions and estimates".

All amounts in the separate financial statements are in Euro, unless otherwise indicated.

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 Company, 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 separate financial statements of the Company.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY AT 31 December 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 5 – Revenue from Contracts with Customers.
  The Directors do not expect the adoption of this standard to have a significant effect on the separate financial statements of the Company.

- 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 separate financial statements of the Company.

- 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 separate financial statements of the Company.

- 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 separate financial statements of the Company.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION
At the end of the reporting period, 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” and on 31 October 2022, it published an amendment entitled “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”. The purpose of the documents is to clarify how to classify payables and other short-term or long-term liabilities. The amendments apply from 1 January 2024, but early adoption is permitted.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

- On 22 September 2022, the IASB published an amendment entitled “Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognise income or a loss relating to the right of use retained. The amendments apply from 1 January 2024, but early adoption is permitted.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment mainly consist of:
a) land;
b) buildings;
c) plant and machinery;
d) rolling stock (hired rolling stock and locomotives).

Property, plant and equipment are recognised at purchase or production cost including directly related costs. The cost is reduced by depreciation and impairment. Land is not depreciated. If financed by government grants, property, plant and equipment are recognised including the grant, which is entered in the item “Other liabilities” according to criteria indicated in the accounting standard “Government grants”.

Depreciation is calculated on a straight-line basis using percentages that reflect the economic and technical deterioration of the asset. Depreciation is calculated when the asset becomes available for use according to Management's intentions.

Significant parts of tangible assets that have different useful lives are recognised separately and depreciated based on their separate useful life.

The useful lives and residual values are revised annually at the end of the reporting period.

Useful lives are as follows:

Buildings: 50 years;

Plant and machinery: 5-16 years;

Rolling stock: 15-25 years.

If an impairment loss is recorded, the property, plant or equipment is written down according to criteria indicated below in the section “Impairment loss of intangible assets, property, plant and equipment and investments”.

PROPERTY ASSETS

Property assets, i.e. assets held for rent income or to appreciate their value.

In compliance with IAS 40, the Company opted to measure these assets at cost, net of depreciation and impairment, using the same treatment adopted for property, plant, and equipment and, given their limited significance, these items are not recorded in a separate line of assets in relation to “Property, plant and equipment”.

IFRS 16 LEASES

The accounting standard introduced a new definition of leases based on control of the underlying asset, i.e. the right to use an identified asset and to obtain substantially all of its economic benefits through the management of the use of the asset itself, for a period of time in exchange for consideration.

IFRS 16 provides a single accounting model for lease agreements, based on which the lessee must recognise, as an asset, the right to use the leased asset (“Right of use”) as a contra entry to a liability representing the financial obligation (“Financial liabilities for leased assets”) determined by discounting the payments for the minimum guaranteed future lease payment, thus eliminating, for the lessee (leases as lessee) the accounting distinction between operating and finance leases, as was instead previously required by IAS 17.

Accounting model for the lessee

The Company recognises in the statement of financial position the assets for the right of use and the financial liabilities for leased assets for most leases, with the exception of low value assets under lease, i.e. having a new value of less than Euro 5,000. Therefore, the Company recognises the payments due for the leases relating to the aforesaid leases as cost with a straight line criterion throughout the duration of the lease.

On the effective date of the lease, the Company recognises the asset for the right of use and the financial liability for leased assets.

The asset for the right of use is initially measured at cost, and subsequently at cost less amortisation and impairment losses, cumulated, and adjusted to reflect the write-backs of the lease liability.

The Company measures the financial liability for leased assets at the present value of the payment due for the leases not paid as at the effective date, discounting them using the implied interest rate

of the lease. Whenever it is not possible to determine this rate easily, the Company uses the marginal lending rate. Generally, the Company uses the marginal lending rate as the discounting rate. The financial liability for leased assets is subsequently increased by the interest that accrue on said liability and decreased by the payments due for the leases carried out and it is revalued in case of change in the future payments due for the lease deriving from a change in the index or rate, in case of change of the amount the Company expects to have to pay by way of guarantee on the residual value or when the Company changes its valuation with reference to whether or not a buy, extension or termination option is exercised.
In determining the lease term any extension options were considered if under the Group's control and if the Group has reasonable certainty that it will exercise them. Similarly, in cases where the extension option is under the lessor's control, the non-cancellable lease period includes the period covered by the lease termination option.

Accounting model for the lessor

The Company sub-leases to third parties the right of use of some leased assets for a duration prevalently coinciding with that of the main agreement. The accounting principles applicable to the Company as lessor do not deviate from those prescribed by IAS 17 previously in force. However, when the Company acts as intermediate lessor, sub-leases are classified referring to the asset for a right of use deriving from the main lease, rather than to the underlying asset.

INTANGIBLE ASSETS

Intangible assets refer to costs, including related charges, incurred to purchase resources without physical substance on condition that their amount can be reliably quantified, and the asset is clearly identifiable and controlled by the Company. Intangible assets are recognised at purchase or production cost including related costs and are amortised based on their future use.
If an impairment loss is recorded, the intangible asset is written down according to criteria indicated below in the section “Impairment loss of intangible assets, property, plant and equipment and investments”.

Costs for the purchase of software licences, together with related costs, are capitalised and amortised based on the expected useful lives represented by the licence duration. Amortisation starts when the asset becomes available for use according to Management's intentions.

Other intangible assets are amortised based on their remaining useful life. Useful lives are mainly estimated in five years.

EQUITY INVESTMENTS

Subsidiaries are entities over which the Company: (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; while joint ventures are investees in which the Company exercises joint control with another investor. Joint ventures operate in different sectors from the operating segments of the Company and their activities are developed with a specialist partner, with whom decisions about significant operations are shared, also backed up by partner agreements or provisions of the articles of association in which joint control of the investees is established.

Investments in associates are investments in which the Group has a significant influence.

All investments are recognised at purchase cost on initial recognition. Subsequently, if there is evidence of an impairment loss, the recoverable value of the investment is estimated. If an impairment loss is recorded, the investment is written down according to criteria indicated below in the section "Impairment loss of intangible assets, property, plant and equipment and investments".

CURRENT AND NON-CURRENT FINANCIAL ASSETS

Receivables and loans are initially recognised at their fair value, which corresponds to the nominal value. Subsequently they are measured at amortised cost based on the original effective rate of return of the financial asset. Financial assets are eliminated from the balance sheet when the contractual right to receive cash flows has been transferred and the entity no longer has control of said financial assets.

Receivables and loans recognised as current assets are recorded at their nominal value as the present value would not vary significantly. At the end of each reporting period, the Company assesses the possibility of recovering these receivables, taking into account expected future cash flows, as described in more detail in the paragraph below on write-downs of financial assets.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are determined based on temporary differences existing between the carrying amount of assets and liabilities and their tax value and are classified as non-current assets and liabilities.

Deferred tax assets are only recognised to the extent that the existence of adequate future taxable income against which said deferred tax assets can be used is probable.

The value of deferred tax assets that may be presented in the financial statements is tested annually.

The value of deferred tax assets and liabilities is determined based on expected tax rates for the period when the deferrals will be realised, applying the tax rates (and tax legislation) in force or substantially in force at the reporting date.

Deferred tax assets and liabilities are offset if, and only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

Current and deferred taxes are recognised in the Income Statement, apart from taxes relative to items directly recognised in Other comprehensive income, or other items of Shareholders' equity, in which case the tax effect is directly recognised in Other comprehensive income or in Shareholders' equity.

TRADE RECEIVABLES

They are recognised at amortised cost if the following two conditions are met:

a) the financial asset management model consists of holding the financial asset for the purpose of collecting the relative cash flows; and

b) the financial asset contractually generates, at predetermined dates, cash flows representing solely the return on such financial asset.

Receivables measured at amortised cost are initially recorded at the fair value of the underlying asset, net of any directly attributable transaction income; valuation at amortised cost is performed using the effective interest rate method, net of the relative impairment losses with reference to amounts considered uncollectable. Amounts deemed uncollectable are estimated on the basis of the methodology set forth in the "Impairment of financial assets" section. The original value of receivables is reinstated in subsequent years to the extent to which the reasons for the adjustment no longer apply. In that case, the reversal of the impairment loss is recognised in profit and loss and may not in any event exceed the amortised cost that the loan would have had in the absence of previous adjustments.

Trade receivables with a maturity falling within normal commercial terms are not discounted.

WRITE-DOWNS OF FINANCIAL ASSETS

The recoverability of financial assets measured at amortised cost is evaluated by estimating "expected credit losses" (ECL), based on the value of expected cash flows. These flows, taking into account the estimated likelihood that the counterparty will not meet its payment obligation, are determined in relation to the expected recovery time, the estimated realisable value, any guarantees received and the costs that are expected to be incurred to collect the receivables. For receivables relating to counterparties that do not present a significant increase in credit risk, ECLs are determined on the basis of expected losses in the 12 months following the reporting date; in other cases, expected losses are estimated up to the end of the life of the financial instrument. With regard to trade and other receivables, internal customer ratings, which are periodically checked, including through time series analyses, are used to determine the probability of counterparty non-performance.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and sight deposits, recognised at their nominal value. For an investment to qualify as cash or a cash equivalent it must be readily convertible to a known amount of cash and have an insignificant risk of change in value.

In relation to the adoption of IFRS 9, based on the expected losses model, the Company considers the expected losses along the life of the financial asset at each reference date of the financial statements.

ASSETS HELD FOR SALE

As provided for in IFRS 5 "Non-current assets held for sale and discontinued operations", non-current assets whose carrying amount is mainly recovered through a sale rather than continual use, if the requirements of the standard are met, are classified as held for sale and recognised at the lower of the carrying amount and fair value, net of the cost to sell. From the date when these assets are classified in the category of non-current assets held for sale, relative amortisation/depreciation is suspended. The liabilities connected with these assets are classified under "Liabilities relative to assets held for sale", while the economic result concerning these assets is recognised under "Other income".

LOANS AND CORPORATE BONDS

Loans and corporate bonds are initially recognised at fair value.

After initial recognition, loans are measured according to the amortised cost method calculated by adopting the effective interest rate.

Amortised cost is calculated taking into account issue costs and any discount or premium at the time of settlement.

EMPLOYEE BENEFITS

Employee benefits provided at the end of employment or afterwards mainly refer to post-employment benefit.

Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent decrees and regulations issued in the first few months of 2007 introduced significant changes to legislation on post-employment benefit, including the possibility for employees to choose the allocation of the post-employment benefit they accrue.

This means, for IFRS purposes, a different accounting treatment which is explained below:

a) post-employment benefit accruing as from 1 January 2007: this is a defined contribution plan, both in the case of the employee opting for a supplementary pension and in the case of the employee opting to pay the post-employment benefit into the Treasury Fund held with

Italy's state social security institute (INPS). The accounting treatment is therefore the same as that adopted for various social security/pension payments;

b) post-employment benefit accrued at 31 December 2006: this item remains a defined benefits plan, with the consequent need for actuarial calculations to be carried out by independent actuaries, who shall exclude the component related to future salary increases. The difference resulting from the new calculation compared to the previous one was treated as a curtailment, as defined in paragraph 109 of IAS 19 and consequently recognised in the income statement in the first half of 2007. The liability is entered in the financial statements at the present value of the Group's obligation based on actuarial assumptions made using the projected unit credit method. Actuarial gains and losses arising from changes in assumptions and changes in final and hypothesized data are recognised in the statement of comprehensive income in a specific reserve of shareholders' equity called “Reserve for actuarial gains/(losses)”.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include allocations arising from current (legal or implicit) obligations resulting from a past event which, in order to be met, will probably require the use of resources, that can be reliably estimated. If the expected use of resources goes beyond the following year, the obligation is recognised at the present value determined by discounting expected future flows by a rate that takes into account the cost of money and risk of the liability.
Instead no provision is made for risks for which the occurrence of a liability is only possible. In this case, specific disclosure is provided in the section on commitments and risks and no allocation is made.

FINANCIAL AND TRADE PAYABLES

Payables are initially recognised at fair value, and subsequently recognised at amortised cost, which generally corresponds to the nominal value.

Financial liabilities are eliminated from the balance sheet when, and only when, they are settled, or when the specific contract obligation has been met or cancelled or has expired.

BUSINESS COMBINATIONS UNDER COMMON CONTROL

A business combination involving businesses or companies under common control is a combination in which all businesses or companies are ultimately controlled by the same entity or entities both before and after the business combination and the control is not of a temporary nature.
If a significant influence on future cash flows after the transfer of all parties involved, can be demonstrated, these operations are treated as described in the section “business combinations”. If, instead, this significant influence cannot be demonstrated, these operations are recognised on a going concern basis.
In particular, the criteria for recognition, applying the going concern principle, in line with IAS 8.10 and with international practices and guidelines from the Italian accounting profession on business combinations under common control, require the purchaser to recognise the assets acquired based on their historical carrying amounts determined according to the cost base. Where the transfer values are greater than the historical values, the excess is reversed, decreasing the shareholders' equity of the purchasing company, with a reserve debited.
Similarly, the accounting standard adopted to prepare the financial statements of the transferring company requires any difference between the transaction price and pre-existing carrying amount of the assets being transferred to not be recognised in the income statement, but instead to be recognised in shareholders' equity.

BUSINESS COMBINATIONS

Business combinations are recognised according to the acquisition method.According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the transferred assets and liabilities undertaken by the Company at the acquisition date and the equity instruments issued in exchange for control of the purchased entity.
At the acquisition date, identifiable acquired assets and liabilities undertaken are measured at the fair value at the acquisition date; the following items are an exception, which instead are measured according to their reference standard:

- deferred tax assets and liabilities;
- assets and liabilities for employee benefits;
- liabilities or equity instruments relative to share-based payments of the purchased entity or share-based payments relative to the Group issued to replace contracts of the acquired entity;
- assets held for sale and discontinued assets and liabilities.

Goodwill is determined as the excess between the sum of amounts transferred in a business combination, the value of equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity compared to the fair value of net assets acquired and liabilities undertaken at the acquisition date.If the value of net assets acquired and liabilities undertaken at the acquisition date exceeds the sum of amounts transferred, the value of shareholders' equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity, this excess is immediately recognised in the income statement as income arising from the completed transaction.

REVENUES

Revenues for the provision of services are recognised at the time the service is provided.
Financial income is recognised in the Income Statement during the year when it is accrued, on an accrual basis.
The main sources of revenue are as follows:

a) operating lease payments relative to rolling stock to Group companies;
b) fees for the administrative services rendered centrally to Group companies: the organisation and provision of accounting and personnel administration services, general services, assistance for project development and extraordinary initiatives of subsidiaries, the coordination of corporate secretarial departments, legal activities and consultancy, treasury, planning and control, ICT (Information & Communication Technology), purchasing, tenders and contracts, human resources management and organisation, communication;
c) lease payments received for civil and commercial own property, from both Group companies and third parties;

GOVERNMENT GRANTS

Government grants are recorded in accordance with IAS 20 when there is a reasonable certainty that they can be received and when there is a reasonable certainty that the Company has complied with the conditions for receiving them.
Government grants are recognised in accordance with the “income approach” whereby a grant is recognised in the income statement in one or more years in which the Company recognises as costs the relative expenses that the grants are intended to offset.
Government grants that are collectible as compensation for costs or losses already incurred are recognised in the income statement for the year in which they become receivable. Grants relative to

the purchase of property, plant and equipment, disbursed by the Lombardy Region or third parties (other public bodies) are presented according to the “indirect method”, with the deferred revenue component recognised in “Other liabilities” and the applicable share determined on the basis of the expected useful life of the assets they refer to credited to the income statement on a straight-line basis.
Government operating grants and the share for the year of capital grants are shown separately in the income statement under “Grants” without any set-off between the grant and the cost to which it relates.

IMPAIRMENT LOSSES OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENTS

Non-current assets include - among others - property, rolling stock, intangible assets and investments. Management periodically revises the carrying amount of non-current assets held and used and assets that must be disposed of, when required by facts and circumstances.
In assessing whether there is an indication that an asset may be impaired, the Company considers available internal and external information sources.

Impairment testing on non-current assets is carried out by comparing the carrying amount of the asset and the greater of the fair value, net of costs to sell, and the value in use of the asset. In the absence of market values considered representative of the actual value of the investment, estimate methods and valuation models are used based on data and assumptions which are sustainable and reasonable, based on historical experience and future expectations of the market and foreseeable changes in the specific legal framework. The value in use is determined based on estimates of cash flows expected from the use or sale of the asset, approved by competent bodies and based on projections that do not exceed five years and discount rates to calculate the present value, referred to market conditions.
When the carrying amount of a non-current asset is impaired, the Company records a write-down for the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to the Company's most recent plans.
For assets not subject to amortisation/depreciation and intangible assets not yet available for use, impairment testing is carried out annually, regardless of whether or not specific indicators are present.
If the conditions for a previous write-down no longer apply, the carrying amount is restored to the new estimated value, which will not exceed the net carrying amount the asset would have had, if it had not been written down. Reversals are recorded in the Income Statement.

DIVIDENDS

Income for dividends is recognised when the right to collection arises, which normally coincides with the resolution of the Shareholders' Meeting to distribute dividends.
Resolved dividends are recognised as a payable to Shareholders at the time of the resolution on distribution.

FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and expenses are recognised on an accrual basis.

CURRENT TAXES

Current taxes are recognised and determined based on a realistic estimate of taxable income in compliance with applicable tax regulations and considering applicable exemptions and any tax receivables due.

TAX CONSOLIDATION

The Company renewed the option for the National Tax Consolidation Scheme for the 2022 - 2024 three-year time interval (article 117, paragraph 1 of the Consolidated Income Tax Act), which subsidiaries of FNM S.p.A. are also party to, pursuant to article 2359 of the Italian Civil Code. This provision enables the Company to manage all obligations to make periodic payments and offset any credit positions of other Group companies against relative debt positions. Subsidiaries determine taxes, and revenue payments are made exclusively by FNM S.p.A. On payment, companies transfer their IRES receivable/payable, recording the payable/receivable to the Company, which in turn records the IRES receivable/payable transferred by the subsidiaries and the payable/receivable towards them, proceeding with payment or collection.

GROUP VAT

The Company has chosen the option in article 73, paragraph 3 of Italian Presidential Decree 633/72 relative to Group VAT. This provision enables FNM S.p.A. in a capacity as Parent pursuant to article 73, paragraph 3, to manage all obligations to make periodic payments to the Revenue Agency and offset any credit positions of other Group companies against relative debt positions. Subsidiaries periodically liquidate VAT and payments are made exclusively by FNM S.p.A. On payment, companies transfer their VAT receivables/payables to the Company, which then records them, and oversees relative payment or collection.

TRANSLATION OF FOREIGN CURRENCY ITEMS

Functional currency

The Company prepares the financial statements in accordance with the money of account used in Italy. The functional currency of the Company is the Euro, which is the presentation currency of the separate financial statements.

Transactions and accounting records

Transactions in foreign currency are initially recognised at the exchange rate in effect at the transaction date.

At the end of the reporting, period, monetary assets and liabilities in foreign currency are translated based on the exchange rate in effect at that date.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in effect at the transaction date.

Non-monetary items recognised at fair value are translated using the exchange rate in effect at the date when the value was determined.

ITEMS SUBJECT TO SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the separate financial statements and notes requires Management to use estimates and assumptions that have an effect on financial statement assets and liabilities and on the disclosure of potential assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered material. Final results could differ from these estimates. Estimates and assumptions are revised periodically and the effects of all changes are reflected in the income statement in the year when the estimate is revised if the revision only impacts that year, or also in subsequent years, if the revision has effects on the current year as well as on future years.

There were no changes in estimates during the current year.

The main critical measurement processes and key assumptions used by Management in adopting accounting standards, concerning the future and which may have significant effects on figures in the separate financial statements or for which there is a risk that value adjustments to the carrying amount of assets and liabilities in the year following the reporting period in question may be identified, are summarised below.

<u>*Determination of useful lives*</u>
Asset depreciation and amortisation is a significant cost for the Company. The cost of tangible and intangible assets with a finite useful life is depreciated/amortised over the estimated useful life of the relative assets. The determination of the depreciation/amortisation of such assets represents a complex accounting estimate and is subjective in nature, as it is influenced by multiple factors including:

- the identification of each component with a relevant cost in relation to the total cost of the item to be depreciated/amortised separately ("component approach") as well as the estimate of the relative useful life;
- the estimate of the residual value. According to the provisions of IAS 16 and 38, the depreciable cost of tangible assets is determined by deducting their residual value. Residual value is determined as the estimated value that the entity could receive on disposal, less the estimated costs to sell, if it were already at the time at the end of the use of the asset. The Company periodically reviews the residual value and assess its recoverability based on the best information available at the date. This periodic update could lead to a change in the depreciation rate for future years.

The economic useful life of the assets is determined by the Directors when the asset is acquired. It is based on historical experience for similar assets, market conditions and expectations regarding future events that may impact their useful life. Therefore, the actual economic life may differ from the estimated useful life. Any periodic updating of the useful life could lead to a change in the depreciation/amortisation period and thus also in the depreciation/amortisation rate for future years.

<u>*Recoverable value of property, plant and equipment, intangible assets and investments*</u>
Non-current assets include land, property, plant and machinery and other assets and intangible assets, as well as investments.
As stated in the accounting standard "Impairment of intangible assets, property, plant and equipment and investments", Management periodically revises the carrying amount of non-current assets held and used and of assets to be disposed of, as required by facts and circumstances.
In assessing whether there is an indication that an asset may be impaired, the Company considers available internal and external information sources.
With regard to the process of identifying impairment for the purposes of the Group's consolidated financial statements at 31 December 2022, the documents issued by ESMA and summarised below were also taken into consideration:

1. ESMA document of 28 October 2022 that, specifically with regard to impairment testing, calls for an assessment, where relevant, of possible indicators of impairment arising from measures to prevent or mitigate climate change risks, the use of assumptions that reflect climate change issues and the adaptation of the sensitivity analysis to take into account climate change risks and commitments;
2. ESMA Public Statement of 13 May 2022, the content of which is echoed in CONSOB Warning Notice no. 3/22 of the following 19 May, which draws attention to the consequences, on the valuation process, of the effects arising from the Russo-Ukrainian conflict, in particular aimed at verifying whether the new contextual conditions following the War in Ukraine may have generated a presumption of impairment or not;
3. Warning Notice no. 1/21 of 16 February 2021, concerning COVID-19, which also referred to the ESMA document of 28 October 2020, emphasised that in a COVID-19 context,

> "special attention must be paid to the planning process, taking into account the possible impacts on business objectives and risks arising from: the pandemic, the use of economic support measures and their discontinuation".

The assumptions underlying budgets and business plans were then analysed to check for any trigger events.In this regard, no structural external factors were identified relating to changes in market conditions or competitive profiles in the markets in which the investee companies operate such so as to give rise to indicators of impairment.

The analysis of business plans and the analysis of deviations (in terms of revenue, EBITDA, EBIT and net profit) between the actual results for 2022 and the 2022 Budget, conducted at business segment and investee company level, revealed the need to proceed with an impairment test, as described in more detail in the "Equity Investments" section.

This impairment test is carried out using estimates of expected cash flows and adequate discount rates to calculate the present value and is therefore based on a set of assumptions relative to future events and the actions of administrative bodies of the Company that might not necessarily occur according to expected times and procedures.

Provision for bad debts

The provision for bad debts reflects Management estimates of losses relative to the receivables portfolio.

The estimate of the provision for bad debts is based on losses expected by the Company, determined based on past experience with similar receivables, current and historical past due receivables, and losses and collections, the careful monitoring of credit quality and forecasts of economic and market conditions, assisted by legal advisors representing the Company during pre-litigation and litigation stages.

Deferred tax assets and liabilities

The Company recognises current taxes and deferred tax assets and liabilities based on applicable laws. The recognition of taxes requires the use of estimates and assumptions concerning procedures to interpret applicable regulations, regarding operations carried out during the year, and their effect on company taxes. Moreover, the recognition of deferred tax assets and liabilities requires the use of estimates concerning prospective taxable income and relative developments, as well as tax rates that are actually applicable. This takes place through the analysis of transactions and their tax profiles, assisted by external consultants as necessary for various issues addressed and the use of simulations of prospective income and relative sensitivity analysis.

Defined benefit plans

Post-employment benefit may be classified as a defined benefit plan for the portion accrued up to 31 December 2006. Management uses various statistical assumptions and valuation factors with the aim of anticipating future events to calculate expenses, liabilities and assets relative to such plans. The assumptions concern the discount rate and rates of future salary increases. Moreover, actuaries acting as consultants for the Company use subjective factors, such as mortality and resignation rates.

Potential liabilities and provisions for risks

The Company may be involved in various proceedings (legal, tax, labour litigation), arising from complex and difficult issues, with varying degrees of uncertainty, including factors and circumstances inherent to each case, jurisdiction and different applicable laws.

Given the uncertainties of these issues, it is difficult to predict outflows that could arise from these disputes, with certainty.

Consequently, Management, after consulting with its legal and tax advisors, recognises a liability for these disputes when a financial outflow is likely and when the amount of resulting losses can be reasonably estimated. If a financial outflow becomes possible but the amount cannot be determined, the situation is reported in the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

NOTA 1 PROPERTY, PLANT AND MACHINERY

As at 1 January 2021, property, plant and machinery, net of relative accumulated depreciation, comprised the following:

Description	**01.01.2021**		
	Cost	**Accumulated depreciation**	**Book value**
Land and buildings	23,546,699	(8,710,141)	14,836,558
Plant and machinery	722,063	(500,676)	221,387
Industrial and commercial equipment	70,970	(68,172)	2,798
Other assets:			
Rolling stock	579,658,155	(245,001,625)	334,656,530
Furniture and furnishings, office machines, improvements to third party assets	2,212,036	(1,866,763)	345,273
Total other assets	581,870,191	(246,868,388)	335,001,803
Assets in the course of construction and advances	25,447,448		25,447,448
Total	**631,657,371**	**(256,147,377)**	**375,509,994**

Changes for 2021 are shown below:

Description	**Land and buildings**	**Plant and Machinery**	**Industrial and commercial equipment**	**Other assets**		**Assets in the course of constructio n and advances**	**Total**
				Rolling stock	**Furniture and furnishings, office**		
Net Value as at 01.01.2021	**14,836,558**	**221,387**	**2,798**	**334,656,530**	**345,273**	**25,447,448**	**375,509,994**
Investments financed with own funds		104,336	3,830	18,909,617	9,354	8,948,357	**27,975,494**
Transfers gross value		29,112		3,262,327		(3,291,439)	**—**
Revaluations/Writedowns				(880,654)			**(880,654)**
Divestments: Gross Disposals	(149,590)						**(149,590)**
Depreciation Rates	(384,362)	(57,579)	(791)	(24,468,488)	(96,922)		**(25,008,142)**
Net Value as at 31.12.2021	**14,302,606**	**297,256**	**5,837**	**331,479,332**	**257,705**	**31,104,366**	**377,447,102**

Therefore, as at 31 December 2021, property, plant and machinery, net of relative accumulated depreciation, comprised the following:

Description	31.12.2021		
	Cost	**Accumulated depreciation**	**Book value**
Land and buildings	23,397,109	(9,094,503)	14,302,606
Plant and machinery	855,511	(558,255)	297,256
Industrial and commercial equipment	74,800	(68,963)	5,837
Other assets:			
Rolling stock	600,949,445	(269,470,113)	331,479,332
Furniture and furnishings, office machines, improvements to third party assets	2,221,390	(1,963,685)	257,705
Total other assets	603,170,835	(271,433,798)	331,737,037
Assets in the course of construction and advances	31,104,366		31,104,366
Total	**658,602,621**	**(281,155,519)**	**377,447,102**

Changes for 2022 are shown below:

Description	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets		Assets in the course of constructio n and advances	Total
				Rolling stock	**Furniture and furnishings, office machines,**		
Net Value as at 01.01.2022	**14,302,606**	**297,256**	**5,837**	**331,479,332**	**257,705**	**31,104,366**	**377,447,102**
Investments financed with own funds	348,505			40,783,741	12,841	8,707,350	**49,852,437**
Transfers gross value				5,995,295		(5,995,295)	
Revaluations/Writedowns				(232,664)			**(232,664)**
Divestments: Gross Disposals	(34,134)			(67,491)	(4,967)		**(106,592)**
Divestments: Use of Accumulated				2,790	4,967		**7,757**
Depreciation Rates	(385,484)	(66,481)	(944)	(25,783,253)	(96,741)		**(26,332,903)**
Net Value as at 31.12.2022	**14,231,493**	**230,775**	**4,893**	**352,177,750**	**173,805**	**33,816,421**	**400,635,137**

Therefore, as at 31 December 2022, property, plant and machinery, net of relative accumulated depreciation, comprised the following:

Description	31.12.2022		
	Cost	**Accumulated depreciation**	**Book value**
Land and buildings	23,711,480	(9,479,987)	14,231,493
Plant and machinery	855,511	(624,736)	230,775
Industrial and commercial equipment	74,800	(69,907)	4,893
Other assets:			
Rolling stock	647,428,326	(295,250,576)	352,177,750
Furniture and furnishings, office machines, improvements to third party assets	2,229,264	(2,055,459)	173,805
Total other assets	649,657,590	(297,306,035)	352,351,555
Assets in the course of construction and advances	33,816,421		33,816,421
Total	**708,115,802**	**(307,480,665)**	**400,635,137**

Land and buildings

The item "Land and buildings" mainly refers to net values outstanding at 31 December 2022 relative to the building in Piazzale Cadorna (MI) for EUR 8,137 thousand, land in the municipality of Saronno for EUR 3,329 thousand and in the municipality of Garbagnate Milanese for EUR 1,076 thousand, garages in the municipality of Milan for EUR 688 thousand and property in the municipality of Iseo for EUR 623 thousand.

Investments for the year are attributable to the purchase of land located in the municipality of Iseo, for EUR 172 thousand, and the renovation of the façade of the Piazzale Cadorna (MI) building for EUR 176 thousand.

Other assets

The investment for the year, equal to EUR 40,784 thousand, concerns:

- 4 FLIRT TILO train for EUR 37,980 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 4,226 thousand, were transferred from "Assets in the course of construction and advances" to the category in question; the train is leased to Trenord;
- revamping activities on 1 TAF train leased to Trenord, for EUR 1,357 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 151 thousand, were transferred from "Assets in the course of construction and advances" to the category in question;
- the modernisation of 3 DE520 locomotives leased to DB Cargo Italia and to Trenord, for EUR 758 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 355 thousand, were transferred from "Assets in the course of construction and advances" to the category in question;
- cyclical maintenance on 1 CSA train, for EUR 453 thousand; following the completion of cyclical maintenance activities on 1 CORADIA train, 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;
- cyclical maintenance on an E483 locomotive for EUR 236 thousand.

Aside from what was commented on previously following the entry into operation of 4 Effishunter E744 locomotives, investments incurred in the previous year, amounting to EUR 734 thousand, were transferred from "Assets in the course of construction and advances" to this category.

The “rolling stock” category consists of the following:

Type	Net Value
Trains	
25 TAF	9,323,913
2 TSR	5,822,994
7 6-body TSR	65,065,396
10 4-body TSR	80,552,684
8 CSA	25,273,452
10 6-body CORADIA	54,552,596
9 FLIRT TILO	87,474,124
	328,065,159
Locomotives	
8 Loc. E 483	12,183,045
14 Loc. DE520	2,780,809
1 Loc. ES64 F4	1,802,089
4 Loc. EFFISHUNTER EFF1000	7,346,648
	24,112,591
TOTAL	**352,177,750**

Investments in furniture, furnishings and office equipment refer to office furnishings for the offices of the Company, situated in Milan – Piazzale Cadorna.

Assets in the course of construction and advances

Investments in assets in the course of construction and advances, amounting to EUR 8,707 thousand, are attributable to advances paid for the revamping of TAF rolling stock (EUR 8,125 thousand), DE520 locomotive modernisation activities (EUR 382 thousand) and advances paid for design activities for the company headquarters located in the Bovisa area of Milan (EUR 200 thousand).

Overall, assets in the course of construction and advances at 31 December 2022 refer to advances paid for the purchase of 6 hydrogen-powered electric trains (EUR 21,240 thousand), for the revamping of TAF rolling stock (EUR 11,744 thousand), DE520 locomotive modernisation activities (EUR 632 thousand) and advances paid for design activities for the company headquarters located in the Bovisa area of Milan (EUR 200 thousand).

If property, plant and equipment had been recognised net of relative capital grants (Note 14), the effect on the financial statements at 31 December 2022 would have been the following:

2022	Book value	Grant	Net value less the grant
Land and buildings	14,231,493	(4,992,073)	9,239,420
Plant and machinery	230,775		230,775
Industrial and commercial equipment	4,893		4,893
Other assets	352,351,555	(290,458)	352,061,097
Assets in the course of construction and advances	33,816,421		33,816,421
Total property, plant and equipment	**400,635,137**	**(5,282,531)**	**395,352,606**

The Company did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of property, plant and equipment, given that these are assets primarily intended for use in the provision of local public transport services under current lease contracts.

There are no restrictions on the title and ownership of property, plant and equipment pledged as security for liabilities.

It should be noted that the item “Property, plant and machinery” includes investment property in the amount of EUR 1,764 thousand, which, in accordance with IAS 40, due to its limited significance with respect to the total item, is not shown on a separate line under assets.

NOTA 2 INTANGIBLE ASSETS

As at 1 January 2021, intangible assets comprised the following:

Description	01.01.2021		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	1,059,540		1,059,540
Other	5,627,098	(2,594,003)	3,033,095
Total intangible assets	**6,686,638**	**(2,594,003)**	**4,092,635**

Changes for 2021 are shown below:

Description	Assets in the course of construction	Other	Total
Net Value as at 01.01.2021	**1,059,540**	**3,033,095**	**4,092,635**
Investments financed with own funds	1,412,087	403,504	**1,815,591**
Transfers gross value	(902,871)	902,871	**—**
Amortisation rates		(1,099,829)	**(1,099,829)**
Net Value as at 31.12.2021	**1,568,756**	**3,239,641**	**4,808,397**

Therefore at 31 December 2021, intangible assets comprised the following:

Description	31.12.2021		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	1,568,756		1,568,756
Other	6,933,473	(3,693,832)	3,239,641
Total intangible assets	**8,502,229**	**(3,693,832)**	**4,808,397**

Changes for 2022 are shown below:

Description	Assets in the course of construction	Other	Total
Net Value as at 01.01.2022	**1,568,756**	**3,239,641**	**4,808,397**
Investments financed with own funds	1,501,828	466,999	**1,968,827**
Transfers gross value	(749,658)	749,658	
Amortisation rates		(1,306,348)	**(1,306,348)**
Net Value as at 31.12.2022	**2,320,926**	**3,149,950**	**5,470,876**

Therefore at 31 December 2022, intangible assets comprised the following:

Description	31.12.2022		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	2,320,926		2,320,926
Other	8,150,130	(5,000,180)	3,149,950
Total intangible assets	**10,471,056**	**(5,000,180)**	**5,470,876**

Assets in the course of construction and advances

Increases in the item "Assets in the course of construction and advances", equal to EUR 1,502 thousand, refer mainly to the extension of the SAP application system managed by FNM and used by the subsidiaries MISE and MISE Engineering, for EUR 836 thousand, the upgrade of the SAP 4/HANA platform, for EUR 288 thousand, the upgrade of SAP operating software managed by FNM and used by Trenord, for EUR 99 thousand, the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 97 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 58 thousand, and development of the hydrogen production system, for EUR 78 thousand.

It should be noted that during the year, as the project activities were completed, when the modules implemented were made available, the costs incurred in 2021 in relation to the upgrade of the SAP module, managed by FNM and used by Trenord (EUR 325 thousand) and the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD (EUR 187 thousand) were transferred from this category to the item "Other".

Overall, assets in the course of construction and advances at 31 December 2022 mainly refer to the extension of the SAP application system managed by FNM to the subsidiaries MISE and MISE Engineering, for EUR 868 thousand, the upgrade of the SAP 4/HANA platform, for EUR 473 thousand, the upgrade of the SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 350 thousand, hydrogen production system development activities for EUR 303 thousand, the upgrade of SAP operating software managed by FNM and used by Trenord, for EUR 160 thousand, the implementation of additional SAP modules that FNM uses in its service administrative service for EUR 58 thousand, and, lastly, the activation of an application for SOD monitoring, for EUR 45 thousand.

Other

The increases for the year (EUR 467 thousand) are mainly attributable to the upgrade of SAP PM modules managed by FNM and used by FERROVIENORD, for EUR 145 thousand, additional SAP

operating software modules managed by FNM and used by Trenord S.r.l., for EUR 164 thousand, the extension of the SAP application system to two Group companies for EUR 58 thousand and additional SAP modules that FNM uses in the service administrative service, for EUR 54 thousand.
Transfers concern items referred to in "Assets in the course of construction and advances".

Other assets are assigned a useful life of 3 years.
There are no intangible assets with restricted title or which are pledged as security for liabilities.
There are no internally constructed intangible assets.

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of intangible assets.

NOTA 3 RIGHT OF USE

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

Description	01.01.2021		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	111,667	(19,092)	92,575
Right of use - buildings	2,595,410	(1,071,276)	1,524,134
Right of use - rolling stock	8,074,446	(1,363,732)	6,710,714
Right of use - other assets	409,757	(188,073)	221,684
Total	**11,191,280**	**(2,642,173)**	**8,549,107**

Changes for 2021 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - rolling stock	Right of use - other assets	Total
Net Value as at 01.01.2021	**92,575**	**1,524,134**	**6,710,714**	**221,684**	**8,549,107**
Acquisitions	188,354			128,270	**316,624**
Divestments Historical Cost	(16,413)			(37,372)	**(53,785)**
Divestments Accumulated depreciation	16,413			37,372	**53,785**
Amortisation/Depreciation Rates	(87,322)	(535,637)	(1,342,143)	(115,173)	**(2,080,275)**
Net Value as at 31.12.2021	**193,607**	**988,497**	**5,368,571**	**234,781**	**6,785,456**

Therefore at 31 December 2021, "Right of use" comprised the following:

Description	31.12.2021		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	283,608	(90,001)	193,607
Right of use - buildings	2,595,410	(1,606,913)	988,497
Right of use - rolling stock	8,074,446	(2,705,875)	5,368,571
Right of use - other assets	500,655	(265,874)	234,781
Total	**11,454,119**	**(4,668,663)**	**6,785,456**

Changes for 2022 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - rolling stock	Right of use - other assets	Total
Net Value as at 01.01.2022	**193,607**	**988,497**	**5,368,571**	**234,781**	**6,785,456**
Acquisitions	39,802	587,808		115,432	**743,042**
Divestments Historical Cost	(73,508)			(179,513)	**(253,021)**
Divestments Accumulated depreciation	73,508			179,513	**253,021**
Amortisation/Depreciation Rates	(99,254)	(549,653)	(1,342,143)	(121,115)	**(2,112,165)**
Net Value as at 31.12.2022	**134,155**	**1,026,652**	**4,026,428**	**229,098**	**5,416,333**

Therefore, at 31 December 2022 "Right of use" comprised the following:

Description	31.12.2022		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	249,902	(115,747)	134,155
Right of use - buildings	3,183,218	(2,156,566)	1,026,652
Right of use - rolling stock	8,074,446	(4,048,018)	4,026,428
Right of use - other assets	436,574	(207,476)	229,098
Total	**11,944,140**	**(6,527,807)**	**5,416,333**

The item "Right to use rolling stock" includes the lease of 4 Bombardier E494 TRAXX DC locomotives leased to DB Cargo.

NOTA 4 EQUITY INVESTMENTS

At 31 December 2022, equity investments amounted to EUR 710,002 thousand, with an net decrease of EUR 599 thousand as a result of the changes that took place during the year and commented on below.

Investments are shown in the next table:

Descrizione	31.12.2021			Variazioni 2022				31.12.2022		
	Costo	(Svalutazione)	Valore a bilancio	Incrementi	(Decrementi)	Riclassifiche	(Svalut.)/ Ripristini di valore	Costo	(Svalutazione)	Valore a bilancio
Partecipazioni in imprese controllate	663.306.353	(7.880.189)	655.426.164	5.200.000		(3.912.112)	(1.886.559)	662.640.241	(7.812.748)	654.827.493
Partecipazioni in joint venture	48.607.674		48.607.674					48.607.674		48.607.674
Partecipazioni in imprese collegate	6.566.706		6.566.706					6.566.706		6.566.706
Totale partecipazioni	**718.480.733**	**(7.880.189)**	**710.600.544**	**5.200.000**		**(3.912.112)**	**(1.886.559)**	**717.814.621**	**(7.812.748)**	**710.001.873**

<u>Equity investments in subsidiaries</u>

Investments in subsidiaries are shown in the following table:

Descrizione	31.12.2021			Variazioni 2022			31.12.2022		
	Costo	(Svalutazione)	Valore a bilancio	Incrementi	Riclassifiche	(Svalut.)/ Ripristini di valore	Costo	(Svalutazione)	Valore a bilancio
FERROVIENORD S.p.A.	4.571.732	(234.548)	4.337.184				4.571.732	(234.548)	4.337.184
FNMAutoservizi S.p.A.	16.274.641	(4.624.641)	11.650.000				16.274.641	(4.624.641)	11.650.000
Nuovo Trasporto Triveneto S.r.l.	248.000	(148.000)	100.000				248.000	(148.000)	100.000
La Linea S.p.A.	5.866.112	(1.954.000)	3.912.112		(3.912.112)				
Azienda Trasporti Verona S.r.l.	21.001.000	(769.000)	20.232.000				21.001.000	(769.000)	20.232.000
E-Vai S.r.l.	2.036.559	(150.000)	1.886.559			(1.886.559)	2.036.559	(2.036.559)	
Malpensa Intermodale S.r.l.	865.377		865.377	300.000			1.165.377		1.165.377
Malpensa Distripark S.r.l.	500.000		500.000	1.000.000			1.500.000		1.500.000
Milano Serravalle - Milano Tangenziali S.p.A.	609.492.932		609.492.932				609.492.932		609.492.932
FNMPAY S.p.A.	2.450.000		2.450.000	2.400.000			4.850.000		4.850.000
FNMPower S.r.l.				1.500.000			1.500.000		1.500.000
Totale partecipazioni in imprese controllate	**663.306.353**	**(7.880.189)**	**655.426.164**	**5.200.000**	**(3.912.112)**	**(1.886.559)**	**662.640.241**	**(7.812.748)**	**654.827.493**

La Linea S.p.A.

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 and Ecobus. The investment was therefore reclassified, in accordance with IFRS 5, to “Assets held for sale”.

Subsequently, on 2 December 2022, the Board of Directors authorised the Chairman to finalise the negotiation and signing of the preliminary agreement for the sale of the entirety of the shares held by FNM in the company La Linea S.p.A.

The preliminary agreement, signed on 7 December 2022, establishes that the purchase obligation, at a sale price of EUR 5,400 thousand, will be met in two tranches:

i. by 15 January 2023, hereinafter referred to as the “First Closing”, for the sale of 221,200 shares to Alilaguna, 316,000 shares to Powerbus (formerly Ecobus) and 356,132 shares to Massimo Fiorese, for a total of 28.27% of the shares of La Linea S.p.A. for EUR 2,993 thousand;
ii. by no later than 31 March 2023, hereinafter the “Second Closing”, 316,000 shares will be acquired by Alilaguna and 402,268 shares will be acquired by Powerbus, for a total of 22.73% of the share capital of La Linea S.p.A., for EUR 2,407 thousand.

At the same time as the Second Closing, La Linea shall also proceed with the full settlement of its payables to FNM, deriving from the two existing loan agreements, for a total of EUR 7.3 million at 31 December 2022. Any failure to extinguish these loan agreements constitutes a condition subsequent of the First Closing and a condition precedent of the Second Closing.

On 16 January 2023, the First Closing took place, so FNM now holds a shareholding of 22.73%.

Malpensa Intermodale S.r.l.

Following a resolution passed by the Board of Directors on 23 February 2022, FNM made a capital contribution of EUR 300 thousand to cover the losses incurred in 2020 and 2021. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

Malpensa Distripark S.r.l.

In consideration of the losses incurred by the subsidiary, following the resolution of the Board of Directors of 23 February 2022, the Company made a capital contribution of EUR 1,000 thousand in order to support its capitalisation and the development of the existing Sacconago Terminal.

FNMPAY S.p.A.

On 22 December 2022, in connection with the losses incurred by the subsidiary in 2022 and set forth in the plan, it approved the capitalisation of the subsidiary through a capital injection of EUR 2,400 thousand. The payment was made on 28 December 2022.

FNM Power S.r.l.

As part of the H2iseO project, more details of which are provided in section 6.1 of the Management Report, the construction of hydrogen production facilities is planned, initially intended for the new trainsets. To this end, the company FNM Power S.r.l. was established in April 2022 (wholly-owned by FNM S.p.A.), which will be active in the field of hydrogen production and distribution plants, also with reference to the subsequent operational phase.

Milano Serravalle - Milano Tangenziali S.p.A.

Milano Serravalle - Milano Tangenziali S.p.A. (“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 (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 investment, recognised at a value of EUR 609,493 thousand, inclusive of accessory expenses, derives from the acquisition, at the end of July 2020, of the 13.6% stake in MISE's share capital held directly and indirectly by ASTM, for EUR 85,842 thousand, and the acquisition of a further 82.6% stake in the share capital held by the Lombardy Region, for EUR 519,151 thousand, completed on 26 February 2021.

The acquisition took place following the fulfilment of the conditions precedent set forth in the sale and purchase agreement, including obtaining the authorisation from the competent Antitrust Authority and the authorisation from the Ministry of Infrastructure and Transport, in accordance with the concession issued on 7 November 2007 between MISE and ANAS S.p.A. (now Ministry of Infrastructure and Transport).
When the acquisition of 82.4% of MISE was completed, Autostrada Pedemontana Lombarda S.p.A. (APL) – the concessionaire company for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works – exited the MISE scope of consolidation as a result of the subscription and release on the same date by the Lombardy Region of a share capital increase of APL for a total of EUR 350 million and the consequent dilution to 36.66% of the share capital of the shareholding held by MISE in APL, in which it previously held a 79.29% stake.

Impairment Test

For the year 2022, the Directors tested for impairment the investments described below for which trigger events were identified.

<u>*ATV*</u>

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 Public Service Contract, 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.
As things currently stand, the Government Authority has not yet defined the continuation of activities at the end of the 12 months following the end of the emergency period. Also under consideration, at the initiative of ATV, is the possibility of an extension to 31 December 2026 in application of the provisions of art. 24, paragraph 5-*bis* of Legislative Decree 4/2022, i.e. following the presentation of an economic and financial plan for the following years that calls for, among other things, significant investments, including partial self-financing.
In consideration of the above-mentioned context of uncertainty in which the investee company is operating, the indirect effects connected to the ongoing Russia-Ukraine conflict and the residual consequences of the COVID-19 pandemic, as well as the significant difference between the carrying amount of the investment and the portion of shareholders' equity held by FNM in the investee company, the directors of FNM have identified a potential indicator of impairment of the investment in ATV.
In this context, the recoverable amount of the equity investment held in ATV, considered to be the value in use, was determined by applying a single scenario represented by the hypothetical cessation of operations in 2026 (the last year of the plan) and the subsequent liquidation of the operating invested capital at the end of 2027 with a time lag of one year, assuming that the new concessionaire will take over during the year subsequent to the expiry of the Public Service Contract. This time horizon is consistent with both the timing of the extension currently being discussed between ATV and the government body and the timeframe between the date of the call for tenders and the start-up of the service by the new concessionaire, as can be observed on average in the LPT sector.
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 derive from the 2023-2026 long-term plan, approved by ATV's Directors on 7 March 2023. The new projections were developed on the basis of the following main assumptions:

a. alignment of energy costs consistent with the new macroeconomic environment estimated on the basis of a study commissioned from specialist consultants updated at the end of December 2022;
b. investments are valued at expected market values, maintained for 2023, 2024 and 2025 at the values recognised for 2022, 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. 15% fare increase for occasional trips and 10% for systematic trips, both from September 2023. This assumption is considered reasonable by the directors in view of the discussions held with the government body and considering that ATV's tariffs have not been changed since 2012.

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 Public Service Contract 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, assuming that in 2024 there will still be a 5% reduction in demand compared to pre-pandemic levels, which is progressively restored over the plan period with progressive annual growth of 1%.

The rate used to discount cash flows determined as above is equal to 8.20% (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 according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value less costs of disposal of this CGU does not differ significantly from the value in use mentioned above.

A sensitivity analysis was carried out considering a change in the WACC discount rate. The following table shows the change in the value in use in millions of euros that would occur if this parameter were to vary:

WACC Sensitivity Analysis				
WACC				
7.2%	7.7%	8.2%	8.7%	9.2%
20.83	20.56	20.29	20.03	19.78

The break-even WACC that leads to a cover value of zero is 8.31%.

Malpensa Intermodale S.r.l.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved on 6 March 2023 by the Sole Director of the investee for the 2023-2026 period, which include possibilities for the development of current services, with the terminal starting to operate under normal circumstances starting from 2024 through:

- maintenance of current “car” traffic;
- growth in intermodal traffic consistent with the expansion of the space available at the Terminal (increase in the number of trains processed).

The estimated terminal value was calculated by projecting an average 2024-2026 EBITDA flow, in order to contain the effects of the growth expected throughout the plan period.

The rate used to discount cash flows determined as above is equal to 9.43% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. A growth rate equal to zero is indicated for the period after the plan timeframe. The WACC used also includes 1% of additional risk-premium.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and the g-rate growth rate in the calculation of the terminal value. The following table shows the change in impairment, in millions of euros, that would occur if these parameters were changed:

Sensitivity Analysis on WACC and g rate in the impairment test of MPX INTERMODALE						
		WACC				
		8.43 %	**8.93 %**	**9.43 %**	**9.93 %**	**10.43 %**
g rate	**-1.0 %**	0.10	-0.06	-0.21	-0.34	-0.45
	-0.5 %	0.23	0.05	-0.11	-0.25	-0.38
	0.0 %	0.37	0.18	—	-0.15	-0.29
	0.5 %	0.53	0.32	0.13	-0.04	-0.19
	1.0 %	0.70	0.47	0.26	0.08	-0.09

MISE

In consideration of the indirect effects connected to the ongoing Russia-Ukraine conflict and the residual consequences of the COVID-19 pandemic, as well as the significant difference between the carrying amount of the investment and the portion of shareholders' equity held by FNM in the investee company, the Directors of FNM have identified a potential indicator of impairment of the investment in MISE.

In this context, the recoverable amount of the equity investment held in MISE, estimated at its fair value net of costs to sell, was determined on the basis of the 2022-2028 economic-financial projections approved by MISE's Board of Directors on 7 March.

These projections were developed on the basis of the following main assumptions:

a. update of the Economic and Financial Plan (“EFP”), in line with the indications of ART Resolution no. 69/2019 (“ART Resolution”), in particular with regard to efficiency and the effects of the shifting of the tariff regulatory period. It should be noted that, complying with the dictates of the Transport Regulatory Authority (“ART”) resolution, the EFP update was prepared starting from the development of a Regulatory Financial Plan (RFP) for the period from 2020 to 2028. With reference to the traffic volumes estimated in the EFP, the forecasts drawn up by the Steer Office in June 2022 were assumed;
b. the investment plan forecast reflected new infrastructure needs in the areas of sustainability and the Olympics and the new price lists, which involved updating the economic frameworks. The total gross investment expenditure in the motorway infrastructure is EUR 469.6 million for the 2023-2028 period, partially contributed by public funds in the amount of EUR 91.1 million;

c. inclusion in the economic-financial projections of credit from notional items, accrued against: i) the quantification of the economic effects resulting from the COVID-19 epidemiological emergency to be applied to motorway concessionaires, the measurement of which was carried out on the basis of the forecasts included in the communication of 4 May 2021 prot. 7405 by the ART in relation to the principles and criteria for the quantification of such relief and, ii) the revision of the inflationary effect included in the economic-financial projections; more specifically, the subsidiary carried out a simulation of the impact of the adoption of the estimate of the new inflation rates, to be applied as established by the ART Resolution starting from the 2025-2028 regulatory period. This credit from notional items was included in the economic-financial projections as the final amount to be paid to the outgoing concessionaire as take-over indemnity, for a nominal amount of EUR 490 million (before the tax effect).

Based on the above, the Directors, with the support of an independent expert, conducted impairment testing on the basis of the economic and financial projections discussed above, assuming, for the sole purpose of such impairment testing, a 33% probability that the take-over indemnity receivable discussed above, expected to be collected in 2028, will not be recognised.

The rate used to discount cash flows determined as above is equal to 7.87% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The sensitivity analysis was carried out considering a change in the WACC discount rate in the calculation of the terminal value. The following table shows the change in impairment, in millions of euros, that would occur if this parameter were changed:

Sensitivity Analysis on WACC and g rate in the impairment test of				
WACC				
6.87 %	**7.37 %**	**7.87 %**	**8.37 %**	**8.87 %**
36.60	24.30	12.40	0.80	-10.40

E-Vai S.r.l.

In consideration of the impairment losses recognised in 2022 (higher than those budgeted last year, mainly due to the increase in labour and energy costs) and those expected in future years, based on the information available to date, it was deemed necessary to fully write down the investment.

The deterioration of forecast profitability starting from 2023 is mainly caused by the lack of the “car sharing” contribution in the recent renewal of the Public Service Contract for the 2023-2027 period, entered into by the Lombardy Region with FERROVIENORD S.p.A. This contribution until the year 2022 amounted to EUR 1.8 million, representing 31% of the subsidiary's revenues.

Equity investments in joint ventures

Investments in joint ventures are shown in the following table:

Descrizione	31.12.2021			Variazioni 2022			31.12.2022		
	Costo	(Svalutazione)	Valore a bilancio	Incrementi	Riclassifiche	(Svalut.)/ Ripristini di valore	Costo	(Svalutazione)	Valore a bilancio
NordCom S.p.A.	743.407		743.407				743.407		743.407
NORD ENERGIA S.p.A.	6.194.267		6.194.267				6.194.267		6.194.267
Omnibus Partecipazioni S.r.l.	3.610.000		3.610.000				3.610.000		3.610.000
Trenord S.r.l.	38.060.000		38.060.000				38.060.000		38.060.000
Totale partecipazioni in joint venture	**48.607.674**		**48.607.674**				**48.607.674**		**48.607.674**

Trenord S.r.l.

The item "Translation reserve", positive for EUR 53 thousand, is due to the translation into euro of the financial statements of the investee TILO SA, 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 2022 (equal to 1.01249) to income statement items, and the spot exchange rate at 31 December 2022 (0.9847) to assets and liabilities.

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

The impairment test was developed using the economic and financial projections for the 2023-2033 period approved by the Trenord Board of Directors on 20 February 2023, determining the recoverable amount on the basis of the value in use.

The 2023 - 2033 projections are based on two contextual elements, namely:

i. the extension of the current Public Service Contract until 31 July 2023; and
ii. the assignment to Trenord with the new Public Service Contract as of 1 August 2023 and until 31 July 2033.

The assumptions underlying the economic projections approved by Trenord's directors are also shown below:

1. Traveller demand and traffic revenues. A traveller recovery curve was assumed starting in 2024, with assumptions of a return to 2019 levels beginning in 2026/27. The tariff update was assumed to be consistent with an adjustment of 75% of planned inflation;
2. Public Service Contract Fees. Until 31 July 2023, the Public Service Contract fee was estimated based on the provisions of the contract in force. For the 1 August 2023-31 July 2033 period, the new Public Service Contract will provide for fee revenues through the definition and calculation of the Regulatory Economic and Financial Plan model required by reference legislation and ART Resolution no. 154/2019.
3. Investments. They were estimated on the basis of what was set forth in the pre-information notice regarding the assignment to Trenord, as also confirmed by Regional Law no. 15 of 6 August 2021, appropriately updated in order to consider the most recent information shared with the Lombardy Region with reference to the 2023-2032 Public Service Contract;
4. Other items. The service operating plan and operating costs were developed on the basis of production trends in line with the commissioning of new trains and the decommissioning of older trains over time, indexed to inflation and contractual adjustments.

Due to the pre-information notice regarding the assignment to Trenord, as also confirmed by Regional Law no. 15 of 6 August 2021, no alternative scenario of the tender not being awarded was considered, but rather a single scenario of the tender being awarded was considered, in line with the projections approved by the Trenord directors.

With reference to the period beyond the horizon of the economic and financial projections, two weighted scenarios were considered:

- in the first case Trenord continues the service, on the strength of its position as incumbent and the complexity of the service it manages, and therefore a terminal value was estimated;
- in the second, in view of the possibility that the Lombardy Region might start a competitive bid on part of the future offer, on a prudential basis and in light of the purposes of this test, the liquidation of the operating invested capital forecast at 31 December 2033 was evaluated at book value.

EBITDAs throughout the plan period for both scenarios were reduced by 5% to make up for the assumed volume effect during the plan period and express any higher costs due to inflation.

The rate used to discount cash flows determined as described above was calculated as equal to 9% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The g rate was estimated to be 0.

Impairment testing, carried out according to the above methodology, did not identify any need to write down the equity investment.
A sensitivity analysis was also carried out considering both a change in the WACC discount rate and g-rate growth rate in the calculation of the terminal value.
The following table shows the cover values in millions of euros that would occur if these parameters were to vary:

Sensitivity Analysis on WACC and g rate in the impairment test of TRENORD						
		WACC				
		8.00 %	**8.50 %**	**9.00 %**	**9.50 %**	**10.00 %**
g rate	**-1.0 %**	27.24	19.64	12.64	6.14	0.04
	-0.5 %	29.04	21.14	13.94	7.24	1.04
	0.0 %	31.04	22.84	15.44	8.54	2.14
	0.5 %	33.74	25.14	17.34	10.14	3.54
	1.0 %	36.74	27.74	19.54	12.04	5.14

The Directors believe that the fair value less costs of disposal of this equity investment does not differ significantly from the value in use mentioned above.

Moreover, the shareholders have undertaken to support the investee's capital and finances.

NORD ENERGIA S.p.A.

The year 2022 is characterised by the conclusion on 9 July 2022 of the exemption period of the Merchant Line, which allowed for the remunerated transfer of capacity. At its meeting on 8 November 2022, the Board of Directors of the investee company acknowledged that the company had fulfilled its corporate purpose, thus resulting in what is set forth in art. 2484, paragraph 1, point 2 of the Italian Civil Code.

The Board, having confirmed the above-mentioned cause for dissolution, in accordance with art. 2485 of the Italian Civil Code, authorised the Chief Executive Officer to convene the Shareholders' Meeting to allow it to pass the appropriate resolutions on the matter.
The Shareholders' Meeting of 20 December 2022, with minutes taken by Notary Zabban, file no. 75184/15700, therefore confirmed the cause for dissolution and entrusted the liquidation operations to a three-member board of liquidators. The meeting of liquidators was recorded in the register of companies on 10 January 2023.

Equity investments in associates

Investments in associates are shown in the following table:

Descrizione	31.12.2021			Variazioni 2022			31.12.2022		
	Costo	(Svalutazione)	Valore a bilancio	Incrementi	Riclassifiche	(Svalut.)/ Ripristini di valore	Costo	(Svalutazione)	Valore a bilancio
DB Cargo Italia S.r.l.	3.066.706		3.066.706				3.066.706		3.066.706
Busforfun.com S.r.l.	1.000.000		1.000.000				1.000.000		1.000.000
SportIT S.r.l.	2.500.000		2.500.000				2.500.000		2.500.000
Totale partecipazioni in imprese collegate	**6.566.706**		**6.566.706**				**6.566.706**		**6.566.706**

Busforfun.com
FNM holds a 40% stake in the share capital of Busforfun.com (“Busforfun”), an innovative start-up active in the tourism and commuting technology sector.

Sportit S.r.l.
FNM holds a 33% equity investment 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 the main European skiing destinations.

The following information on investments held is also reported:

Descrizione	Tipologia	Valutazione	Capitale	Patrimonio netto (incluso risultato)	Utile/perdita	% possesso	Patrimonio netto detenuto	Valore a bilancio
FERROVIENORD S.p.A. Milano - p.le Cadorna 14	Controllata	Costo	5.250.000	40.422.445	4.027.699	100%	40.422.445	4.337.184
FNM Autoservizi S.p.A. Milano - p.le Cadorna 14	Controllata	Costo	3.000.000	19.344.001	605.720	100%	19.344.001	11.650.000
Nuovo Trasporto Triveneto S.r.l. Milano - p.le Cadorna 14	Controllata	Costo	10.000	73.469	(5.673)	100%	73.469	100.000
E-Vai S.r.l Milano - p.le Cadorna 14	Controllata	Costo	2.000.000	1.152.576	(1.036.975)	100%	1.152.576	
Malpensa Intermodale S.r.l Milano - p.le Cadorna 14	Controllata	Costo	500.000	(4.761)	(553.902)	100%	(4.761)	1.165.377
Malpensa Distripark S.r.l. Milano - p.le Cadorna 14	Controllata	Costo	500.000	758.296	(258.253)	100%	758.296	1.500.000
Azienda Trasporti Verona S.r.l Verona - Lungadige Galtarossa 5	Controllata	Costo	15.000.000	35.805.252	473.892	50%	17.902.626	20.232.000
La Linea S.p.A. Venezia - Via della Fisica 30	Controllata	Costo	3.160.000	7.943.583	446.678	51%	4.051.227	3.912.112
FNMPAY S.p.A. Milano - p.le Cadorna 14	Controllata	Costo	150.000	2.712.766	(1.332.878)	100%	2.712.766	4.850.000
Milano Serravalle - Milano Tangenziali S.p.A. Assago - Via del Bosco Rinnovato 4/b	Controllata	Costo	93.600.000	406.935.893	57.998.711	100%	406.935.893	609.492.932
FNM Power S.r.l Milano - p.le Cadorna 14	Controllata	Costo	1.500.000	1.474.285	(25.715)	100%	1.474.285	1.500.000
Trenord S.r.l Milano - p.le Cadorna 14	Joint Venture	Costo	76.120.000	88.485.441	(9.450.708)	50%	44.242.721	38.060.000
NORD ENERGIA S.p.A. Milano - p.le Cadorna 14	Joint Venture	Costo	10.200.000	19.409.562	3.345.809	60%	11.645.737	6.194.267
NordCom S.p.A. Milano - p.le Cadorna 14	Joint Venture	Costo	5.000.000	14.136.968	723.981	58%	8.199.441	743.407
Omnibus Partecipazioni S.r.l Milano - p.le Cadorna 14	Joint Venture	Costo	20.000	9.751.932	1.834.559	50%	4.875.966	3.610.000
DB Cargo Italia S.r.l. Milano - p.le Cadorna 14	Collegata	Costo	3.000.100	31.396.244	7.068.691	40%	12.558.498	3.066.706
SportIT S.r.l Milano - Viale Abruzzi 41	Collegata	Costo	489.244	2.009.015	(759.282)	33,3%	669.002	2.500.000
Busforfun.com S.r.l Venezia - Via Bottenigo 217	Collegata	Costo	13.280	354.309	(285.973)	40,0%	141.724	1.000.000

Reference is made to the management report for a comment on the performance of investees, subsidiaries, joint ventures and associates.

NOTA 5 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

This item at 31 December 2022 is broken down in the following table:

Description	31.12.2022		
	Non-Current	Current	Total
Other financial receivables		38,323	38,323
Provision for financial bad debts		(38,323)	(38,323)
Other financial assets measured at amortised cost	**—**	**—**	**—**
La Linea Loan	6,244,444	1,027,227	7,271,671
Busforfun.com Loan	1,600,000	479,791	2,079,791
Malpensa Distripark Loan	1,802,306		1,802,306
Receivables current accounts from subsidiaries		431,465	431,465
(LESS) IFRS 9 Impairment Provision		(5,989)	(5,989)
Other financial assets measured at amortised cost (Note 34)	**9,646,750**	**1,932,494**	**11,579,244**
Total	**9,646,750**	**1,932,494**	**11,579,244**

This item at 31 December 2021 is broken down in the following table:

Description	31.12.2021		
	Non-Current	Current	Total
Other financial receivables		38,323	38,323
Provision for financial bad debts		(38,323)	(38,323)
Other financial assets measured at amortised cost	**—**	**—**	**—**
Busforfun.com Loan	840,000	214,416	1,054,416
La Linea Loan	700,000	233,333	933,333
Receivables current accounts from subsidiaries		861,879	861,879
(LESS) IFRS 9 Impairment Provision		(5,989)	(5,989)
Other financial assets measured at amortised cost (Note 34)	**1,540,000**	**1,303,639**	**2,843,639**
Total	**1,540,000**	**1,303,639**	**2,843,639**

On 20 December 2019, the Company executed a loan agreement with the subsidiary La Linea in order to provide it with the funds necessary to subscribe and fully pay the share capital increase in La Linea 80 S.c.a r.l., a special purpose entity of which ATV S.p.A. owns 70% and La Linea S.p.A. owns 30%. The loan, totalling EUR 1,400 thousand, matures 6 years after the stipulation date. The credit facility, bearing interest at a floating rate of 6-month Euribor + 165 bps per annum, shall be repaid in 12 six-monthly instalments inclusive of principal and interest. At 31 December 2022, EUR 447 thousand had been repaid, so the residual receivable was EUR 700 thousand.

On 1 December 2021, a further loan was granted to the subsidiary La Linea in order to provide it with the funding to carry out the necessary investments as it won the tender called by the Municipality of Venice for the provision of automotive local public transport within the urban area of Mestre and Spinea. The loan, totalling EUR 9 million, matures 10 years after the date on which it

was taken out and was disbursed on 26 May 2022 for an amount of EUR 6,500 thousand. The line of credit, which bears interest at a fixed rate of 1.5% per annum, will be repaid in 9 annual instalments with the first instalment falling due one year after the service covered by the tender begins, therefore on 1 October 2023.
The item “La Linea Loan” also includes interest accrued and not yet collected in the amount of EUR 72 thousand.
All amounts indicated will be fully repaid by the date of the second closing.

On 30 July 2021, the Company signed a loan agreement with the associate Busforfun.com 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 bears interest at a floating rate of 6-month Euribor + 165 bps per annum. The contract signed required repayment in 5 yearly instalments with the first instalment falling due on 31 December 2022.
In order to support the strategic development of the investee, on 2 December 2022 the FNM Board of Directors approved, *inter alia*:(i) taking out of an additional loan in favour of Busforfun, to be disbursed in the year 2023, at an interest rate equal to the 6-month Euribor plus a spread of 4%, for EUR 2,000 thousand, repayable in 5 equal principal instalments, with the first instalment commencing on 31 December 2024; (ii) the postponement of the start date of the first instalment for the repayment of the outstanding loan from 31 December 2022 to 31 December 2023, with all other conditions remaining the same, without prejudice to the recalculation of financial expenses.
The additional loan was taken out on 25 January 2023.
The item “Busforfun.com Loan” includes interest accrued and not yet collected in the amount of EUR 80 thousand.

On 14 November 2022, the Company signed a loan agreement with the subsidiary Malpensa Distripark in order to support the realisation of “Phase 0” (acquisition of land for the construction of an area for parking loading units, a third track, a set of terminal tracks and the expansion of shunting platforms) for the development of the existing Sacconago Terminal, for a total of EUR 11 million. The loan has a term of 25 years and bears interest at a fixed annual rate of 1.5%. The contract signed requires repayment in 25 yearly instalments, with the first instalment falling due one year after the completion of the works. As at 31 December 2022, the loan was disbursed in the amount of EUR 800 thousand.
Subsequently, on 6 December 2022, the Company entered into a second loan agreement with the subsidiary Malpensa Distripark, for a total of EUR 32 million, in order to support “Phase 1” and “Phase 2” of the development of the existing Sacconago Terminal, consisting of the construction of functions and services (warehouses, offices, refreshment area, fuel station, maintenance workshop) to support the Terminal as well as a logistics shed with relative access, manoeuvring and parking spaces, with the possibility of also installing a fourth track. The loan has a term of 20 years and bears interest at a fixed annual rate of 2.6%. The contract signed requires repayment in 20 yearly instalments, with the first instalment falling due one year after the completion of the works. As at 31 December 2022, the loan was disbursed in the amount of EUR 1,000 thousand.

Current account receivables from subsidiaries include EUR 430 thousand (EUR 97 thousand at 31 December 2021) relating to the current account receivable from Malpensa Intermodale S.r.l. and EUR 1 thousand for the current account receivable from FNM Power S.r.l. (not present at 31 December 2021). As at 31 December 2021, the item also included the current account receivable from Malpensa Distripark S.r.l. for EUR 651 thousand.

Effective rates of the return on receivables are indicated below:

Description	2022	2021
Subsidiary and associate loans	1.50% - 4.376%	1.65% - 3%
Receivables current accounts vs subsidiaries	0.073 %	0.02 %

NOTA 6 DEFERRED TAX ASSETS AND LIABILITIES

(Amounts in thousands of Euro)

Description	31.12.2022	31.12.2021	Change
Deferred tax assets	10,063	8,072	1,991
Deferred tax liabilities	93	115	(22)
Net deferred tax assets	**9,970**	**7,957**	**2,013**

Changes in net deferred tax assets for the year are shown below:

(Amounts in thousands of Euro)

Description	31.12.2022	31.12.2021	Change
Balance at the start of the year	**7,957**	**6,696**	**1,261**
Allocated to income statement	2,037	1,258	779
Allocated to shareholders' equity	(24)	3	(27)
Balance at the end of the year	**9,970**	**7,957**	**2,013**

Deferred tax assets and liabilities are mainly generated from temporary differences on income components with a future deductibility or taxability.
The nature of temporary differences generating deferred tax assets and liabilities is summarised below:

Deferred tax assets

(Amounts in thousands of Euro)

Deferred tax assets 31.12.2021	Balance as at 01.01.2021	Allocated to income statement	Allocated to capital	Balance as at 31.12.2021
Allocation	644	129		773
Post-employment benefit valuation	41	(8)	3	36
Intangible assets	33	21		54
Plant, property and equipment write-backs, impairments and	5,968	1,019		6,987
Impairment of Receivables	222	—		222
Total	**6,908**	**1,161**	**3**	**8,072**

Deferred tax assets 31.12.2022	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	Balance as at 31.12.2022
Allocation	773	(4)		769
Post-employment benefit valuation	36	9	(24)	21
Intangible assets	54	(2)		52
Plant, property and equipment write-backs, impairments and depreciation	6,987	1,998		8,985
Impairment of Receivables	222	14		236
Total	**8,072**	**2,015**	**(24)**	**10,063**

Deferred tax liabilities

(Amounts in thousands of Euro)

Deferred tax liabilities 31.12.2021	Balance as at 01.01.2021	Allocated to income statement	Allocated to capital	Balance as at 31.12.2021
Capital gains	21	(21)		—
Property, plant and equipment	191	(76)		115
Total	**212**	**(97)**	**—**	**115**

Deferred tax liabilities 31.12.2022	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	Balance as at 31.12.2022
Property, plant and equipment	115	(22)		93
Total	**115**	**(22)**	**—**	**93**

Considerations on estimates of future taxability of the Company, on which the recognition of deferred taxes depends, are made in the section “Items subject to significant assumptions and estimates”.

NOTA 7 TRADE RECEIVABLES

The next table shows entries for trade receivables from related parties and third parties, suitably adjusted by the provision for bad debts:

Description	31.12.2022	31.12.2021
Receivables from third parties	1,565,731	2,102,041
(LESS) Provision for bad debts	(105,907)	(66,624)
(LESS) IFRS 9 Impairment Provision	(43,226)	(43,226)
Trade receivables	**1,416,598**	**1,992,191**
Trenord S.r.l.	20,069,613	20,145,175
Milano Serravalle - Milano Tangenziali S.p.A.	3,545,960	6,671
FERROVIENORD S.p.A.	2,032,676	1,697,521
FNM Autoservizi S.p.A.	891,641	197,421
DB Cargo Italia S.r.l.	715,114	674,374
Omnibus Partecipazioni S.r.l.	200,831	154,949
La Linea S.p.A.	133,969	165,195
FNMPAY S.p.A.	131,865	138,862
NordCom S.p.A.	74,453	400,498
Malpensa Intermodale S.r.l.	35,865	30,327
Nord_Ing S.r.l.	33,731	45,098
Fuorimuro Servizi Portuali e Ferroviari S.r.l.	29,280	137,411
E-Vai S.r.l.	26,679	53,932
Malpensa Distripark S.r.l.	21,976	21,187
FNM Power S.r.l.	19,192	
ASF Autolinee S.r.l.	17,752	17,752
ATV S.p.A.	8,210	33,523
NORD ENERGIA S.p.A.	8,008	10,491
Martini Bus S.r.l.	1,694	1,694
Milano Serravalle Engineering S.r.l.	1,052	
NTT S.r.l.	310	310
Locoitalia		36,443
(LESS) IFRS 9 Impairment Provision	(57,781)	(57,781)
Trade receivables from related parties (Note 34)	**27,942,090**	**23,911,053**
Total	**29,358,688**	**25,903,244**

"Receivables from third party customers" decreased in relation to the different timing of collection from the trade counterparty.

Trade receivables from related parties increased in relation to the deed of pledge signed with the subsidiary Milano Serravalle - Milano Tangenziali and relating to the activities carried out by FNM for the latter in the year under review. The change is also related to the different collection times compared to the previous year for receivables from the subsidiaries FNM Autoservizi and FERROVIENORD.

Provision for bad debts

Following analysis of the risk of the non-collectibility of receivables at the end of the reporting period, the EUR 110 thousand allocated to the provision in previous year was deemed sufficient.

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

NOTA 8 OTHER CURRENT AND NON-CURRENT ASSETS

The next tables show items relative to "Other receivables" for 2022 and 2021:

Description	31.12.2022		
	Non-Current	Current	Total
Tax receivables		7,714,850	7,714,850
Receivables in insolvency proceedings		1,511,346	1,511,346
Prepayments	511,458	776,978	1,288,436
Receivables from others	139,543	379,332	518,875
(Less) Provision for bad debts		(1,511,346)	(1,511,346)
(LESS) IFRS 9 Impairment Provision		—	—
Other receivables	**651,001**	**8,871,160**	**9,522,161**
Other receivables from related parties (Note 34)		**10,567,864**	**10,567,864**
Total	**651,001**	**19,439,024**	**20,090,025**

Description	31.12.2021		
	Non-Current	Current	Total
Tax receivables		5,900,640	5,900,640
Receivable for contractual advance		69,600	69,600
Receivables in insolvency proceedings		1,511,346	1,511,346
Prepayments	758,015	751,758	1,509,773
Receivables from others	132,793	468,742	601,535
(Less) Provision for bad debts		(1,511,346)	(1,511,346)
(LESS) IFRS 9 Impairment Provision		(22,674)	(22,674)
Other receivables	**890,808**	**7,168,066**	**8,058,874**
Other receivables from related parties (Note 34)		**5,969,840**	**5,969,840**
Total	**890,808**	**13,137,906**	**14,028,714**

Other assets

Tax receivables

Current tax receivables refer to the Group's VAT receivable arising from the monthly VAT settlement for EUR 7,561 thousand (EUR 401 thousand at 31 December 2021) and the tax credit referring to the "facade bonus", recognised in the year 2022, for EUR 154 thousand.

The balance at 31 December 2021 included the VAT receivable for which a refund has already been requested, amounting to EUR 5,500 thousand, referring to the refund application filed by the Company on 24 April 2018 with the VAT return relative to the 2017 tax period. The receivable was fully collected on 26 April 2022.

Receivables in insolvency proceedings

“Receivables in insolvency proceedings” were written down entirely in the specific “provision for bad debts”.

Prepayments

Current deferred charges refer to deferrals for the Warranty & Indemnity (W&I) insurance policy taken out to cover the Representations & Warranties set forth in the sale and purchase agreement entered into with the Lombardy Region for the purchase of MISE, for EUR 728 thousand (EUR 1,005 thousand at 31 December 2021), as well as EUR 366 thousand for the advance paid to Alstom in relation to the purchase of documentary material required by the long-term maintenance contract for CSA type rolling stock used for the airport service.

Receivables from others

“Receivables from others” mainly refer to advances for services paid to suppliers for EUR 208 thousand (EUR 109 thousand at 31 December 2021), as well as credit notes to be received for EUR 19 thousand (EUR 71 thousand at 31 December 2021).

The fair value of receivables other than those recognised as “Receivables in insolvency proceedings”, obtained by adjusting their nominal value through the provision for bad debts (allocated to estimate the risk of the non-collectibility of receivables existing at the end of each reporting period) approximates the carrying amount of the receivables at 31 December 2022 and 31 December 2021.

Other assets – related parties

Other receivables from related parties include:

Description	31.12.2022	31.12.2021
Milano Serravalle-Milano Tangenziali S.p.A.	6,654,809	678
NORD ENERGIA SpA	1,329,072	2,251,393
FERROVIENORD SpA	1,262,040	2,897,544
NordCom SpA	344,160	298,781
E-Vai S.r.l.	282,353	150,294
FNMPAY S.p.A.	230,906	
Milano Serravalle Engineering S.r.l.	227,684	
FNM Autoservizi S.p.A.	206,437	
Malpensa Intermodale S.r.l.	40,508	5,174
Locoitalia S.r.l.		309,994
NORD_ING S.r.l.		66,087
Total related companies (Note 34)	**10,577,969**	**5,979,945**
(LESS) IFRS 9 Impairment Provision	(10,105)	(10,105)
Total related parties (Note 34)	**10,567,864**	**5,969,840**

Receivables from related companies refer to tax receivables: they include the items arising from Tax Consolidation for EUR 7,941 thousand (EUR 3,583 thousand at 31 December 2021) and Group VAT for EUR 2,628 thousand (EUR 2,386 thousand at 31 December 2021).
The change in the tax consolidation receivable is mainly attributable to the receivable from the subsidiary MISE, which began participating in this system in 2022, amounting to EUR 6,656 thousand (not present at 31 December 2021), partially offset by the different exposure of the subsidiary FERROVIENORD, amounting to EUR 552 thousand (EUR 2,889 thousand at 31 December 2021).

NOTA 9 TAX RECEIVABLES

The next table shows how this item is broken down:

Description	31.12.2022	31.12.2021
IRAP (REGIONAL BUSINESS TAX)	—	271,188
IRES (CORPORATE INCOME TAX)	—	176,871
Total Receivables for taxes	**—**	**448,059**

NOTA 10 CASH AND CASH EQUIVALENTS

The next table shows how this item is broken down:

Description	31.12.2022	31.12.2021
Bank and postal deposits	116,371,136	97,034,827
Cash on hand	39,247	33,310
(LESS) Impairment IFRS 9	(657,438)	(657,438)
Total	**115,752,945**	**96,410,699**

The Company manages the liquidity of the other Group companies in cash pooling; therefore, in view of cash on bank deposits of EUR 115,753 thousand, FNM has giro accounts receivables of EUR 431 thousand (EUR 748 thousand at 31 December 2021) and giro accounts payable of EUR 152,798 thousand (EUR 88,038 thousand at 31 December 2021), including interest, represented below:

(Amounts in thousands of Euro)

Description	**31.12.2022**	**31.12.2021**
Malpensa Intermodale S.r.l.	430	97
FNM Power S.r.l.	1	—
Malpensa Distripark S.r.l.	—	651
Total receivables	**431**	**748**
Milano Serravalle-Milano Tangenziali S.p.A.	86,909	
FERROVIENORD S.p.A.	21,562	41,314
NORD ENERGIA S.p.A.	20,365	19,651
NordCom S.p.A.	8,252	9,291
FNM Autoservizi S.p.A.	4,008	6,058
FNMPAY S.p.A.	2,930	2,164
E-Vai S.r.l.	108	1,112
NORD_ING S.r.l.	718	731
Malpensa Distripark S.r.l.	697	
Martini Bus S.r.l.	94	344
La Linea S.p.A.	239	330
Corporate bodies	6,916	7,043
Total payables	**152,798**	**88,038**

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 this giro accounts, interest income and expenses are paid at market rates (Note 5 and Note 12).

In relation to the adoption of IFRS 9, based on the expected losses model, the Company 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 657 thousand was carried out.

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

NOTA 11 SHAREHOLDERS' EQUITY

The table breaks down shareholders' equity at 31 December 2022 and 31 December 2021, indicating possible uses of reserves.

(Amounts in thousands of Euro)

Description	31/12/2022	31/12/2021	Changes	Allowable uses
Share Capital	230,000	230,000		
Other Reserves:				
– Share premium reserve	6,545	6,545		A, B
– Provisions for grants and donations	1,078	1,078		A, B, C
– Merger surplus reserve	165	165		A, B, C
Total Other Reserves:	*7,789*	*7,789*		
Reserve for indivisible profit:				
– Legal reserve	17,177	16,907	270	A, B
– Demerger surplus reserve	2,832	2,832	—	A, B, C
– Extraordinary reserve	97,426	97,426	—	A, B, C
– FTA IFRS 9	(575)	(575)	—	
– Retained earnings	50,553	45,415	5,138	A, B, C
Total Reserve for indivisible profit:	*167,413*	*162,005*	*5,408*	
Reserve for actuarial Gains/(Losses)	(106)	(177)	71	
Profit for the year	8,031	5,408	2,623	
Total	**413,127**	**405,025**	**8,102**	

Key: A = to increase capital - B = to cover losses - C = to distribute to shareholders

The following changes in shareholders' equity were recorded in 2021 and 2022:

(Amounts in thousands of Euro)

Description	Share capital	Share premium reserve	Provisions for grants and donations	Merger surplus reserve	Legal Reserve	Demerger surplus reserve	Extraordinary reserve	Retained earnings (losses)	Reserve for actuarial gains/loss	Operating result	Total
Balance as at	**230,000**	**6,546**	**1,078**	**165**	**15,712**	**2,832**	**96,851**	**22,718**	**(169)**	**23,892**	**399,625**
Allocation of 2020 profit					1,195			22,697		(23,892)	
Reserve for actuarial									(8)		(8)
Profit for the year										5,408	5,408
Balance as at	**230,000**	**6,546**	**1,078**	**165**	**16,907**	**2,832**	**96,851**	**45,415**	**(177)**	**5,408**	**405,025**
Allocation of 2021 profit					270			5,138		(5,408)	
Reserve for actuarial									71		71
Profit for the year										8,031	8,031
Balance as at	**230,000**	**6,546**	**1,078**	**165**	**17,177**	**2,832**	**96,851**	**50,553**	**(106)**	**8,031**	**413,127**

Share capital

At 31 December 2022 and 31 December 2021, fully paid-up share amounted to EUR 230,000,000, comprising 434,902,568 ordinary shares, with no par value.

Share premium reserve and Provisions for grants and donations
These reserves did not change compared to the previous year.

Merger surplus reserve

Pursuant to article 2504-*bis,* paragraph 4 of the Italian Civil Code, this financial statement item includes the surplus from the merger by incorporation of the subsidiary Interporti Lombardi S.p.A, completed in October 2008. This merger surplus resulted from the difference between the shareholders' equity of the incorporated entity, equal to EUR 665 thousand, and the value of the investment held by FNM in Interporti Lombardi S.p.A., equal to EUR 500 thousand. This reserve did not change compared to the previous year.

Legal reserve

This item increased due to the allocation of the result for 2021. In this regard, it should be highlighted that, on 26 April 2022 the Shareholders' Meeting approved the separate financial statements of the Company at 31 December 2021 and resolved to allocate profit for the year as follows:

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

Demerger surplus reserve

During 2010, FERROVIENORD was demerged in favour of FNM, with reference to the demerged unit represented, in terms of assets, by the investment held in the share capital of the company DB Cargo Italia S.r.l. (40%) and, in terms of liabilities, by the portion of shareholders' equity comprising “Retained earnings” equal to EUR 3,066,706. The demerger led to a decrease in the shareholders' equity of FERROVIENORD from EUR 53,022,518 to EUR 49,955,812, with a reduction equal to 5.7838%; therefore the carrying amount of the investment in FERROVIENORD was reduced by the same percentage, with a write-down of EUR 234,548. The difference between the carrying amount of the investment in DB Cargo Italia S.r.l. and the decrease in the carrying amount of the investment in FERROVIENORD, equal to EUR 2,832,158, was therefore identified in the demerger surplus reserve in shareholders' equity. This reserve did not change compared to the previous year.

Extraordinary reserve
The item remained unchanged from the previous year.

Retained earnings

This reserve increased due to the allocation of the result for 2021, as already indicated in the note on the “Legal reserve”.

Reserve for actuarial gains/losses
This item refers to cumulative actuarial gains and losses at 31 December 2022, from the measurement of post-employment benefit, net of the related tax effect, in accordance with IAS 19.

NOTA 12 CURRENT AND NON-CURRENT PAYABLES TO BANKS

Payables to banks at 31 December 2022 and 31 December 2021 are broken down as follows:

Description	31.12.2022		
	Non-Current	Current	Total
BEI Funding	25,130,708	8,315,157	33,445,865
Payables to banks	**25,130,708**	**8,315,157**	**33,445,865**

Description	31.12.2021		
	Non-Current	Current	Total
BEI Funding	—	41,708,565	41,708,565
Payables to banks	**—**	**41,708,565**	**41,708,565**

The item “EIB Funding” is entirely attributable to the disbursement of the loan taken out by the 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.
Both instalments falling due during the year, amounting to EUR 8,279 thousand, were repaid.

As a result of the consolidation of MISE, a reduction was recorded in the Group Shareholders’ Equity in the amount of EUR 295 million, 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.

During the year, 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 ≤ 4.5 at the calculation dates of 31 December 2021 and 30 June 2022, ≤ 3.5 at the calculation dates of 31 December 2022 and 30 June 2023, ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

The financial covenants set forth above had been respected at 31 December 2022.

As at the closing date of 31 December 2022, based on available data, these covenants have been met.

Please also note that, aside from the above-mentioned refinancing, the Group has liquidity headroom of around EUR 123 million in uncommitted lines, thereby offering sufficient financial flexibility.

Reference is made to section 8.2 of the management report for detailed information about the Company's financial structure.

NOTA 13 BOND, CURRENT AND NON-CURRENT FINANCIAL PAYABLES AND LEASE LIABILITIES

The next tables show items relative to "Financial payables" at 31 December 2022 and 31 December 2021:

Description	31.12.2022		
	Non-Current	**Current**	**Total**
Bond Loan	644,397,343	961,644	645,358,987
Payables current accounts to third parties	—	4,969,451	4,969,451
Payables for lease agreements	2,963,450	1,626,657	4,590,107
Accruals for interest on financial payables	—	49,009	49,009
Financial Payables	**647,360,793**	**7,606,761**	**654,967,554**
Payables current accounts to related parties	—	148,041,966	148,041,966
Payables for lease agreements	442,912	642,746	1,085,658
Financial payables to related parties (Note 34)	**442,912**	**148,684,712**	**149,127,624**
Total	**647,803,705**	**156,291,473**	**804,095,178**

Description	31.12.2021		
	Non-Current	Current	Total
Bond Loan	642,957,974	961,644	643,919,618
Payables current accounts to third parties	—	4,810,713	4,810,713
Payables for lease agreements	4,400,894	1,564,374	5,965,268
Accruals for interest on financial payables	—	61,135	61,135
Financial Payables	**647,358,868**	**7,397,866**	**654,756,734**
Payables current accounts to related parties	—	83,227,359	83,227,359
Payables for lease agreements	514,779	543,373	1,058,152
Financial payables to related parties (Note 34)	**514,779**	**83,770,732**	**84,285,511**
Total	**647,873,647**	**91,168,598**	**739,042,245**

The due date of the non-current component is shown below:

Description	31.12.2022	31.12.2021
Between 1 and 2 years	2,050,236	2,079,153
Between 2 and 5 years	645,635,634	645,794,494
Over 5 years	117,835	—
Total	**647,803,705**	**647,873,647**

On 13 October 2021, the Company completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of 5 years. The bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the “EMTN Programme”) of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021.

The 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. The bond is not subject to covenants.

The proceeds of the bond loan were used to prepay in full the debt assumed in connection with the acquisition of Milano Serravalle - Milano Tangenziali S.p.A., and for the remaining part, to maintain adequate levels of liquidity to meet operating and investment needs.

The fair value of the Bond was approximately EUR 545 million at 31 December 2022.

The item “Current account payables to third parties” refers to the cash pooling giro account with various company entities (Supplementary FNM scheme for EUR 4,811 thousand and the FNM Company Recreational Group for EUR 158 thousand).

The item “Current account payables to related parties” mainly refers to the cash pooling giro account with investees, of which EUR 86,909 thousand to MISE, EUR 21,652 thousand

FERROVIENORD, EUR 20,365 thousand to NORD ENERGIA, EUR 8,252 thousand to NordCom, EUR 4,008 million to FNMA and EUR 2,929 thousand to FNMPAY. The change in the financial year is mainly attributable to the subsidiary MISE joining the cash pooling system on 20 December 2021. The first transfer of MISE's balances to the Parent Company's current accounts took place on 15 February 2022.

All payables for lease agreements 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 27 thousand.

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

Description	31.12.2022		31.12.2021	
	Minimum future payments	Present value of minimum payments	Minimum future payments	Present value of minimum payments
Less than 1 year	2,303,143	5,675,765	2,228,209	7,023,420
1 - 5 years	3,361,290		4,976,694	
Over 5 years	119,049		89,687	
Total	**5,783,482**	**5,675,765**	**7,294,590**	**7,023,420**
Future interest expense	(107,717)		(271,170)	
Present value of payables related to finance leases	**5,675,765**		**7,023,420**	

Rates relative to payables from related parties for leases, exposed to interest rate risk, are revised over a period of less than 12 months.
Effective interest rates at the end of the reporting periods are shown below:

Description	2022	2021
Payables for lease agreements	0.98 %	1.47 %
Payables for cash pooling	0.090 %	0.004 %
Payables to bondholders	0.9820 %	0.9821 %

The rates for lease liabilities were determined on the basis of the marginal financing rates of the Company.

NOTA 14 NET FINANCIAL POSITION

The item net financial position at 31 December 2022 and 2021 is broken down below, according to CONSOB information notice 5/21 of 29 April 2021, which replaces CONSOB notice no. 6064293 of July 2006 and related notices which refer data in the table to data in the Statement of Financial Position:

(Amounts in thousands of Euro)

Description	31.12.2022		31.12.2021		Notes
	Total	Of which: related parties	Total	Of which: related parties	
A. Cash and cash equivalents	115,753	—	96,411	—	9
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	115,753	—	96,411	—	
E. Current financial payables	(153,012)	(148,042)	(129,746)	(83,228)	12 - 13
F. Current portion of non-current financial payables	(11,595)	(643)	(3,131)	(543)	12 - 13
G. Current financial debt (E+F)	**(164,607)**	**(148,685)**	**(132,877)**	**(83,771)**	
H. Net current financial debt (G -D)	**(48,854)**	**(148,685)**	**(36,466)**	**(83,771)**	
I. Non-current financial payables	(28,537)	(443)	(4,916)	(515)	12 - 13
J. Debt instruments	(644,397)	—	(642,958)	—	
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(672,934)**	**(443)**	**(647,874)**	**(515)**	
M. Total financial debt (H+L)	**(721,788)**	**(149,128)**	**(684,340)**	**(84,286)**	

Current financial debt includes the balance of the giro accounts in cash pooling with respect to the subsidiaries and joint ventures as well as corporate entities for a total of EUR 152,798 thousand (EUR 88,038 thousand at 31 December 2021) (Note 13).The balance at 31 December 2021 included amounts due to banks (Note 12) of EUR 41,709 thousand at 31 December 2021.

The item "F. Current portion of non-current financial payables" includes the current portion of lease payables amounting to EUR 2,269 thousand (Note 13), payables to banks (Note 12) in the amount of EUR 8,315 thousand and accruals on the bond of EUR 961 thousand.

Item "I. Non-current financial payables" primarily includes the non-current portion of bank payables amounting to EUR 25,131 thousand, and the non-current portion of lease payables (Note 13).

As concerns indirect financial debt reference should be made to Note 19 for the provisions recognised in the financial statements, and the final commitments at 31 December 2022 that oblige the Company to acquire or construct an asset in the next 12 months are shown below:

Description	Amount

Investments in rolling stock with own funds	28,091
Other investments	1,041
Total	**29,132**

NOTA 15 OTHER NON-CURRENT LIABILITIES

The next tables show the item at 31 December 2022 and 31 December 2021:

Description	**31.12.2022**		
	Non-Current	**Current**	**Total**
Personnel	384,000	3,244,468	3,628,468
Capital grants	1,020,520	39,251	1,059,771
Social security agencies		1,037,209	1,037,209
Corporate Bodies		17,461	17,461
Security deposits	16,319		16,319
Others	956,522	977,721	1,934,243
Other liabilities	**2,377,361**	**5,316,110**	**7,693,471**
FNM Autoservizi S.p.A.		1,588,323	1,588,323
FNMPay		432,397	432,397
Malpensa Intermodale		276,129	276,129
E-Vai S.r.l.		225,102	225,102
Corporate Bodies		189,596	189,596
FERROVIENORD S.p.A.		99,593	99,593
Malpensa Distripark		87,599	87,599
Trenord S.r.l.		51,751	51,751
Nord_Ing S.r.l.		35,748	35,748
ATV		13,500	13,500
FNM Power		12,478	12,478
NordCom SpA		4,980	4,980
NORD ENERGIA SpA		1,867	1,867
Capital grants Region of Lombardy	3,786,661	436,099	4,222,760
Other liabilities to related parties (Note 34)	**3,786,661**	**3,455,162**	**7,241,823**
Total	**6,164,022**	**8,771,272**	**14,935,294**

Description	31.12.2021		
	Non-Current	Current	Total
Personnel		2,798,457	2,798,457
Capital grants	1,059,770	39,251	1,099,021
Social security agencies		542,765	542,765
Corporate Bodies		14,186	14,186
Security deposits	8,476		8,476
Others	857,143	1,483,704	2,340,847
Other liabilities	**1,925,389**	**4,878,363**	**6,803,752**
FERROVIENORD S.p.A.	99,593	5,388,983	5,488,576
FNM Autoservizi S.p.A.	8,714	2,725,107	2,733,821
FNMPay		271,507	271,507
DB Cargo Italia S.r.l.		149,240	149,240
Locoitalia Srl		145,179	145,179
Malpensa Intermodale		140,227	140,227
Payables to the Lombardy Region		133,826	133,826
Corporate Bodies		111,132	111,132
E-Vai S.r.l.	623	110,163	110,786
Malpensa Distripark		81,606	81,606
Trenord S.r.l.		49,255	49,255
ATV	13,500		13,500
Nord_Ing S.r.l.	1,867	9,062	10,929
NordCom SpA	4,980	4,980	9,960
NORD ENERGIA SpA	1,867	1,867	3,734
Capital grants Region of Lombardy	4,222,760	1,164,886	5,387,646
Other liabilities to related parties (Note 34)	**4,353,904**	**10,487,020**	**14,840,924**
Total	**6,279,293**	**15,365,383**	**21,644,676**

Other liabilities - Personnel and social security institutes

Payables to personnel refer to December 2022 amounts paid in January 2023, bonuses and holidays accrued but not taken, while payables to social security institutes concern social security and insurance payments relative to different categories of employees and staff.

Other liabilities - other

This item includes deferred income relative to future maintenance costs for own rolling stock, against advances paid by lessees during the year, recognised for EUR 885 thousand in other non-current liabilities, and EUR 385 thousand in other current liabilities.

Other liabilities to related parties - current

The item also includes entries arising from Tax Consolidation for EUR 2,616 thousand (EUR 2,555 thousand at 31 December 2021), mainly to FNM Autoservizi for EUR 1,580 thousand (1,962 thousand at 31 December 2021), FNMPAY for EUR 432 thousand (EUR 271 thousand at 31 December 2021), Malpensa Intermodale for EUR 276 thousand (EUR 140 thousand at 31 December 2021), E-Vai for EUR 224 thousand (EUR 110 thousand at 31 December 2021) and Malpensa Distripark for EUR 83 thousand (EUR 72 thousand at 31 December 2021), relative to subsidiaries being recognised as having an income equal to 100% the tax benefit transferred to the Parent, in accordance with the National Tax Consolidation scheme.

This item includes payables to subsidiaries which refer to amounts resulting from Group VAT equal to EUR 31 thousand (EUR 6,061 thousand at 31 December 2021), in particular to NORD_Ing, for EUR 26 thousand and Malpensa Distripark for EUR 5 thousand. In the previous year, the item also included balances from FERROVIENORD for EUR 5,289 thousand, receivable in the amount of EUR 703 thousand at 31 December 2022, and FNM Autoservizi for EUR 755 thousand, receivable in the amount of EUR 206 thousand at 31 December 2022.

The balance of grants received at 31 December 2022 in relation to investments made in previous years amounted to EUR 5,283 thousand (Note 1). This amount consists of:

Lombardy Region capital grants

Capital grants were disbursed by the Lombardy Region for the purchase of 5 TAF trains, for the renovation of the property in Piazzale Cadorna and the development of the "La civiltà di Golasecca" (The Golasecca Civilization) museum. The decrease in the year is due to the recognition in the income statement of the grant, according to procedures defined in the accounting standard on government grants, of an annual amount of EUR 1,165 thousand.

Third-party capital grants

Capital grants concern loans received in 2001 from the Ministry of Public Works pursuant to Law 270/97, for works at the Cadorna station in Milan. The decrease in the year is due to the recognition in the income statement of the grant, according to procedures defined in the accounting standard on government grants, of an annual amount of EUR 39 thousand.

NOTA 16 POST-EMPLOYMENT BENEFITS

Description	31.12.2022	31.12.2021
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial	1,135,579	1,315,626
Total	**1,135,579**	**1,315,626**

The amount of the cost recognised in the income statement relative to post-employment benefit is broken down as follows:

Description	2022	2021
Cost of services and interest	12,668	4,750
Total	**12,668**	**4,750**

The change in the liability relative to post-employment benefit is shown below:

Description	31.12.2022	31.12.2021
Debt at the start of the year	**1,315,626**	**1,430,165**
Actuarial gains	(95,574)	11,441
Cost of services and interest	12,668	4,750
Uses/Transfers	(97,141)	(130,730)
Debt at the end of the year	**1,135,579**	**1,315,626**

The following main actuarial assumptions were used:

Description	2022	2021
Discount rate	3.70	1.00
Annual rate of compensation increase	1.00	1.50
Annual rate of inflation	2.50	1.75
Annual rate of post-employment benefit increase	3.38	2.81

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx Eurozone Corporate AA index (3.7% at 31 December 2022) according to ESMA provisions.

Assumptions concerning mortality are based on the probability of death of the Italian population identified by ISTAT in 2000, by age and gender and reduced by 25% to take into account the average of active workers' characteristics and the decrease in mortality registered in recent years.

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	1.25 %	-1.25%
Post-employment benefits	1,060,779	1,219,982

Considerations on the estimate of the item are included in the section "Items subject to significant assumptions and estimates".

NOTA 17 TRADE PAYABLES

Trade payables at 31 December 2022 and 2021 comprise the following:

Description	31.12.2022	31.12.2021
Third party suppliers	21,193,325	25,269,061
Trade payables	**21,193,325**	**25,269,061**
Trenord S.r.l.	10,718,649	9,357,393
NordCom S.p.A.	2,473,019	1,025,738
FERROVIENORD S.p.A.	809,477	308,405
FNMPAY S.p.A.	56,207	4,858
NORD_ING S.r.l.	48,037	2,612
E-Vai S.r.l.	38,375	68,407
FNM Autoservizi S.p.A.	25,628	22,881
NORD ENERGIA SpA	135	
Locoitalia S.r.l.		155,473
Trade payables to related parties (Note 34)	**14,169,527**	**10,945,767**
Total	**35,362,852**	**36,214,828**

"Payables to third-party suppliers" decreased by EUR 4,075 thousand in connection with payments made during the year, especially to suppliers for investments. Payables to suppliers of rolling stock at 31 December 2022 amounted to EUR 16,943 thousand (EUR 23,306 thousand at 31 December 2021).

The item “Trade payables to related parties” increased in relation to the payable to Trenord for cyclical maintenance work paid in January 2023.

NOTA 18 PAYABLES FOR TAXES AND DUTIES

Tax payables refer to amounts owing to the financial administration for:

Description	31.12.2022	31.12.2021
Income tax employees and contractors	902,665	617,397
Withholdings to be paid	43,945	91,280
Post-employment benefit substitute tax	4,563	3,577
Total tax payables	**951,173**	**712,254**
IRAP (REGIONAL BUSINESS TAX)	345,178	
IRES (CORPORATE INCOME TAX)	8,125,815	121,508
Total Payables for taxes	**8,470,993**	**121,508**

The increase in the item “IRES” is attributable to the balance of the payable to the tax authorities for the Group Tax Consolidation, and increased as a result of MISE's participation in the Tax Consolidation system starting in 2022.

NOTA 19 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges comprise the following:

Description	Non-current: future costs Affori	Current: personnel	Current: renewal of the National	Current: other risks	Total
Balance as at 01.01.2021	**233,464**	**32,972**	**852,101**	**330,000**	**1,448,537**
Increases		153,564	360,151	150,000	663,715
Releases			(490,000)		(490,000)
Uses			(174,000)		(174,000)
Balance as at 31.12.2021	**233,464**	**186,536**	**548,252**	**480,000**	**1,448,252**
Increases			134,505		134,505
Releases				(50,000)	(50,000)
Uses		(186,536)	(682,757)		(869,293)
Balance as at 31.12.2022	**233,464**	**—**	**—**	**430,000**	**663,464**

Provisions for risks and charges - non-current

The amount of EUR 234 thousand, unchanged compared to the previous year, refers to estimated costs the Company will have to pay for commitments undertaken in relation to the sale of areas next to the Affori station in Milan, the commitment to carry out actives related to the Integrated Requalification Plan, such as land clean-up, development of urban infrastructure works, move of the electric power unit.

Provisions for risks and charges - Personnel

With reference to the recognition of additional variables to employees, the Company had set aside an amount of EUR 153 thousand. The fund was fully utilised in the current year as a result of the agreements signed, specified in more detail below.

Provisions for risks and charges - current - Renewal of the National Collective Bargaining Agreement

With reference to the renewal of the National Collective Bargaining Agreement for the Railway/Tram sector, expired on 31 December 2017, in previous years the Company, based on an assessment of ongoing negotiations and the economic terms of contract renewals, allocated a provision equal to EUR 548 thousand at 31 December 2021.
On 10 May 2022, the employers' organisations Asstra, Agens and Anav and the trade unions FILT/CGIL, FIT/CISL, UILTRASPORTI, FAISA CISAL and UGL/FNA signed the renewal of the national collective labour agreement for road, rail and tram workers, which had expired in 2017. This renewal will be valid until 31 December 2023. The renewal provided for the payment of a one-off contribution to make up for the contractual holiday period, worth EUR 500 at parameter 175, which was paid in two instalments in July 2022 and January 2023.
In addition, a second-level agreement was signed on 29 September 2022, which provided for an adjustment of some contractual terms.
The uses regard the amounts referring to the one-off payment to compensate the contractual holiday period defined by the national agreement and the adjustment of the contractual benefits provided by the company bargaining agreement.

Provisions for risks and charges - Other risks

For future charges to be incurred for ongoing litigation, following the updated risk assessment by the Company's lawyers, the provision set aside in previous years in the amount of EUR 50 thousand was released during the year.

Considerations on the estimates used in assessing litigation and potential liabilities are made in the section “Items subject to significant assumptions and estimates”.

INCOME STATEMENT

NOTA 20 REVENUES FROM SALES AND SERVICES

Revenues comprise the following:

Description	2022	2021
Property income	574,096	469,073
Sale of advertising space	229,686	
Others services		199,079
Revenues from sales and services	**803,782**	**668,152**
Operating leases	52,502,569	52,127,744
Central services for the Group	25,140,283	20,996,699
Property income	873,617	830,434
Revenues from sales and services to related parties (Note 34)	**78,516,469**	**73,954,877**
Total	**79,320,251**	**74,623,029**

Property income

This item refers to revenues realised with FNM group companies and third parties, only for property rentals.

Sale of advertising space

This item refers to revenues from advertising posters displayed during the renovation of the façade of the Piazzale Cadorna (MI) building.

Others services

In 2021 income was recorded from the sale to Infrastrutture Venete, for EUR 199 thousand, of the framework agreement signed with the supplier Stadler for the supply of 2 hybrid Flirt DMU trains.

Leases - related parties

Revenues for operating leases recorded a net increase of EUR 374 thousand, mainly due to the changes indicated below:

- higher revenues for rental to Trenord of 9 FLIRT TILO trains, gradually placed in service in December 2020, for EUR 2,840 thousand;
- higher revenues for the hire of DE520 locomotives, in the amount of EUR 223 thousand;
- lower revenues in relation to the contract renewal for the lease to Trenord of 8 CSA trainsets, for EUR 1,811 thousand, and 25 TAF, for EUR 959 thousand.

The details of the revenues deriving from leases broken down by fleet are shown below:

(Amounts in thousands of Euro)

Description	2022	2021
10 4-body TSR	10,783	10,783
7 6-body TSR	9,765	9,765
10 6-body CORADIA	9,395	9,395
8 CSA	3,876	5,687
9 FLIRT TILO	8,013	5,173
25 TAF	2,729	3,688
8 Loc. E 483	2,525	2,479
4 Loc. E494 TRAXX F140 DC3	1,637	1,637
14 Loc. DE520	1,569	1,346
2 TSR	950	978
4 Loc. EFFISHUNTER EFF1000	894	830
1 Loc. ES64 F4	354	354
1 Bus	13	13
Total	**52,503**	**52,128**

Revenues from operating leases with related parties refer to the contracts listed below:

Lessee	Subject matter	Starting date of the agreement	Ending date of the agreement
Trenord S.r.l.	25 TAF	01/01/2006	31/12/2023
Trenord S.r.l.	4 Loc. DE 520	01/01/2020	01/12/2025
DB Cargo Italia S.r.l.	4 Loc. DE 520	01/01/2021	31/12/2025
DB Cargo Italia S.r.l.	6 Loc. DE 520	01/01/2021	31/12/2023
DB Cargo Italia S.r.l.	1 Loc. ES64 F4	01/05/2008	30/04/2023
DB Cargo Italia S.r.l.	3 Loc. E 483	01/12/2009	20/11/2024
DB Cargo Italia S.r.l.	3 Loc. E 483	01/04/2009	20/11/2024
DB Cargo Italia S.r.l.	1 Loc. E 483	01/05/2009	20/11/2024
DB Cargo Italia S.r.l.	1 Loc. E 483	01/05/2009	20/11/2024
DB Cargo Italia S.r.l.	4 Loc. E494 TRAXX F140 DC3	13/12/2019	31/12/2025
Trenord S.r.l.	4 Loc. DE 744 Effishunter	20/11/2020	22/02/2031
Trenord S.r.l.	9 FLIRT TILO	20/11/2020	07/05/2034
Trenord S.r.l.	2 TSR	01/01/2009	31/12/2023
Trenord S.r.l.	8 CSA	25/01/2012	31/12/2023
Trenord S.r.l.	10 CORADIA	31/08/2014	31/12/2023
Trenord S.r.l.	10 CORADIA IV carriage	05/02/2016	31/12/2023
Trenord S.r.l.	7 6-body TSR	01/05/2016	31/12/2023
Trenord S.r.l.	10 4-body TSR	08/11/2017	31/12/2023

Details are given of future minimum payments of operating leases by due date:

Description	2022	2021
Within 1 year	55,875,309	56,969,260
Between 2 and 5 years	49,511,647	47,916,717
Over 5 years	10,380,000	73,568,800
Total	**115,766,956**	**178,454,777**

The reduction in future minimum fees is mainly related to the expiry of active contracts with Trenord, which will be renewed following the signing of the Public Service Contract between Trenord and the Lombardy Region, planned for the 2023 - 2033 period.

Central services for the Group

Amounts mainly refer to the following services provided to FNM Group companies: accounting and financial reporting, payroll processing, purchasing, treasury, SAP IT services and communication coordination.
The increase for the year of EUR 4,144 thousand is mainly attributable to the chargeback of the activities provided by FNM to the subsidiary Milano Serravalle - Milano Tangenziali, amounting to EUR 3,518 thousand, governed by a deed of pledge. In addition, the chargeback fee for IT projects increased during the year by EUR 551 thousand, mainly to the subsidiary FERROVIENORD.

NOTA 21 GRANTS

Grants comprise the following:

Description	2022	2021
Other grants	86,887	38,855
Capital grants	39,250	39,250
Grants	**126,137**	**78,105**
Lombardy Region capital grants	1,164,886	1,164,886
Grants to related parties (Note 34)	**1,164,886**	**1,164,886**
Total	**1,291,023**	**1,242,991**

Lombardy Region capital grants

This item includes grants received for the purchase of TAF high frequency trains (EUR 950 thousand), for development of the Cadorna terminal (EUR 146 thousand), and for the development of the “La Civiltà di Golasecca” museum for (EUR 69 thousand) (Note 15).

Information required by article 1, paragraphs 125 and subsequent of Law 124/2017

As regards information required by article 1, paragraphs 125 and subsequent of Law 124/2017, it is pointed out that no amounts were received from the public administration in 2022.

The amounts shown in the table below relate to the crediting to the income statement of the accrued portion of grants in accordance with the methods set out in the government grants accounting standard:

Provider	Subject matter	Amount collected	Amount for 2022
Lombardy Region	MUSEUM PROJECT - GOLASECCA CIVILISATION		68,964
Ministry of Economy and Finance	Facade Bonus		49,049

NOTA 22 OTHER INCOME

Other income comprises the following:

Description	2022	2021
Capital gains - property, plant and equipment	245,745	290,906
Non-recurring income	136,620	225,987
Insurance pay-outs	43,235	2,054
Other income	437,478	292,466
Other income	**863,078**	**811,413**
Sundry income with related parties	2,760,628	2,370,140
Other income from related parties (Note 34)	**2,760,628**	**2,370,140**
Total	**3,623,706**	**3,181,553**

Capital gains - property, plant and equipment

Capital gains realised during the year are attributable to the sale of the Olgiate Comasco station. In 2021 realised capital gains of EUR 281 thousand related to the sale of the property located in Darfo Boario Terme.

Insurance pay-outs

This item mainly refers to insurance pay-outs for the compensation of several lawyers who supported the Company in claims concerning locomotives.

Sundry income with related parties

This item primarily includes costs recharged for personnel seconded to Group companies and other costs. The increase in the year is mainly attributable to the chargeback of higher costs incurred on behalf of investee companies.

NOTA 23 SERVICE COSTS

The next table shows the breakdown of this item:

Description	2022	2021
Consulting	2,972,820	2,010,451
Marketing and advertising	1,323,278	848,228
Insurance	1,058,278	597,295
Expenses for employees	708,327	564,634
Coordinated and continuative services	672,750	454,717
Cleaning expenses	223,569	217,094
Motor vehicles management	251,901	216,832
Legal and notary fees	61,815	147,734
Corporate bodies	105,273	95,454
Third-party services - Maintenance	201,117	57,780
Third-party services - Maintenance of rolling stock	46,445	0
Utilities	94,266	57,700
Real estate management	65,093	53,004
Other charges	1,788,575	1,374,415
Service costs	**9,573,507**	**6,695,338**
Costs for IT services	6,444,040	5,840,679
Corporate bodies	1,161,352	1,002,061
Real estate lease fees	15,827	5,832
Third-party services - Maintenance of rolling stock	2,920	0
Miscellaneous services	1,279,590	1,200,499
Service costs - related parties (Note 34)	**8,903,729**	**8,049,071**
Total	**18,477,236**	**14,744,409**

Service costs - third parties

Service costs with third parties recorded a net increase of EUR 3,733 thousand compared to 2021, mainly due to the changes analysed below:

Consulting

During the year, more consultancy service costs were incurred, amounting to EUR 962 thousand, mainly attributable to strategic consultancy and the development of the H2iseO and Fili projects.

Marketing and advertising

During the year higher institutional communication expenses of EUR 475 thousand were incurred, mainly attributable to the promotion of the Fili project.

Insurance

During the year, higher insurance costs of EUR 461 thousand were incurred as a result of tenders for the placement of new policies.

Other charges

During the year, higher costs were incurred for various services amounting to EUR 460 thousand.

Service costs - related parties

Costs for related-party services recorded a net decrease of EUR 396 thousand. In particular, costs were up for the IT services invoiced by NordCom (EUR 5,840 thousand) and increased by EUR 286 thousand compared to the previous year, in relation to the increase both of the SAP 4/HANA fee, and of the higher costs for distributed IT.

Miscellaneous services

This item includes disaggregate amounts of a various nature and not individually significant, mainly for costs recharged for seconded personnel (EUR 692 thousand) and service fees (EUR 244 thousand).

NOTA 24 PERSONNEL COSTS

The item personnel costs is broken down as follows:

Description	2022	2021
Wages and salaries	12,309,467	11,050,125
Social security contributions	3,061,186	3,153,227
Pension liabilities	454,000	146,000
Other costs	851,952	753,050
Total	**16,676,605**	**15,102,402**

Personnel costs rose by EUR 1,574 thousand, primarily due to the different breakdown of the company's average workforce and an increase of 3 resources in the average headcount, as well as the higher amounts disbursed for the early termination of senior manager employment relationships.

Social security contributions decreased due to the recognition of the sickness allowance for the years 2015 - 2018, amounting to EUR 524 thousand.

The Company applies the bargaining agreement for the railway/tram sector for all employees, apart from senior managers, for whom the contract for senior managers of industrial companies is applied.

The average number of employees per category for the current year and comparative year, is shown below:

Description	2022	2021
Executives	21	20
Middle managers	54	51
Office workers	116	118
Total	**191**	**189**

NOTA 25 DEPRECIATION, AMORTISATION AND WRITE-DOWNS

The next table shows the breakdown of this item:

Description	2022	2021
Amortisation	1,306,348	1,099,829
Depreciation	26,332,903	25,008,142
Amortisation of right of use	2,112,165	2,080,275
Asset impairment	232,664	880,655
Total	**29,984,080**	**29,068,901**

Amortisation

This item mainly refers to the amortisation of SAP modules used in administration service activities.

Depreciation

This item increased by EUR 1,325 thousand mainly in relation to higher depreciation related to the 9 FLIRT TILO trains gradually put into service as of December 2020.

Amortisation of right of use

Amortisation of rights of use increased by EUR 32 thousand.

Asset impairment

The amount is entirely attributable to cyclical maintenance of CORADIA rolling stock.

NOTA 26 OTHER OPERATING COSTS

Other operating costs are analysed in the following table:

Description	2022	2021
Membership fees	992,140	550,633
Taxes and duties	346,932	305,653
Non-recurring expenses	255,450	78,324
Newspapers and magazines	39,095	46,604
Capital losses	5,010	42,785
Allocation to the provision for risks		150,000
Impairment of receivables		22,000
Other charges	53,414	17,975
Other operating costs	**1,692,041**	**1,213,974**
Other charges	51,556	91,667
Other operating costs to related parties (Note 34)	**51,556**	**91,667**
Total	**1,743,597**	**1,305,641**

The item membership fees includes the contribution paid during the year to the “National Centre for Sustainable Mobility” Foundation, amounting to EUR 400 thousand.

The item “Taxes and duties” includes costs incurred by the Company for IMU (Municipal Property Tax), equal to EUR 277 thousand (EUR 277 thousand in 2021).

NOTA 27 DIVIDENDS

This item is broken down as follows:

Description	2022	2021
NORD ENERGIA S.p.A.		2,861,252
Omnibus Partecipazioni S.r.l.	900,000	1,000,000
Dividends	**900,000**	**3,861,252**

On 22 April 2022, the Shareholders' Meeting of Omnibus Partecipazioni S.r.l. resolved on the distribution of a total dividend of EUR 1,800,000; the amount due to the Company totals EUR 900,000.

NOTA 28 FINANCIAL INCOME

Financial income concerns:

Description	2022	2021
Interest on credit reimbursement for taxes		9,743
Current bank accounts and deposits	132,716	4,110
Others	46,692	501
Financial income	**179,408**	**14,354**
Intergroup current accounts	185	16
Other financial income - related parties	163,780	22,704
Financial income from related parties (Note 34)	**163,965**	**22,720**
Total	**343,373**	**37,074**

Liquidity management

The Company manages the liquidity of all Group companies through cash pooling agreements; therefore, FNM current accounts also have liquidity from the operations of investees.

Financial income accrued on bank current accounts increased due to both higher average liquidity and the higher rate applied, which rose from 0.004% to 0.087%.

The following overall results are presented for liquidity management:

Description	2022	2021
Financial income - bank current accounts and deposits	132,716	4,110
Financial income - intercompany current accounts	185	16
Financial expenses - intercompany current accounts	(125,375)	(3,069)
Total	**7,526**	**1,057**

Other financial income - related parties

The item includes interest on loans (Note 5) granted to subsidiaries and associates, as specified in more detail below:

- EUR 86 thousand to La Linea;
- EUR 75 thousand to Busforfun.com;
- EUR 2 thousand to Malpensa Distripark.

Effective rates of the return are indicated below:

Description	2022	2021
Subsidiary and associate loans	1.50% - 4.376%	1.65% - 3%
Receivables current accounts vs subsidiaries	0.07 %	0.02 %

NOTA 29 FINANCIAL EXPENSES

Financial expenses are accrued in relation to:

Description	2022	2021
Up-front fees, extension fees and non-recurring accessory expenses on Bridge Loan		8,602,340
Interest expense on financing	185,020	6,493,785
Financial expenses on the corporate bond	6,314,369	1,245,025
Lease agreement as lessee	73,011	92,600
Post-employment benefit	12,668	4,750
Fees and charges for not using loans		18,326
Others	17,064	54,575
Financial Expenses	**6,602,132**	**16,511,401**
Intergroup current accounts	125,375	3,069
Lease agreement as lessee	13,205	16,341
Financial expenses to related parties (Note 34)	**138,580**	**19,410**
Total	**6,740,712**	**16,530,811**

Up-front fees, extension fees and non-recurring accessory expenses

In 2021, this item included financial expenses relating to the upfront fees (EUR 6,729 thousand), extension fees (EUR 930 thousand) and accessory expenses (EUR 943 thousand) relating to the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch. The funding was fully repaid in the course of 2021.

Costs for Loans payable

The item includes financial expenses for the loan taken out by the Company from the European Investment Bank on 21 December 2017 for EUR 50 million, and calculated at the effective interest rate in application of the amortised cost approach, equal to 0.422% on the first tranche of EUR 10 million and 0.4893% on the second tranche of EUR 40 million, for a total of EUR 185 thousand.
In the previous year, this item also included expenses relating to:

- the above-mentioned bridge loan calculated at an interest rate equal to EURIBOR plus a margin of 1.25% for the 26 February - 28 April period, 1.50% for the 29 April - 30 June period and 1.75% for the 1 July - 20 October period, equal to EUR 6,217 thousand;
- loan taken out by the Company on 7 August 2018 and disbursed only for the Term Loan Facility, calculated at the contractual interest rate equal to 6-month Euribor + 1.3% spread, equal to a total of EUR 53 thousand. 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.

Financial expenses on the corporate bond

This item includes the financial expenses relating to the bond loan (Note 13) 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%).

The first interest coupon of EUR 4,875 thousand was paid on 20 October 2022.

Lease agreement as lessee

Lease agreements as lessee are attributable to the application of IFRS 16.

Intergroup current accounts

The increase in financial expenses with related parties is mainly due to the different payable exposure of the investees as well as the increase in the average rate of return on capital (0.082% compared to 0.004% in 2021).

NOTA 30 INCOME TAXES

Amounts relative to current and deferred taxes are shown below:

(Amounts in thousands of Euro)

Description	2022			2021		
	Total	IRES (CORPORATE	IRAP (REGIONAL	Total	IRES (CORPORATE	IRAP (REGIONAL
Current	(4,430)	(3,358)	(1,072)	(1,959)	(971)	(988)
Taxes for previous years	454		454	(85)		(85)
Net Deferred Tax Assets	2,037	1,272	765	1,258	1,085	173
Total	**(1,939)**	**(2,086)**	**147**	**(786)**	**114**	**(900)**

Current taxes rose by EUR 1,153 thousand due to the higher net profit for the year.

Since 2021 FNM has met the legal requirements that qualify it as an industrial holding company pursuant to art. 162-*bis* of the Consolidated Income Tax Act. This qualification is relevant, in particular, for the purposes of determining the IRAP tax base and the applicable rate, and as concerns reporting obligations to the Tax Register.

Corporate income tax - Reconciliation between the ordinary rate and effective rate

Description	2022	2021
Applicable IRES rate	24.00 %	24.00 %
Non-deductible impairment	4.90 %	3.42 %
Non-deductible taxes	-4.38 %	1.38 %
Capital gains	— %	0.34 %
Other non-deductible costs	16.23 %	21.26 %
Expenses not deducted previously	-3.38 %	-4.11 %
Non-taxable portion of dividends	-1.98 %	-14.24 %
ACE Deduction	-7.17 %	-14.42 %
Deductible IRAP	-0.23 %	-0.56 %
Deferred tax liabilities	-12.26 %	-17.55 %
Effective rate	15.73 %	-0.48 %

NOTA 31 RESULT FROM DISCONTINUED OPERATIONS

No discontinued operations were recognised, as in the previous year.

NOTA 32 OTHER COMPREHENSIVE INCOME

Starting from the preparation of the separate financial statements at 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.

This item is broken down as follows:

Description	2022	2021
Actuarial gain/(loss)	95,574	(11,441)
Tax effect	(24,162)	3,192
Total	**71,412**	**(8,249)**

NOTA 33 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS

In compliance with provisions in IFRS 7, the next tables show information on categories of financial assets and liabilities of the Company at 31 December 2022 and 31 December 2021.

Amounts in thousands of euros	Notes	Book value at 31/12/2022	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at amortised cost
NON-CURRENT ASSETS						
Other financial assets measured at amortised cost	5	9,646,750	9,646,750			
Other Assets	8	651,001	651,001			
CURRENT ASSETS						
Trade Receivables	7	29,358,688	29,358,688			
Other financial assets measured at amortised cost	5	1,932,494	1,932,494			
Other Assets	8	19,439,024	19,439,024			
Cash and cash equivalents	9	115,752,945	115,752,945			
NON-CURRENT LIABILITIES						
Payables to banks	12	25,130,708				25,130,708
Bond loan	13	644,397,343				644,397,343
Lease liabilities	13	3,406,362				3,406,362
Other liabilities	15	6,164,022				6,164,022
CURRENT LIABILITIES						
Payables to banks	12	8,315,157				8,315,157
Bond loan	13	961,644				961,644
Financial Payables	13	153,060,426				153,060,426
Lease liabilities	13	2,269,403				2,269,403
Trade payables	17	35,362,852				35,362,851
Other liabilities	15	8,771,272				8,771,272

Amounts in thousands of euros	Notes	Book value at 31/12/2021	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at amortised cost
NON-CURRENT ASSETS						
Other financial assets measured at amortised cost	5	1,540,000	1,540,000			
Other Assets	8	890,808	890,808			
CURRENT ASSETS						
Trade Receivables	7	25,903,244	25,903,244			
Other financial assets measured at amortised cost	5	1,303,639	1,303,639			
Other Assets	8	13,137,906	13,137,906			
Cash and cash equivalents	9	96,410,699	96,410,699			
NON-CURRENT LIABILITIES						
Bond loan	12	642,957,974				642,957,974
Lease liabilities	13	4,915,673				4,915,673
Other liabilities	15	6,279,293				6,279,293
CURRENT LIABILITIES						
Payables to banks	12	41,708,565				41,708,565
Bond loan	13	961,644				961,644
Financial Payables	13	88,099,208				88,099,208
Lease liabilities	13	2,107,746				2,107,746
Trade payables	17	36,214,828				36,214,828
Other liabilities	15	15,365,383				15,365,383

NOTA 34 OPERATIONS WITH RELATED PARTIES

FNM S.p.A. 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 include also the transactions with entities for which the Company has joint control and with associates.

Related-party transactions are summarised in the next table:

2022	**Notes**	**Total**	**Total Related parties**	**Of which: Parent company**	**Of which: Subsidiaries**	**Of which: Joint Venture**	**Of which: Associates**	**Of which: Management**	**Proportion %**
BALANCE SHEET									
Other non-current financial assets measured at amortised cost	5	**9,646,750**	9,646,750		8,046,750		1,600,000		100.0 %
Trade receivables	7	**29,358,688**	27,942,090		6,931,852	20,295,124	715,114		95.2 %
Other current financial assets measured at amortised cost	5	**1,932,494**	1,932,494		1,452,703		479,791		100.0 %
Other Assets	8	**19,439,024**	10,567,864		8,904,738	1,663,126			57.5 %
Non-current lease liabilities	13	**3,406,362**	442,912		422,830	20,082			12.4 %
Other non-current liabilities	15	**6,164,022**	3,786,661	3,786,661					61.4 %
Current financial payables	13	**153,060,426**	148,041,966		117,456,340	28,639,392	1,946,234		96.7%
Current lease liabilities	13	**2,269,403**	642,746		560,173	82,573			28.3 %
Trade payables	17	**35,362,852**	14,169,527		977,724	13,191,803			40.1 %
Other current liabilities	15	**8,771,272**	3,455,162	436,098	2,770,870	58,598	189,596		39.4 %
INCOME STATEMENT									
Revenues from sales and services	20	**79,320,251**	78,516,469		15,726,718	56,881,872	5,907,879		99.0 %
Grants	21	**1,291,023**	1,164,886	1,164,886					90.2 %
Other income	22	**3,623,706**	2,760,628		1,444,336	1,045,675	270,617		76.2 %
Service costs	23	**(18,477,236)**	(8,903,729)	(82,324)	(1,123,092)	(6,534,041)	(2,920)	(1,161,352)	48.2 %
Other operating costs	26	**(1,743,597)**	(51,556)	(1,777)	(3,132)	(10,105)	(36,542)		3.0 %
Dividends	27	**900,000**	900,000			900,000			100.0 %
Financial income	28	**343,373**	163,965		88,598		75,367		47.8 %
Financial expenses	29	**(6,740,712)**	(138,580)		(114,862)	(23,718)			2.1 %

2021	Notes	Total	Total Related parties	Of which: Parent company	Of which: Subsidiaries	Of which: Joint Venture	Of which: Associates	Of which: Management	Proportion %
BALANCE SHEET									
Other non-current financial assets measured at amortised cost	5	**1,540,000**	1,540,000		700,000		840,000		100.0 %
Trade receivables	7	**25,903,244**	23,911,053		2,565,595	20,653,332	692,126		92.3 %
Other current financial assets measured at amortised cost	5	**1,303,639**	1,303,639		1,089,223		214,416		100.0 %
Other Assets	8	**13,137,906**	5,969,840		3,429,770	2,540,070			45.4 %
Non-current lease liabilities	13	**4,915,673**	514,779		452,704	62,075			10.5 %
Other non-current liabilities	15	**6,279,293**	4,353,904	4,222,760	124,297	6,847			69.3 %
Current financial payables	13	**88,099,208**	83,227,359		52,052,775	28,942,437	2,232,147		94.5 %
Current lease liabilities	13	**2,107,746**	543,373		478,117	65,256			25.8 %
Trade payables	17	**36,214,828**	10,945,767		562,635	10,383,132			30.2 %
Other current liabilities	15	**15,365,383**	10,487,020	1,298,712	8,982,966	56,102	149,240		68.3 %
INCOME STATEMENT									
Revenues from sales and services	20	**74,623,029**	73,954,877		11,680,368	56,616,759	5,657,750		99.1 %
Grants	21	**1,242,991**	1,164,886	1,164,886					93.7 %
Other income	22	**3,181,553**	2,370,140		1,241,775	861,914	266,451		74.5 %
Service costs	23	**(14,744,409)**	(8,049,071)	(204,000)	(1,002,331)	(5,840,679)		(1,002,061)	54.6 %
Other operating costs	26	**(1,305,641)**	(91,667)		(5,247)	(76,073)	(10,347)		7.0 %
Dividends	27	**3,861,252**	3,861,252			3,861,252			100.0 %
Financial income	28	**37,074**	22,720		18,304		4,416		61.3 %
Financial expenses	29	**(16,530,811)**	(19,410)		(17,786)	(1,624)			0.1 %

The services provided to and received from subsidiaries, joint ventures and associates under normal market conditions, are summarised below:

Activities which produced revenue:	Subsidiaries	Joint Venture	Associates
Administrative Services	X	X	
Sap Fee	X	X	
Lease of premises in Novate		X	
Lease of offices in P.le Cadorna	X	X	
Lease of Iseo offices and space	X	X	
Hire of rolling stock	X	X	X
Assistance activities for Legislative Decree 231	X	X	
Sale of advertising space	X	X	

Activities which produced costs:	Subsidiaries	Joint Venture	Associates
IT Services		X	
Security services	X		
Advertising space management	X		
Lease of offices and commercial spaces	X		
Lease of distributed IT		X	

The cash flows with related parties for the year 2022 and 2021 are shown below:

Description	2022			2021		
	Total	Related parties		Total	Related parties	
		Absolute value	Proportion %		Absolute value	Proportion %
CASH FLOWS						
Cash flows from operations	39,878,893	59,069,122	148.1 %	55,667,018	78,085,628	140.3 %
Cash flow from investments	(69,855,795)	(13,035,605)	18.7 %	(593,868,867)	(526,774,321)	88.7 %
Cash flow from financing	49,319,148	64,807,279	131.4 %	533,342,495	(37,303,112)	-7.0 %

NOTA 35 RISK MANAGEMENT

Market risk

FNM, mainly operating with subsidiaries and associates, is not exposed to market risks.

Credit risk

FNM S.p.A. is not exposed to particular commercial or financial credit risks. The Company has a considerable number of receivables due from subsidiaries and joint ventures.

In particular, as regards financial counterparty risk from the use of liquidity, the Company deals with entities that have a secure, high profile and considerable international standing.

Receivables due from third parties for which credit risk is assessed, are summarised below.

(Amounts in thousands of Euro)

Description	31.12.2022	31.12.2021
Receivables from banks (note 10)	116,371	97,035
Trade receivables from third parties (note 7)	1,417	1,992
Other receivables from third parties (note 8)	379	671
Total	**118,167**	**99,698**

Receivables from others included in the previous table are net of receivables in insolvency proceedings, written down entirely through the specific provision for bad debts, and tax payables for VAT (Note 8).

Trade receivables from third parties at the end of the reporting period present the following due dates:

(Amounts in thousands of Euro)

Description	31.12.2022			31.12.2021		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not yet due	1,415		1,415	1,662		1,662
Past due for 31-60 days						
Past due for 61-90 days				81		81
Past due for 91-120 days	4	(2)	2	1		1
Past due for 121-360 days	7	(7)		235	(29)	206
Over 361 days	140	(140)		143	(101)	42
Total	**1,566**	**(149)**	**1,417**	**2,122**	**(130)**	**1,992**

Changes in the provision for bad debts (trade) for the years ended 31 December 2022 and 2021 are shown below:

(Amounts in thousands of Euro)

Description	31.12.2022	31.12.2021
Balance as at 1 January	**110**	**143**
Allocation of the period		22
Credit reclassification	46	
Uses of the period	(7)	(55)
Balance as at 31 December	**149**	**110**

Liquidity risk

The Company's liquidity risk may arise from the difficulty of obtaining loans for its operations in appropriate times or from failure to comply with any financial ratios (“covenants”) and other commitments provided for by the bond issued in 2021, as well as the loan agreement signed by the Company in December 2017 with the European Investment Bank, with the resulting application of the acceleration clause and the right of the counterparties to obtain early repayment of the loans disbursed.

The above liquidity risk is mitigated by obtaining (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20 December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

The Company's cash flows, financing needs and liquidity are monitored and managed centrally under the control of the Group Treasury Department, with the aim of guaranteeing the effective and efficient management of financial resources.

Management considers that currently available funds and credit lines, as well as funds and credit lines that will be generated from operations and loans, will enable the Company to meet its requirements arising from investing activities, the management of working capital and repayment of loans on their natural expiry.

Contract due dates for financial liabilities are shown below:

(Amounts in thousands of Euro)

Description	<1 year	between 1 and	between 2 and	>5 years	Total
2022					
Other payables to subsidiaries for giro accounts	148,042				148,042
Finance lease payables	550	96	320		966
Total related parties	**148,592**	**96**	**320**		**149,008**
Payables to banks	8,315	8,351	16,811		33,477
Finance lease payables	1,753	1,507	1,439	119	4,818
Payables to Bondholders			650,000		650,000
Other financial payables	5,980				5,980
Total third parties	**16,048**	**9,858**	**668,250**	**119**	**694,275**
Total	**164,640**	**9,954**	**668,570**	**119**	**843,283**

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2021					
Other payables to subsidiaries for giro accounts	83,227				83,227
Finance lease payables	583	520	122		1,225
Total related parties	**83,810**	**520**	**122**		**84,452**
Payables to banks	41,756				41,756
Finance lease payables	2,228	1,992	2,984	90	7,294
Payables to Bondholders			650,000		650,000
Other financial payables	5,833				5,833
Total third parties	**49,817**	**1,992**	**652,984**	**90**	**704,883**
Total	**133,627**	**2,512**	**653,106**	**90**	**789,335**

Contract due dates for financial assets are shown below:

(Amounts in thousands of Euro)

Description	<1 year	between 1 and	between 2 and	>5 years	Total
2022					
Other financial receivables	8,183	800	4,200	400	13,583
Total related parties	**8,183**	**800**	**4,200**	**400**	**13,583**
Bank deposits	116,371				116,371
Total third parties	**116,371**				**116,371**
Total	**124,554**	**800**	**4,200**	**400**	**129,954**

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2021					
Other financial receivables	1,095	433	1,267		2,795
Total related parties	**1,095**	**433**	**1,267**		**2,795**
Bank deposits	97,035				97,035
Total third parties	**97,035**				**97,035**

Total	**98,130**	**433**	**1,267**		**99,830**

Currency risk

FNM operates exclusively at a local level, and therefore is not exposed to currency risk.

Interest rate risk

Financial liabilities mainly refer to finance lease agreements, the bond and the EIB loan.
FNM is not exposed to particular risks of changes in interest rates on finance lease agreements.
Outstanding loans are at fixed rates. Any volatility of financial expenses associated with changes in interest rates on loans is monitored and mitigated by adopting an interest rate risk management policy which opts for a balanced mix of loans.

Capital management

The main objectives pursued by the Company in its capital risk management policy are to create value for shareholders and safeguard the business as a going concern. The Company also aims to maintain an optimal capital structure in order to reduce the cost of debt and meet requirements (covenants) of debt agreements (Note 12 and Note 13). Particular attention is paid to the level of indebtedness in relation to shareholders' equity and EBITDA, pursuing goals of profitability and generation of operating cash.

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.

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

NOTA 36 SIGNIFICANT NON-RECURRENT EVENTS AND TRANSACTIONS

During the year, no significant, non-recurring events and transactions were reported.

During the previous year non-recurring financial expenses were recognised for EUR 8,602 thousand, relating to upfront fees (EUR 6,729 thousand), extension fees (EUR 930 thousand) and accessory expenses (EUR 943 thousand) relating to the short-term bridge loan of EUR 620 million taken out on 28 January 2021 from a pool of banks comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch.

NOTA 37 TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB notice DEM/6064293 of 28 July 2006, the Company did not carry out atypical and/or unusual transactions, defined as such in the notice, during 2017.

NOTA 38 OTHER INFORMATION

Information about fees for Directors, Statutory Auditors and Key Personnel is provided below, with reference to the year 2022:

Amounts in thousands of euros	**2022**
Directors	707
Statutory Auditors	150
Other Key Personnel	1,699
Total	**1,850**

It should be noted that no loans have been granted and no receivables are due from Directors, Statutory Auditors and Key Management Personnel. It should also be noted that no commitments have been undertaken by the Company on their behalf.
The amount shown under the item "Other Key Personnel" includes short-term benefits in the amount of EUR 254 thousand and termination benefits granted to key management personnel in the amount of EUR 400 thousand.

It should be noted that as of today there are no stock options.

NOTA 39 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

In order to streamline its operations in the field of public bus transport services, on 16 January 2023 FNM finalised the sale ("First Closing") of 893,332 shares of La Linea S.p.A., corresponding to 28.27% of the share capital, to the shareholders Alilaguna S.p.A., Powerbus S.r.l. and Mr Massimo Fiorese. By 31 March 2023 ("Second Closing"), the parties have undertaken to finalise the sale of the remaining 718,268 shares, corresponding to 22.73% of the share capital. The sale value of the entire 51% shareholding is EUR 5.4 million (a value aligned to the value of the assets and liabilities recognised in the financial statements, classified according to IFRS 5).At the same time as the Second Closing, La Linea shall also proceed with the full settlement of its payables to FNM, deriving from the two existing loan agreements, for a total of EUR 7.3 million. Any failure to extinguish these loan agreements constitutes a condition subsequent of the First Closing and a condition precedent of the Second Closing. To this end, the La Linea Board of Directors decided to submit a request for the disbursement of a bank loan for a total of EUR 8.0 million.

Again in 2023, the Company will continue to monitor possible external variables that could lead to further price increases, which are currently difficult to estimate in magnitude and duration.
The Company remains flexible in the effective management of variable and discretionary costs relating to all activities managed, and carefully monitors developments in order to understand whether and to what extent price increases could have an impact on the Company's expected results.

NOTA 40 PROPOSAL TO APPROVE THE FINANCIAL STATEMENTS AND ALLOCATE PROFIT FOR 2022

Dear Shareholders,

in keeping with choices made in previous years, it was considered appropriate to allocate a part of the result for a return on capital.

In submitting the financial statements for the year ended 31 December 2022, which recorded a profit of EUR 8,030,832.46, for your approval, the Board of Directors proposes allocating profit for the year as follows:

- EUR 401,541.62 to the legal reserve;
- EUR 7,629,290.84 as an ordinary dividend to Shareholders.

In order to guarantee remuneration of EUR 0.0230 for each ordinary share outstanding, it is also proposed to add 2,373,500 to the dividend by using the retained earnings reserves.

Milan, 15 March 2023

The Board of Directors

FNM
la vita in movimento

CERTIFICATION
of the separate financial statements pursuant to art. 154-*bis*, paragraph 5 of Legislative Decree 58/98

1. The undersigned, Andrea Gibelli as "Chairman of the Board of Directors" and Eugenio Giavatto 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:

   - the adequacy in relation to the characteristics of the company and
   - effective application

   of administrative and accounting procedures for the preparation of the separate financial statements during 2022.

2. They also attest that

   a) the separate financial statements:
      - were prepared in accordance with the applicable International Accounting Standards (IAS/IFRS) recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
      - 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.

   b) The management report includes reliable analysis of the performance and operations, as well as the situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

Milan, 15 March 2023

The Executive in charge
of financial reporting
Eugenio Giavatto

The Chairman
of the Board of Directors
Andrea Gibelli

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FNM SpA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of FNM SpA (the Company), which comprise the statement of financial position as of 31 December 2022, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of the equity investments *Paragraphs "Equity investments" and "Impairment losses of intangible assets, property, plant and equipment and investments"* *Note 4 "Equity investments"* The balance as of 31 December 2022 of the line 'Equity investments' in the separate financial statements of FNM SpA is Euro 710,002 thousand, and refers to investments in subsidiaries, joint ventures and associates. Those investments, accounting for 54% of total assets in the financial statements of FNM SpA, are carried at cost, inclusive of direct ancillary charges. In case of impairment indicators, the recoverability of their carrying amounts is verified by comparing the carrying amounts with the related recoverable amounts (i.e. impairment test) in accordance with the international accounting standard IAS 36 "Impairment of assets". The valuation techniques used by the Company to determine the recoverable amounts of the investees are, alternatively, value in use or fair value less costs to sell determined with the support of an independent expert on the basis of the cash flows projections included in the business plans. The analyses carried out by management identified an impairment loss for the subsidiary E-Vai Srl equal to Euro 1,887 thousand, whereas they did not identify any impairment losses for the other investments subjected to the impairment test: Trenord Srl, ATV Srl, Milano Serravalle – Milano Tangenziali SpA (MISE) and Malpensa Intermodale Srl, whose book value as of 31 December 2022 amounts to a total of Euro 668,950 thousand.	We carried out specific analyses to understand, evaluate and validate the relevant controls implemented by the Company to verify the recoverability of the line 'Equity investments', including the identification of impairment indicators. We obtained an understanding of the estimation method adopted by management to determine the recoverable amounts as approved by the board of directors of FNM SpA. Among the equity investments showing impairment indicators as of 31 December 2022 we selected ATV Srl, MISE and Trenord Srl based on the materiality of their carrying amounts. For each entity: - we understood the process adopted for the preparation of the business plan (the "Plans") approved by the respective boards of directors. In particular, the process adopted for the preparation: for ATV, of the 2023-2026 business plan approved on 7 March 2023; for MISE, of the 2023-2028 economic-financial projections approved on 7 March 2023; for Trenord Srl, the 2023-2033 economic-financial projections approved on 20 February 2023; - in order to assess the reasonableness of the Plans, we compared the actual

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
We identified the assessment of the recoverability of equity investments in subsidiaries, joint ventures and associates as a key audit matter for the following reasons: i) the materiality of the balance, also determined by the higher values paid compared to the book values of the respective shares of the acquired investees' equity; ii) the complexity of the process to estimate the recoverable amounts of investees based on valuation assumptions affected by economic and market conditions that are subject to uncertainties, also considering the indirect effects deriving from the outbreak of the Russia-Ukraine conflict and the health emergency caused by Covid-19; and iii) the high degree of judgement applied by management in estimating the future cash flows and the discount rate.	results reported for fiscal year 2022 and for previous years with the related budget data included in the previous Plans; furthermore, also with the support of *Transportation* and *Infrastructure* experts from the PwC network, we analysed the significant assumptions applied; - we checked the consistency of the cash flows included in the Plans and those used for the purposes of the impairment test, the reasonableness of the methodology used to determine the Terminal Value, where applicable, as well as compliance with the provisions of the international accounting standard IAS 36 in relation to the determination of the recoverable amount according to the valuation technique used; - with the support of valuation experts belonging to the PwC network, we checked the reasonableness of the assumptions adopted by management to determine the discount rates used, the method of application of the discounted cash flow model and the mathematical accuracy of calculations; - we analysed the sensitivity analysis carried out by management and performed additional sensitivity analyses with regard to the financial assumptions used by the directors. Finally, we checked the adequacy and completeness of disclosures in the notes to the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 28 April 2017, the shareholders of FNM SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of FNM SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.
In our opinion, the financial statements as of 31 December 2022 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FNM SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of FNM SpA as of 31 December 2022, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of FNM SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of FNM SpA as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 30 March 2023

PricewaterhouseCoopers SpA

Signed by

Riccardo Proietti
(Partner)

As disclosed by the Directors in paragraph "Form and content of the separate financial statements", the accompanying financial statements of FNM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.