

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

***Interim Management Report***  
***as at 30 September 2023***



## CORPORATE BODIES

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### *Board of Directors*

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

### *Board of Statutory Auditors*

<b>Chair</b>	Eugenio Pinto
<b>Statutory Auditors</b>	Roberta Eldangela Benedetti
	Massimo Codari

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<b>General Manager</b>	Marco Piuri
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<b>Executive in charge of financial reporting</b>	Eugenio Giavatto
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<b>Independent Auditor</b>	PricewaterhouseCoopers S.p.A.
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# **INTERIM MANAGEMENT REPORT**

as at 30 September 2023

## **INTRODUCTION**

With reference to the nine-month period ended 30 September 2023 (hereinafter the “first nine months of 2023” or “period”), the quantitative data and the comments contained in this Report are intended to provide an overview of the Group's economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period.

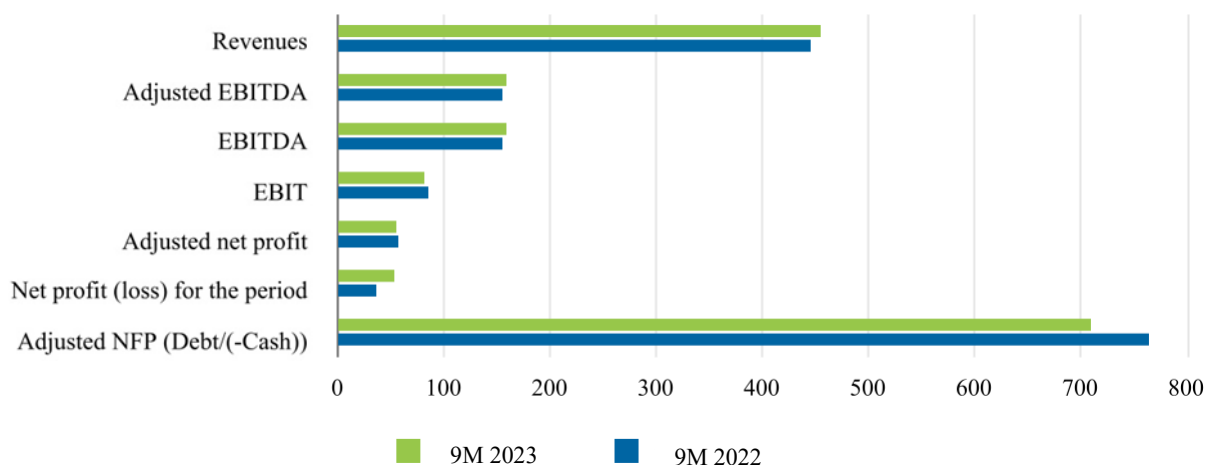
Thanks to the continuous recovery in mobility, the first nine months of 2023 recorded improved results compared to the same period of the previous year, fully in line with expectations, despite the continuing uncertainties linked to inflation and energy price dynamics.

It should be noted that the results for the period take into account the effects of the sale of the equity investment in La Linea S.p.A. (“La Linea”), which also resulted in the disposal of the equity investment held indirectly in Martini Bus S.r.l. (“Martini Bus”) with effect from 16 January 2023.

## 1 SUMMARY INDICATORS OF THE FNM GROUP CONSOLIDATED RESULTS

Amounts in EUR millions	9 MONTHS 2023	9 MONTHS 2022	Change	Change %
Revenues	456.3	447.2	9.1	2.0 %
Adjusted EBITDA	161.0	155.7	5.3	3.4 %
EBITDA	161.0	155.7	5.3	3.4 %
EBIT	83.4	87.1	(3.7)	-4.2 %
Earnings before tax	75.2	82.8	(7.6)	-9.2 %
Adjusted net profit	56.5	58.3	(1.8)	-3.1 %
Net profit/loss for the period	54.4	37.0	17.4	47.0 %
Shareholders' Equity (A)*	351.1	306.9	44.2	14.4 %
Net Financial Position (Cash) (B)*	653.8	724.6	(70.8)	-9.8 %
Adjusted Net Financial Position (Debt / (-Cash))*	711.9	766.9	(55.0)	-7.2 %
Net invested capital (A+B)*	1,004.9	1,031.5	(26.6)	-2.6 %
Market capitalisation at 30.09	184.4	184.6	(0.2)	-0.1 %
Investments	362.4	499.3	(136.9)	-27.4 %

\* Comparative values relate to 31.12.2022



### Credit Ratings<sup>1</sup>

<b>Moody's</b>	
Long term	Baa3
Outlook	stable
Assignment date	25/01/2021
<b>Fitch</b>	
Long term	BBB
Outlook	stable
Assignment date	20/12/2021









<sup>1</sup> After the assignment date, the credit ratings in the table were confirmed by the rating agencies following periodic credit assessments, most recently on 19 December 2022 for Moody's and 13 October 2023 for Fitch.



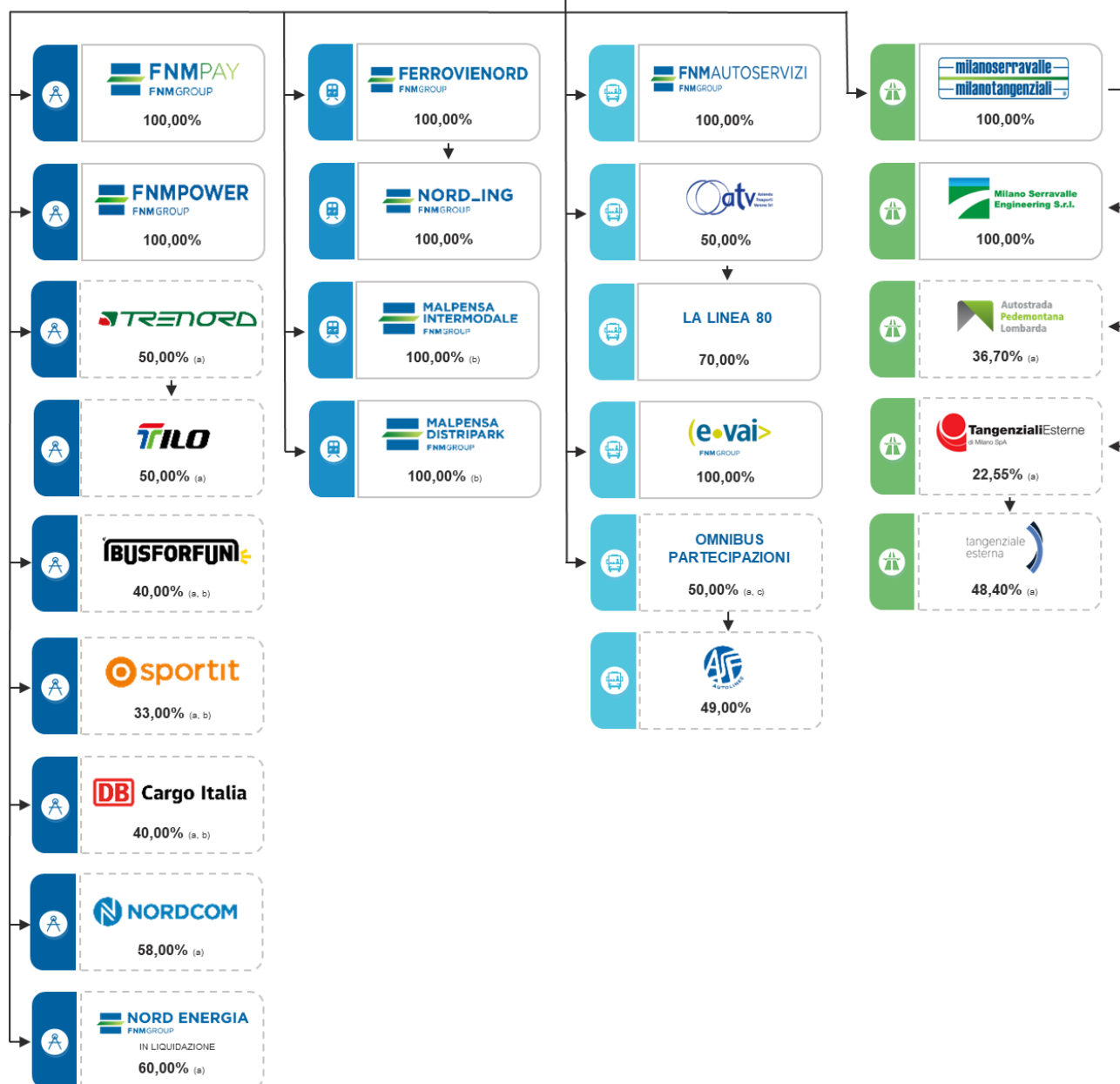
## 2 GROUP STRUCTURE AND BUSINESS SEGMENTS

FNM is the leading **integrated sustainable mobility Group in Lombardy**. It is the first organisation in Italy to combine railway infrastructure management with road transport and motorway infrastructure management in order to offer an innovative model for managing mobility supply and demand that optimises flows and is **environmentally and economically sustainable**. It is one of Italy's leading non-state investors in the sector. FNM S.p.A. is a Joint-Stock 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.

The FNM Group operates in four segments:

 <b>Ro.S.Co &amp; Services</b>	<ul style="list-style-type: none"> <li>Leasing of <b>rolling stock</b> in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo Italia)</li> <li><b>Corporate services</b> to subsidiaries and management of the real estate assets of the Group</li> <li>Development of complementary <b>digital platforms</b> according to MaaC paradigm</li> </ul>	 <b>98</b> <i>Owned trains</i>
 <b>Railway Infrastructure</b>	<ul style="list-style-type: none"> <li>Management of <b>railway infrastructure</b> in Lombardy on the basis of the concession expiring on <b>31<sup>st</sup> October 2060</b></li> <li><b>Intermodal terminal management</b> and real estate development in <b>freight logistic sector</b></li> </ul>	 <b>330 Km</b> <i>Railway Network</i>
 <b>Road Passenger Mobility</b>	<ul style="list-style-type: none"> <li><b>LPT road transport</b> in Lombardy (Province of Varese, Brescia and Como) and Veneto (Province of Verona)</li> <li><b>Train replacement services</b> for Trenord</li> <li><b>Electric car-sharing service</b></li> </ul>	 <b>702</b> <i>Bus into service</i>
 <b>Motorways</b>	<ul style="list-style-type: none"> <li>Management of <b>motorway infrastructure</b> on the basis of a concession expiring in 2028</li> <li>Highway from Milan to Serravalle Scrivia (<b>A7 86Km</b>)</li> <li>Milan West, East and North ring roads (<b>A50 33Km, A51 29Km, A52 19Km</b>)</li> <li>Pavia West ring road (<b>A54 9Km</b>) and Bereguardo Pavia motorway link (<b>A53 8Km</b>)</li> </ul>	 <b>185 Km</b> <i>Motorway Network</i>

The FNM Group is present in each segment through controlling interests and/or equity investments in companies subject to joint control or associates, highlighted in the table below.



(a) Investees and/or associates consolidated with the equity method

(b) Companies operating in the freight transport and logistics sector, today included respectively in the Ro.S.Co. & Services and Railway Infrastructure segment.

(c) Company operating in Road passenger mobility, but considered in the Ro.S.CO. & Services segment for the purpose of preparing the Financial Statements.

## 2.1 RO.S.CO. & SERVICES

The Parent Company FNM S.p.A. (or **FNM**) purchases and leases rolling stock directly to its investees 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 2.5.

DB Cargo Italia (40% owned by FNM S.p.A. with DB Cargo Italy S.r.l.) offers logistics and freight handling services, mainly on the rail network in Italy, using a fleet of 42 electric and diesel locomotives.

Trenord and DB Cargo Italia are measured with 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 this regard, in December 2020, FNM contracted a Framework Agreement with Alstom for the supply of 30 bi-directional hydrogen-powered trains and signed the first Executive Contract for the first 6 trains, which are under construction: the first one will be delivered in the first quarter of 2024 and, following trial runs, all trains will enter commercial service between the end of 2024 and the beginning of 2025. The other 8 trains are scheduled to enter commercial service by the first half of 2026.

Three CO<sub>2</sub>-free renewable hydrogen production, storage and distribution plants will also be built (in Iseo using Steam Reforming technology with the use of biomethane, renewable electricity and CO<sub>2</sub> capture; in Brescia and Edolo using electrolysis technology starting with electricity from renewable sources), which are scheduled to be activated in the first half of 2025 for the Iseo plant and by the first half of 2026 for the Brescia and Edolo plants. The project also envisages the construction of a mobile refuelling plant and a train depot and maintenance plant in Rovato, which is scheduled to be commissioned in February 2024, as well as the technical and infrastructural upgrading of the stations involved.

The conversion to hydrogen of the mobility chain in Valcamonica is completed with the replacement of the entire fleet currently used by FNM Autoservizi in the area with 40 hydrogen-powered buses. The introduction of the first vehicles is planned for the end of 2025.

The total investment is currently estimated at EUR 392.4 million and takes into account price and design updates. The railway investment amounts to EUR 362.4 million (EUR 177.6 million for plants and EUR 184.8 million for trains), of which EUR 177.3 million is funded by contributions from the Lombardy Region (EUR 80.1 million) and NRRP - National Recovery and Resilience Plan - (EUR 97.2 million), and EUR 70.8 million relates to the first batch of 6 trains purchased directly by FNM using own funds. The remaining EUR 114.3 million estimated for the purchase of the second batch of trains can be funded with additional public resources or alternatively with FNM's own funds. The investment for the replacement of the buses is estimated at EUR 30 million.

FNM S.p.A. also provides administrative services to its investees, manages its real estate assets and is involved, together with its subsidiary FERROVIENORD, in the development of FILI project dedicated to the redevelopment of FERROVIENORD's main connection centres on the Milan-Malpensa line, as better described in the Annual Financial Report as at 31 December 2022.

Consistent with the 2021-2025 Strategic Plan, as part of 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 Mobility as a Community (MaaC) strategic paradigm as an enabling tool of the new digital mobility focused on the needs of communities. From this perspective, in 2020 the Group entered the digital payment services sector with the establishment of FNMPAY S.p.A. (hereinafter referred to as "**FNMPAY**"), a wholly-owned subsidiary of FNM, 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 start-up 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 sustainable and shared transport solution. Sportit is active through two brands: Snowit is the leading marketplace for the integrated sale of on-line ski passes, ski-related services and mountain-related experiences; Bikeit, on the other hand, operates in the on-line sale of service packages for cycle tourists, which can be customised to 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.

The jointly controlled company NORD ENERGIA S.p.A. is in liquidation as of 10 January 2023.

## 2.2 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 Service Contract for management (the "**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. For further details, please refer to the Annual Financial Report as at 31 December 2022.

### **Programme for the purchase of rolling stock for the regional railway service**

The rolling stock purchase programme being implemented on behalf of the Lombardy Region – as amended by Regional Council Resolution No. XI/7767 of 28 December 2022 – currently provides for 214 new trains to be put into service by 2025, of which 126 are already in service as of 30 September 2023, thanks to a total allocation of EUR 1.743 billion. More details on the progress of deliveries are provided in section 4.2.

While referring you to the Annual Financial Report as at 31 December 2022 for a review of the contractual evolution of the programme, which has been updated several times over the years, please note that the Original Purchase Order and the Supplementary Purchase Order made provision for the supply of 176 trains, corresponding to an expenditure of EUR 1.389 billion (the amount was initially EUR 1.607 billion and was subsequently reduced following the cancellation of the Cassa Depositi e Prestiti loan and tender discounts). The plan was divided into three supplies, corresponding to the three types of trains for which there was the greatest urgency to replace the material in use and the need to expand the seats on offer following the strong growth in demand in previous years. Supplies were subsequently increased through the "Marshall Plan", which allocated an additional EUR 351 million for the purchase of 46 additional trains, allocated to the same train types, for an overall total of 222 trains. With respect to the needs of the railway service in the first phase of the next ten-year assignment to Trenord, which is currently being updated as discussed in more detail in section 2.5, a reduction of 8 units in the total number of Caravaggio trains has been authorised under the 4th Executive Contract held by Hitachi, in order to offset the cost of the price revision and to preserve

financial resources for the subsequent acquisition of other types of rolling stock, necessary for the second phase of the assignment, based on the provisions set forth in Annex 3 of the above-mentioned Resolution No. XI/7767 of 28 December 2022.

The segment also includes the management activities of the **Saconago intermodal terminal** in Busto Arsizio (VA), near the Malpensa airport, carried out by Malpensa Intermodale S.r.l. The company receives complete trains and uses self-propelled cranes to manage goods/containers, 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 extending to an area measuring approximately 48,000 square metres and benefits from a service and logistics development area covering 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.

## 2.3 PASSENGER ROAD TRANSPORT

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<sup>2</sup> - 50% owned by FNM S.p.A.) of a Service Contract for those in the Province of Como. FNMA also operates rail-replacement 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 Service Contract; the subsidiary is operating under an extension of the original agreements 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 concessions/Service 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).

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<sup>2</sup> Company operating in Road passenger mobility, but considered in the Ro.S.CO. segment for the purposes of drafting the Financial Statements. It is measured with the equity method in the Consolidated Financial Statements of the FNM Group.

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 Service Contracts, also extended until 31 December 2023.

As described in previous reports, in fact, the EU tender to identify the concessionaires of Verona's public transport services was suspended in February 2021 due to the state of emergency declared as a result of the Covid-19 pandemic. At the end of said extension, concluded in March 2023, the Steering Committee of the Verona LPT Government Body formulated an opinion in favour of revoking the above tender procedure, both because the forecasts underlying the economic and financial plan prepared by the contracting authority had ceased to apply and because the Municipality of Verona, within the framework of the Steering Committee, had asked for the scope of the new assignment contract to include the management of the urban trolleybus within its territory, now nearing completion. The methods to identify the new concessionaire will be determined by the same contracting authorities through new formal decisions and may require a new tender to be held. Activities continued, initiated at ATV's behest, aimed at obtaining from the Verona LPT Government Body the extension to 31 December 2026 of the three existing Service Contracts, in application of the provisions of Article 24, paragraph 5bis of Decree Law no. 4/2022, i.e. following the submission of an economic and financial plan for the following years that envisages, inter alia, significant investments, also partially self-financed.

With regard to tariffs, it should be noted that with Resolution No. 65 of 29 June 2023 of the President of the Province of Verona, with the favourable opinion of the Steering Committee formed by the Province itself and the Municipalities of Legnago and Verona, the Government Body authorised the adjustment of tariffs for the part relating to urban tickets for Verona and Legnago and Verona extra-urban tickets with effect from 14 July 2023. This increase raised the price of the 90' urban ticket and the fare 1 of the extra-urban service from EUR 1.3 to EUR 1.5 and proportionally increased the other types of urban and extra-urban tickets. The Resolution does not envisage any changes for season ticket prices, an issue on which discussions between the Government Body and ATV have been initiated. Lastly, with the aim of mitigating the effect of ticket price increases and encouraging the use of public transport services during the works for the construction of the functional subway for the trolleybus system, the Municipality of Verona, with Municipal Council Resolution No. 632 of 20 June 2023, introduced on an experimental basis a series of reduced fares, valid until 31 December 2023, on certain types of urban tickets (mainly the book of 10 90' tickets, which are sold at EUR 12.5 instead of EUR 13.5), against the allocation of EUR 300 thousand by the same Municipality.

Lastly, the road transport offer is complemented by the car sharing service provided by E-Vai S.r.l. (hereinafter also "**E-Vai**") integrated with the railway service (covering 46 railway stations) and the three main airports in Lombardy. As described in the Annual Financial Report as at 31 December 2022, due to the renewal of the Service Contract with FERROVIENORD in effect from 1 January 2023, the annual disbursement of EUR 1.8 million previously paid by the Lombardy Region is no longer applicable.

Lastly, it should be noted that, with effect from 16 January 2023, the 51% interest in La Linea and the interest in its subsidiary Martini Bus were removed from the scope of consolidation according to the methods described in the 2022 Annual Financial Report. The overall positive financial effect on the Group's Net Financial Position is EUR 12.7 million: EUR 5.4 million by way of sale price and EUR 6.9 million represented by repayment in full of La Linea's positions payable to FNM.

## **2.4 MOTORWAYS**

The FNM Group is also present in the motorway infrastructure management sector thanks to its 100% 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.

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 Transport – or "**MIT**") 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 Interministerial Decree 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 (western ring road), A51 Tangenziale Est (eastern ring road), A52 Tangenziale Nord (northern ring road). 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:



<i>Section</i>	<i>Km</i>
A7 Milan-Serravalle Motorway, from Milan Piazza Maggi to Serravalle Scrivia	86.3
A53 Bereguardo-Pavia Motorway Link	9.1
A54 Pavia Ring Road	8.4
A50 Motorway, Tangenziale Ovest (western ring road) of Milan with Fiera Rho-Pero link	33.0
A51 Motorway, Tangenziale Est (eastern ring road) of Milan	29.4
A52 Motorway, Tangenziale Nord (northern ring road) of Milan	18.7
<b>TOTAL</b>	<b>184.9</b>

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-Lakes
- 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 Motorway Link, 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. As described in previous reports, the renewal of sub-concession contracts for most service areas in recent years has resulted in a shift in revenues from fixed fees to *royalties*, as well as a maintenance fee to reimburse the costs incurred by MISE for maintenance activities on the common parts of the service areas. In addition, as set forth during the tender, the new sub-concessionaires have planned significant upgrades of the facilities and enhancement of the services offered to ensure they are 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. As described in detail in the Annual Financial Report as at 31 December 2022, it should be noted that on 27 February 2023, MISE's sale to its investee Autostrada Pedemontana Lombarda S.p.A. ("APL") of a business unit belonging to the subsidiary MISE Engineering for a consideration of EUR 1.3 million became effective.

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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”, with a 22.55% stake), described in more detail in section 2.5.

### **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.

With reference to the appeal for the annulment of the measures issued by the Transport Regulatory Authority on tariffs, on 9 January 2023 the Piedmont Regional Administrative Court, by decision No. 24/2023, rejected the appeal and the additional grounds submitted by MISE. Considering that the decision of the Regional Administrative Court is based on a now long-held position of the Council of State, on 7 March 2023, the Board of Directors of the investee company approved a new EFP proposal – which fully incorporates the guidelines of ART Resolution No. 69/2019, particularly with regard to efficiency, as well as the effects of the shifting of the tariff regulatory period to 2020-2024 (originally 2018-2022) – and the draft Additional Agreement, based on the same Resolution and the regulations that have been introduced in the area of motorway concessions. On the following 30 March, MISE forwarded to MIT the aforementioned draft Additional Agreement, including all Annexes, thus starting the regulatory approval process. The Awarding Body concluded its preliminary investigation and sent the EFP proposal to ART, as required by the approval process. The investigation by ART is currently under way.

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.

The new EFP proposal envisages, for the period 2018-2028, a programme of infrastructure works on the network in the amount of EUR 715 million and maintenance and restoration works on the motorway network in the amount of EUR 405 million (for the period 2023-2028 the former amount to EUR 470 million and the latter to EUR 226 million). In addition to the tariff mechanism resulting from the development of the model as set out in ART Resolution No. 69/2019, the public grants

amounting to EUR 150 million (of which EUR 94 million in the 2023-2028 period) also contributed to the financing of the aforementioned initiatives. In drawing up the RFP, a traffic study was used, as provided for by the ART, which does not take into account the exceptional drop in volumes resulting from the COVID-19 outbreak; while for the preparation of the EFP, traffic volumes relating to the events verified were used.

In relation to the compensation of the negative economic effects resulting from COVID-19, as prescribed by the ART, following the declared closure of the state of emergency (set for 31 March 2022), the economic effects resulting from the health emergency were estimated with a certain degree of reasonableness. The recovery of these lost revenues, whose estimate, as indicated by the Awarding Body, has been included in the report to the EFP, as well as the simulation of the impact of the adoption of the estimate of the new inflation rates starting from the financial year 2024 (currently not included in the report to the EFP), will be recovered using figurative items starting from the next regulatory period.

### **Automotive hydrogen distributors**

The project, called "SerraHydrogenValle", is a synergistic and complementary extension of the H2IseO project and aims at developing, in the area of MISE's competence, the first hydrogen refuelling motorway network in Italy through the creation of a "Zero-Emission" motorway corridor with 5 hydrogen refuelling stations (3 disused service areas and 2 former toll booths), and in particular:

- 2 stations along the A51 Tangenziale Est (eastern ring road) of Milan, in Carugate (Carugate Est and Carugate Ovest);
- 1 station along the A50 Tangenziale Ovest (western ring road) of Milan, in Rho (Rho Ovest);
- 2 stations along the A7 Milan-Genoa motorway, in Tortona (Tortona Est and Tortona Ovest).

The project, whose investment costs are estimated at a total of EUR 55.4 million, aims to support the construction of infrastructure for the supply of alternative fuels, contributing to the decarbonisation of transport along the TEN-T network, where the Mediterranean corridor and the Rhine-Alps corridor intersect. Moreover, the A7 motorway is the reference route for all heavy transport connecting the Port of Genoa (Italy's main port) to the industrial areas of Lombardy.

As described in the 2022 Annual Financial Report, the investment benefits from a non-repayable loan from CEF funds in the amount of EUR 13.7 million, for the disbursement of which a co-financing contract for approximately EUR 4.7 million was signed with a credit institution. Also in terms of grants, with the Decree of 31 March 2023, the project also obtained a NRRP grant, relating only to the Carugate Est, Carugate Ovest and Tortona Ovest stations, amounting to EUR 15.0 million, broken down as follows: EUR 4.9 million for the Carugate Est area, EUR 4.8 million for the Carugate Ovest area and EUR 5.3 million for the Tortona area.

Lastly, it should be noted that at the end of March 2023, the tender called by MISE in December 2022 for the executive design and construction of the five hydrogen refuelling stations (three of which are being financed as indicated above) was awarded to the cooperative CPL Concordia in a temporary association of companies with Consorzio Integra, for a total value of works of EUR 48.0 million. In May 2023, the first application contract for the executive design was activated. Preliminary and final design verification activities are currently in progress.

Commercial operations are scheduled to start in the second half of 2025. Further improvements will follow a modular approach, integrating production and increasing distribution capacity according to demand trends. At a later stage, the project will allow for the potential installation of a photovoltaic plant for the production of green electricity, connected to an electrolyser for the production of hydrogen from renewable sources.

## **2.5 MAIN INVESTEEES 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, 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 investee has a fleet of more than 400 trains 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 Service Contract for public rail transport with the Lombardy Region for the period 2015-2020, extended until the date of signing of the new Service Contract and, nonetheless, no later than 30 November 2023, under the same contractual conditions. In addition to the basic contract, Trenord manages the Service Contract – in a temporary association of companies with ATM S.p.A. - concerning the services of Line S5 Varese/Gallarate/Pioltello/Treviglio signed on 18 December 2008, also extended until the date of signature of the new Service Contract and, in any case, no later than 30 November 2023.

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

### **Renewal and approval of the Service Contract for regional rail transport**

As already mentioned, the Service Contracts stipulated between the Lombardy Region, Trenord and the temporary association of companies Trenord-ATM currently in force will expire on 30 November 2023, as a result of the extension provided by Article 8 of Regional Law No. 2/2023. During the first nine months of 2023, technical preliminary activities continued for the definition of the new Service Contract with a duration of 10 years from 1 December 2023 to 30 November 2033. These activities, however, required further investigation, and a subsequent revision, following the increase to 7.45% in the value of the rate of return on net invested capital (WACC) for local public passenger transport services – approved by ART in March (Resolution No. 49/2023 of 10 March 2023) –, whose value was taken into account when drafting the Economic and Financial Plan (EFP) and the Plan for Achieving Regulatory Objectives (PRO) documents. It was also necessary to revise the assumptions regarding the demand for mobility and to rebalance the revenue forecast determined by the end of the pandemic emergency, in light of the trend in the first months of 2023.

By Resolution of the Regional Council No. XII/300 of 15 May 2023 *"Determinations on the Economic and Financial Plan (EFP) and on the Plan for Achieving Regulatory Objectives (PRO) relating to the assignment of the regional railway service for the years 2023-2033"*, the Lombardy Region has instructed the General Directorate for Transport and Sustainable Mobility to forward the aforesaid documents to ART and to delegate to the same Directorate the performance of the activities

needed to complete the administrative process relating to the final definition of the EFP and PRO. Furthermore, pending the new assignment of the regional railway service, at the same time as the finalisation of the EFP and the PRO and the public consultation of the Minimum Quality Conditions (CMQ) envisaged by Measure 1 of ART Resolution No. 16/2018, the Lombardy Region with Regional Government Decree No. 2 of 7 August 2023 approved a further extension of the current Service Contracts until the date of signing of the new Service Contract and, in any case, no later than 30 November 2023.

Therefore, activities are in progress to finalise the contents of the new Service Contract and, in postponing to a subsequent Resolution the approval of the final draft of the Service Contract, which also incorporates any observations requested by ART, the current layout defines some new elements with respect to the existing Service Contract, which are briefly outlined below. Firstly, the new regulatory regime provided for in ART Resolution No. 154/2019, as amended, is included, which introduces a methodology (Net Cost) where Trenord receives an agreed consideration ex ante, which takes into account budgeted tariff revenues, updated in the final balance according to demand and subject to an annual price-cap mechanism, which allows the recovery of efficient operating costs and a “reasonable profit” calculated on the regulatory net invested capital. Updated estimates of the cost of raw materials and energy products, especially traction electricity, are also incorporated. When allocating risks between the Awarding Body and the Railway Company, as illustrated in ART Resolution No. 120/2018, the proposed allocation of responsibilities provides that changes resulting from external or regulatory factors (e.g. inflation, energy costs, legislative and tariff changes) will be the responsibility of the Lombardy Region, which will have to guarantee the economic balance of the contract (updated annually).

This is the largest contract ever signed by the Lombardy Region, committing EUR 5.4 billion in public grants over the period of the 2023-2033 Service Contract, financed by both the regional and national budgets.

### **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.

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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 initiative, from both an engineering and environmental perspective, 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**

On 5 December 2022, a contract was signed with Webuild Italia S.p.A. (the agent of the Temporary Grouping of Companies formed by Webuild Italia S.p.A., Partecipazioni Italia S.p.A. and Impresa Pizzarotti & C S.p.A.) for the assignment of the executive design, safety coordination during the executive design phase and performance of the works for sections B2 and C. The executive design of Stretches B2 and C was definitively delivered by the General Contractor on 2 October 2023 and the verification and control of the technical and economic documents was initiated in order to be able to approve the project within the terms set forth in the Contract (i.e. 120 days).

With regard to the management of the financial funding functional to the construction of the sections B2 and C, at the end of the internal approval process of the lending banks, on 24 February 2023 and on 6 April 2023, positive responses were received to the "general" consent request formulated by the Investee on 22 December 2022 (subsequently supplemented on 20 January 2023) that included, inter alia, the postponement of the "Long Stop Date" from 31 January 2023 to 15 December 2023 (the date from which, theoretically, the lending institutions have the right to revoke the financing lines where the conditions precedent are not satisfied) and a consistent postponement of the formal fulfilment of the formalities relating to the signing of the "Security Package". On 5 June 2023, APL sent the lending banks a further request for consent containing a request for an extension in relation to the deadline for obtaining the Golden Power authorisation and for the signing of the security documents. In addition, on 12 July 2023, a notice and request for consent was sent regarding: i) new litigation; ii) management and coordination of the Lombardy Region; iii) new member of the Board of Directors; iv) new contracts; v) settlement agreement with Pedelombarda regarding the contract for the construction of the Free Flow; vi) EPC contract; and vii) Additional Agreement No. 4.

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 the location change of Section D (so-called "Short Section D") started on 12 October 2021. It should be noted that the Final Project and the Environmental Impact Study were delivered to the Awarding Body on 30 June 2023 in order to initiate the preliminary investigation phase, which concluded with the transmission, on 8 August, to the MIT and the interested Bodies, for the start of the location procedure and for EIA purposes. On 10 October 2023, the opening of the Services Conference at the Ministry of Infrastructure and Transport took place as the key stage in the approval process of the Final Project. The relevant approval procedure by the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS) will follow.

### **Renewal and approval of the Economic and Financial Plan**

As regards the main significant events that took place in the first nine months of 2023, it should be noted that, on 29 March 2023, the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS), at the end of its meeting held on the same date, issued Resolution No. 8/2023, expressing a favourable opinion on the proposal to update the EFP and the related draft of the third Additional Agreement to the Consolidated Agreement, for the 2020-2024 regulatory period (2020 EFP). The Interministerial Decree approving Additional Deed No. 3 was adopted. Its registration by the Court of Auditors is pending.

Pursuant to Article 12 of the Consolidated Agreement, during the first nine months of 2023, the Associate asked the Awarding Body about the possibility of a revision of the EFP, believing that the conditions and reasons for the alteration of the economic-financial balance of the Concession existed. In particular, these reasons are due to: i) the exceptional increase in prices, also as a result of the war between Russia and Ukraine; as well as ii) the bidding discount offered by the General Contractor of Sections B2 and C, which was significantly lower than the one envisaged in the concession economic framework. The Associated Company and the Awarding Body defined a draft Additional Deed No. 4 that includes all mitigating factors for restoring the economic-financial equilibrium including, inter alia, a rebalancing and updating EFP (2023 EFP) which incorporates the actual results as at 31 December 2022 as the base year (2023 is therefore the bridge year and the resulting regulatory period is 2024-2028). This document was sent by the Grantor to the MIT on 7 August 2023.



With regard to the greater need for the completion of the Works with respect to those scheduled in the 2020 EFP, the Lombardy Region (majority shareholder in APL) confirmed the full financial coverage necessary for the construction of the B2 and C sections. In fact, by way of Regional Law No. 2/2023 of 7 August 2023, the Lombardy Region authorised an overall maximum expenditure of EUR 606 million, of which (i) up to EUR 175 million in the form of a subordinated shareholder loan and (ii) up to EUR 431 million for the subscription of a share capital increase. It should be noted that at present, since construction work is scheduled to begin in December 2023, the effects of the extraordinary increase in costs are not yet substantial and the net financial impact of said works will also depend on the collection of possible compensation deriving from the funds referred to in Article 26 of Decree Law 50/2022. Any contributions resulting from the applicability of the regulations to the APL project will be considered in the update at the end of the regulatory period.

### **TANGENZIALI ESTERNE DI MILANO (TEM)**

TEM, in which MISE holds 22.55% of the share capital, in turn holds a single shareholding of 48.4% of the capital of the motorway concessionaire Tangenziale Esterna S.p.A. ("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.

The duration of the Concession is set at fifty years starting from the entry into operation of the entire motorway link in May 2015.

From 1 January 2023 tariff increases of 4.34% were applied (Interministerial Decree No. 438 of 30 December 2022).

TE started the preparatory activities for the definition of the new EFP for the five-year regulatory period 2024-2028. In particular, the new traffic study is being finalised, as well as the assessment of the impacts that expensive materials and the recently enacted technical regulations will have on investments and the operating costs to be included in the new EFP. A roadmap is also being defined,

in agreement with the Awarding Body CAL, that will allow for an approval process that will hopefully be concluded in time for the tariff update request for the year 2024.

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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, NordCom, Omnibus Partecipazioni (and its joint venture ASF) and the associated companies DB Cargo, Busforfun.Com, SportIT, APL and TEM has no impact on the individual items of the consolidated statement of financial position and the consolidated income statement, with the exception of the items "Investments" and "Net profit of companies measured with the equity method", respectively.

### 3 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

#### 3.1 ECONOMIC DATA SUMMARY

The reclassified Income Statement for the period is shown below, compared with that of the corresponding period of 2022. For the sake of a complete disclosure, in the following reclassified Income Statement the items "Costs for construction services – IFRIC 12" and "Revenues from construction services – IFRIC 12", relating exclusively to concessionaire companies FERROVIENORD and MISE in which, in application of IFRIC 12, the amounts of the funded investments made during the period and the corresponding contributions are recognised, are stated net in "Other revenues and income".

The item "Adjusted EBITDA" was determined by excluding non-recurring items from the previous items in the Income Statement, which were reclassified under "Extraordinary income and expenses".

<i>Amounts in EUR millions</i>	9 MONTHS 2023	9 MONTHS 2022	Change	Change %
Revenues from sales and services	427.5	418.3	9.2	2.2 %
Other revenues and income	28.8	28.9	(0.1)	-0.3 %
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>456.3</b>	<b>447.2</b>	<b>9.1</b>	<b>2.0 %</b>
Operating costs	(174.7)	(171.3)	(3.4)	2.0 %
Personnel costs	(120.6)	(120.2)	(0.4)	0.3 %
<b>ADJUSTED EBITDA</b>	<b>161.0</b>	<b>155.7</b>	<b>5.3</b>	<b>3.4 %</b>
<b>EBITDA</b>	<b>161.0</b>	<b>155.7</b>	<b>5.3</b>	<b>3.4 %</b>
Depreciation, amortisation and write-downs	(77.6)	(68.6)	(9.0)	13.1 %
<b>EBIT</b>	<b>83.4</b>	<b>87.1</b>	<b>(3.7)</b>	<b>-4.2 %</b>
Financial income	6.0	5.5	0.5	9.1 %
Financial expenses	(14.2)	(9.8)	(4.4)	44.9 %
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(8.2)</b>	<b>(4.3)</b>	<b>(3.9)</b>	<b>90.7 %</b>
<b>EARNINGS BEFORE TAX</b>	<b>75.2</b>	<b>82.8</b>	<b>(7.6)</b>	<b>-9.2 %</b>
Income taxes	(18.7)	(24.5)	5.8	-23.7 %
<b>ADJUSTED COMPREHENSIVE INCOME</b>	<b>56.5</b>	<b>58.3</b>	<b>(1.8)</b>	<b>-3.1 %</b>
Profit/Loss of companies measured with the Equity method	(2.1)	(21.3)	19.2	-90.1 %
<b>COMPREHENSIVE INCOME</b>	<b>54.4</b>	<b>37.0</b>	<b>17.4</b>	<b>47.0 %</b>
<b>PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>0.1</b>	<b>(1.4)</b>	<b>1.5</b>	<b>-107.1 %</b>
<b>COMPREHENSIVE GROUP INCOME</b>	<b>54.3</b>	<b>38.4</b>	<b>15.9</b>	<b>41.4 %</b>

**Revenues from sales and services** recorded a net increase of EUR 9.2 million, i.e. approximately 2.2%, for the following reasons:

- motorway toll revenues of EUR 203.8 million (EUR 191.4 million in the first nine months of 2022) increased by EUR 12.4 million, or 6.5%, compared with the first nine months of 2022, mainly in relation to the traffic trend (+6.4%) and its composition, in which the light vehicles component increased significantly, and also in relation to the adjustment in the conventional distance travelled at

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the toll application points of the Tangenziale Nord of Milan (North Bypass), with effect from 1 March 2023, following the opening to traffic of the upgraded S.P. 46 Rho-Monza (provincial road);

- revenues from the leasing of rolling stock increased by EUR 6.6 million, primarily due to higher revenues on ROCK, POP, Caravaggio, Donizetti and Colleoni trains, for EUR 4.4 million, on TILO trains leased to Trenord, for EUR 2.2 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 2.1 million, equal to a 37.4% increase compared to the 2022 comparative period;

- replacement services provided by FNMA increased by EUR 1.9 million during the period;

- revenues related to design and project management for works on the railway network increased by EUR 1.2 million;

- ticketing revenue from public road transport decreased by EUR 1.7 million. Net of the change resulting from the deconsolidation of the company La Linea and its subsidiary Martini Bus (equal to EUR -6.6 million), ticketing revenue increased by EUR 4.9 million due to higher sales connected with the recovery in the use of public transport by users;

- revenues from sub-contracting activities decreased by EUR 3.5 million due to the change resulting from the removal from the scope of consolidation of La Linea and its subsidiary Martini Bus;

- revenues from public contracts and grants related to the public road transport service showed a net decrease of EUR 6.4 million. The change is due to the decrease (from EUR 7.2 million in the comparative period of 2022 to EUR 0 million in the first nine months of 2023) in the compensatory measures related to the absence of revenues from traffic and the additional services activated in the LPT sector as a result of the COVID-19 emergency, in order to guarantee the capacity offered during the pandemic period as a result of the regulatory limits imposed on vehicle occupancy. In addition, in the comparative period of 2022, grants totalling EUR 0.4 million were paid out to support companies operating in the tourism sector. This reduction is partially offset by higher subsidies of EUR 0.6 million recognised for the purchase of new buses.

**Other revenues and income** showed a net decrease of EUR 0.1 million compared to the comparative period of 2022, of which EUR 1.3 million attributable to lower income from the recovery of general expenses related to construction services for the upgrading of rolling stock, in relation to the reduced investments with respect to the comparative period.

Total revenues and other income thus rose by 2.0% and can be broken down into the four business areas as follows:

<i>Amounts in EUR millions</i>	9 MONTHS 2023	9 MONTHS 2022	Change	Chg %
Ro.S.Co. & Services	63.2	58.5	4.7	8.0 %
Railway infrastructure	113.1	107.7	5.4	5.0 %
Road passenger mobility	77.6	97.5	(19.9)	-20.4 %
Motorways	222.7	209.3	13.4	6.4 %
Intercompany eliminations	(20.3)	(25.8)	5.5	-21.3 %
<b>Total consolidated revenues</b>	<b>456.3</b>	<b>447.2</b>	<b>9.1</b>	<b>2.0 %</b>

Excluding from total revenues and other income the values of La Linea and Martini Bus and the share of the annual contribution for the development of car sharing for the first nine months of 2022, and the first 15 days of 2023 of La Linea and Martini Bus, revenues would amount to EUR 455.8 million and EUR 433.7 million respectively, marking an increase of 5.1%.

**Operating costs** recorded a net increase of EUR 3.4 million (2.0%) for the following main reasons:

- increase in provisions for cyclical maintenance due to the entry into service of the ROCK, POP, Caravaggio, Donizetti and Colleoni trains, in the amount of EUR 4.4 million;
- increase in railway infrastructure maintenance costs of EUR 1.7 million;
- increase of EUR 1.2 million in motorway traffic-related costs (collection costs and concession fee);
- decrease of EUR 1.7 million in motorway infrastructure maintenance costs, net of allocations to and utilisations of the renewal provision;
- a net decrease of EUR 1.8 million in the cost of sub-contracting third-party motor vehicle services (this decrease includes the change resulting from the deconsolidation of La Linea and its subsidiary Martini Bus, for EUR 5.8 million);
- decrease in write-downs of financial assets for EUR 0.7 million.

**Personnel costs** rose from EUR 120.2 million to EUR 120.6 million and are substantially in line with the 2022 comparative period. The trend is mainly due to the combined effect of (i) of the one-off payment in the 2022 period, and not present in the 2023 period, of the social security contributions for sickness costs of the CCNL Autoferro (National Collective Bargaining Agreement for the Railway/Tram sector workers), amounting to EUR 2.6 million, (ii) the increase in labour costs,

determined both by the application of the renewal of the CCNL and the different composition of the workforce, and (iii) the removal from the scope of consolidation of the investee La Linea and its subsidiary Martini Bus, amounting to EUR 6.0 million.

In the absence of extraordinary operating income items, adjusted **EBITDA and EBITDA** were the same, amounting to EUR 161.0 million, an increase of 3.4% as illustrated below in the four business areas:

<i>Amounts in EUR millions</i>	9 MONTHS 2023	9 MONTHS 2022	Change	Chg %
Ro.S.Co. & Services	33.9	32.2	1.7	5.3 %
Railway infrastructure	8.2	14.6	(6.4)	-43.8 %
Road passenger mobility	5.9	7.2	(1.3)	-18.1 %
Motorways	113.0	101.7	11.3	11.1 %
<b>Total adjusted EBITDA</b>	<b>161.0</b>	<b>155.7</b>	<b>5.3</b>	<b>3.4 %</b>

Excluding the values of La Linea and Martini Bus and the share of the annual contribution for the development of the car sharing for the first nine months of 2022 and for the first 15 days of 2023 of La Linea and Martini Bus, adjusted EBITDA would be EUR 160.7 million in the first nine months of 2023 and EUR 151.8 million in the same period of 2022, an increase of 5.9%.

The item **depreciation, amortisation and write-downs** shows a net increase of EUR 9.0 million mainly due to the depreciation of motorway infrastructure following the commissioning of the Rho-Monza section at the end of the 2022 financial year.

**Comprehensive operating income** amounted to EUR 83.4 million, versus EUR 87.1 million in the nine months of 2022, a net decrease of EUR 3.7 million.

**Comprehensive profit/loss from financial operations** in the first nine months of 2023 was EUR -8.2 million, compared to EUR -4.3 million in the comparable period of 2022, in relation to higher financial expenses due to the increase in interest rates and the discount rate.

**Earnings before taxes**, that do not include the result of the companies accounted for using the equity method, amounted to EUR 75.2 million, a decrease compared to EUR 82.8 million in the first nine months of 2022.

**Income taxes**, amounting to EUR 18.7 million, decreased by EUR 5.8 million compared to the first nine months of 2022, in relation to the benefit of EUR 1.7 million resulting from the different tax treatment of certain items following the receipt of the response to the request for a tax ruling filed by MISE, the refund of the tax wedge not deducted in 2008, amounting to EUR 0.7 million, and the lower taxable income of the Group.

**Adjusted comprehensive income**, before the recognition of the result of the companies measured at equity, went from EUR 58.3 million in the comparative period of the previous year to EUR 56.5 million.

The **loss of companies measured at equity** came to EUR 2.1 million, compared to a loss of EUR 21.3 million in the first nine months of 2022, mainly due to the negative result of the investees Trenord, TEM and APL. This item is broken down as follows:

Amounts in EUR thousands	9 MONTHS 2023	9 MONTHS 2022	Change
Trenord S.r.l. *	(1,734)	(25,446)	23,712
Autostrada Pedemontana Lombarda S.p.A.	(963)	1,198	(2,161)
Tangenziali Esterne di Milano S.p.A.**	(1,539)	(1,034)	(505)
NORD ENERGIA S.p.A. in liquidation ***	708	1,543	(835)
DB Cargo Italia S.r.l.	1,576	1,333	243
Omnibus Partecipazioni S.r.l. ****	133	808	(675)
NordCom S.p.A.	455	448	7
Busforfun.Com S.r.l.	(447)	119	(566)
SportIT	(302)	(311)	9
<b>Profit/Loss of companies measured with the Equity method</b>	<b>(2,113)</b>	<b>(21,342)</b>	<b>19,229</b>

\* 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

For more information on the results of the investees Trenord and APL, please refer to what is set forth in paragraph 4, "Operating performance of business segments", in the chapter dedicated to the main Investees.

In the period ended 30 September 2023, as in the comparative period 2022, there were no profits from discontinued operations.

The consolidated **comprehensive profit** for the first nine months of 2023 amounted to EUR 54.4 million, compared to a profit of EUR 37 million in the first nine months of 2022, due to the effects described above essentially deriving from the continued recovery of mobility.

### 3.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified Statement of Financial Position as at 30 September 2023, compared with that as at 31 December 2022.

Please note that, in order to improve the representation of balance sheet trends, 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 as at 31 December 2022, 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.

Amounts in EUR millions	30/09/2023	31/12/2022	Change
Inventories	13.2	12.1	1.1
Trade receivables	171.0	153.0	18.0
Other current receivables	106.2	85.8	20.4
Current financial assets	1.8	8.9	(7.1)
Receivables for funded investments	55.5	47.6	7.9
Trade payables	(168.5)	(166.6)	(1.9)
Other current payables and current provisions	(149.0)	(147.4)	(1.6)
<b>Operating Net Working Capital</b>	<b>30.2</b>	<b>(6.6)</b>	<b>36.8</b>
Other receivables – Rolling Stock 2017-2032	35.6	64.0	(28.4)
Receivables for funded investments – Rolling Stock 2017-2032	183.6	201.7	(18.1)
Trade payables – Rolling Stock 2017-2032	(272.5)	(304.1)	31.6
<b>Net Working Capital – Funded Investments</b>	<b>(53.3)</b>	<b>(38.4)</b>	<b>(14.9)</b>
<b>Net Working Capital – Total</b>	<b>(23.1)</b>	<b>(45.0)</b>	<b>21.9</b>
Fixed assets	820.8	840.8	(20.0)
Equity investments	166.6	171.8	(5.2)
Non-current receivables	178.0	175.1	2.9
Non-current payables	(39.0)	(31.1)	(7.9)
Provisions	(98.4)	(95.0)	(3.4)
Assets and liabilities held for sale	—	14.9	(14.9)
<b>NET INVESTED CAPITAL</b>	<b>1,004.9</b>	<b>1,031.5</b>	<b>(26.6)</b>
<i>Own funds</i>	<i>351.1</i>	<i>306.9</i>	<i>44.2</i>
<b>Adjusted Net Financial Position</b>	<b>711.9</b>	<b>766.9</b>	<b>(55.0)</b>
Net Financial Position for funded investments (cash)	(58.1)	(42.3)	(15.8)
<b>Total Net Financial Position</b>	<b>653.8</b>	<b>724.6</b>	<b>(70.8)</b>
<b>TOTAL SOURCES</b>	<b>1,004.9</b>	<b>1,031.5</b>	<b>(26.6)</b>

**Net operating working capital**, net of changes for funded investments, increased by EUR 36.8 million mainly as a result of the following changes:



- **trade receivables** increased by EUR 18.0 million, mainly due to higher receivables for fees invoiced to Trenord, in the amount of EUR 14.5 million, and for rail replacement services invoiced to Consorzio Elio, in the amount of EUR 1.6 million;
- the **other current receivables** increased by EUR 20.4 million due to the increase in advances paid against the start-up of new orders for extraordinary maintenance of the railway infrastructure;
- **receivables for funded investments** increased by EUR 7.9 million in connection with the progress of certain funded railway infrastructure orders.

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

- **other receivables – Rolling Stock 2017-2032**, amounting to EUR 35.6 million, decreased by EUR 28.4 million in connection with the use of advance payments made in previous years due to the progress of orders;
- **receivables for funded investments – Rolling Stock 2017-2032** decreased by EUR 18.1 million due to the collection of grants for the period amounting to EUR 216.3 million; higher than the recognition of the portion of accrued revenues corresponding to the funded investments made, measured according to the percentage of completion for the period, amounting to EUR 198.4 million;
- **trade payables – Rolling Stock 2017-2032** decreased as a result of payments made amounting to EUR 201.8 million, partially offset by the progress of orders in the period. These investments were paid with the available funds allocated by the Lombardy Region, excluded from the Adjusted NFP.

The item **fixed assets** comprises mainly tangible assets of EUR 485.9 million, of which EUR 346.1 million pertain to rolling stock, intangible assets for EUR 317.6 million, of which EUR 309.9 million relating to the motorway infrastructure freely revertible to the Awarding Body (Ministry of Infrastructure and Transport) and EUR 17.3 million for rights of use.

The value of **equity investments** decreased by EUR 5.2 million, due to the lower result for the period contributed by companies accounted for using the equity method and dividends distributed by the

investees Nord Energia in liquidazione (in liquidation) and Omnibus, amounting to EUR 3.7 million; these effects were partially offset by the other changes in the statement of comprehensive income, amounting to EUR 0.4 million.

**Non-current receivables** primarily include contractual assets deriving from investments made in the motorway network up to 30 September 2023, but not yet recognised, for EUR 73.9 million, loans from MISE to investees for EUR 57.4 million and net deferred tax assets of EUR 33.8 million.

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

Below is the breakdown of the Group's Net Financial Position as at 30 September 2023, compared with 31 December 2022.

In order to better represent the ability to generate cash as well as the Group NFP, an adjusted NFP was calculated, which excludes the effects deriving from adoption of IFRIC 12 for investments relating to the renewal of rolling stock in the "Rolling Stock Programme 2017-2032":

Amounts in EUR millions	30/09/2023	31/12/2022	Change
Liquidity	(232.6)	(194.6)	(38.0)
Current financial debt	152.1	140.6	11.5
<b>Current Net Financial Position (Debt / -Cash)</b>	<b>(80.5)</b>	<b>(54.0)</b>	<b>(26.5)</b>
Non-current financial debt	792.4	820.9	(28.5)
<b>Adjusted Net Financial Position</b>	<b>711.9</b>	<b>766.9</b>	<b>(55.0)</b>
Net Financial Position for funded investments (Cash)	(58.1)	(42.3)	(15.8)
<b>Net Financial Position</b>	<b>653.8</b>	<b>724.6</b>	<b>(70.8)</b>

As at 30 September 2023, the total Net Financial Position was EUR 653.8 million, compared to a balance of EUR 724.6 million as at 31 December 2022. Isolating the amount relating to funded investments of the "2017-2032 Rolling Stock Programme" (EUR 58.1 million), the adjusted Net Financial Position was EUR 711.9 million, compared to a balance of EUR 766.9 million as at 31 December 2022.

Please also note that as at 30 September 2023 the Group has liquidity headroom of EUR 115 million in uncommitted lines.

The **adjusted Net Financial Position** is represented by the cash flow changes in the reference period:

Amounts in EUR millions	30/09/2023	30/09/2022
EBITDA	161.0	155.7
Net Working Capital	(15.0)	(31.4)
Tax paid	(15.9)	(6.8)

Financial expenses/income paid	(2.1)	(2.8)
<b>Free cash flow from operations</b>	<b>128.0</b>	<b>114.7</b>
Gross investments paid with own funds	(35.1)	(72.9)
Motorway infrastructure investments paid with own funds	(16.8)	(31.7)
Change in NWC – Investments with own funds	(32.6)	45.6
Funded investments – Railway infrastructure	(111.7)	(34.5)
Change in NWC – Funded investments for railway infrastructure	12.0	(20.4)
Public grants collected – Own funds	4.1	0.7
Collection of railway infrastructure investment funding	113.0	29.2
Collection of motorway infrastructure investment funding	8.9	—
<b>Cash flow generation</b>	<b>69.8</b>	<b>30.7</b>
Loan disbursement to investees	(2.5)	(1.0)
Loan repayment by investees	6.9	—
Investment purchase	(0.1)	(30.3)
Time Deposit collections	6.7	(4.5)
Dividends – cash-in	3.7	0.9
Divestments	5.5	6.3
<b>Free cash flow</b>	<b>90.0</b>	<b>2.1</b>
Dividends – cash-out	(10.0)	—
<b>Cash flow</b>	<b>80.0</b>	<b>2.1</b>
<b>Adjusted NFP (Debt/-Cash) INITIAL 01/01</b>	<b>766.9</b>	<b>755.6</b>
Cash flow generation	(80.0)	(2.1)
IFRS 16 effect	2.2	3.2
Other changes in financial payables	22.8	(17.3)
<b>Total change in NFP</b>	<b>(55.0)</b>	<b>(16.2)</b>
<b>Adjusted NFP (Debt/-Cash) FINAL 30/09</b>	<b>711.9</b>	<b>739.4</b>

**Cash flow generation** in the period was positive for EUR 69.8 million and derives from operations, partially offset by investments paid.

The **operating cash flow** deriving from income management was a positive EUR 128.0 million, due to EBITDA of EUR 161.0 million, in part negatively affected by the change in Net Working Capital described above and the payment of taxes.

In the first nine months of 2023, net investments paid, both with own funds and on funded railway infrastructure, totalled EUR 58.2 million (compared to EUR 84.0 million paid in the comparative period of 2022).

The **cash flow** for the period, positive by EUR 80.0 million, was positively impacted by the sale of the equity investments in La Linea, and its subsidiary Martini Bus, and in NTT for EUR 5.5 million. At the same time as the sale, the investee La Linea fully repaid the loan disbursed by FNM in the amount of EUR 7.2 million and offset the balance of the giro accounts in the amount of EUR 0.3 million.

The item "Other changes in financial payables" includes the change in the loan disbursed by FNM to La Linea, fully repaid in the period and shown under the item "Loan repayment by investees", and the portion of grants received in advance with respect to the progress of work orders shown under the item "Collection of infrastructure investment funding".

### 3.3 INVESTMENTS

Investments amounted to EUR 362.4 million versus EUR 499.3 million of the comparative period of 2022.

In particular, **investments made with own funds** by the FNM Group gross of collections of the consideration for construction services accrued in the first nine months of 2023 totalled EUR 52.3 million, compared to EUR 105.5 million in the comparative period of the previous year, and are broken down as follows:

- investments related to the **Ro.S.Co. & Service** segment, for EUR 11.8 million (EUR 49.9 million in the first nine months of 2022), which mainly refer to the revamping of TAF rolling stock;
- investments classified in the **Railway infrastructure** segment amounting to EUR 3.0 million (EUR 4.7 million in the first nine months of 2022);
- investments in the **Road passenger mobility** segment of EUR 19.4 million (EUR 18.1 million in the first nine months of 2022), mainly attributable to the purchase of 69 buses;
- investments referring to the **Motorways** segment for EUR 18.1 million, of which in revertible assets on the motorway infrastructure for EUR 16.8 million (EUR 32.8 million in the first nine months of 2022) mainly relating to the upgrading of the S.P. 46 Rho-Monza (provincial road), extraordinary maintenance on the Po River viaduct and the start of work on upgrading the safety barriers and lighting on the A51. Other investments amounted to EUR 1.3 million.

The **investments financed** gross of the collections of contributions managed in the first nine months of year 2023 by the FNM Group on behalf of the Lombardy Region, in accordance with the Programme Agreement and the Service Contract include:

- **Investments in Railway Infrastructure** of EUR 64.8 million (EUR 34.5 million in 2022) relating to the modernisation of railway infrastructure;
- **Investments in airport rolling stock** of EUR 46.9 million (not present in 2022);
- **Investments for the renewal of rolling stock 2017-2032** of EUR 198.4 million (EUR 359.3 million in the first nine months of 2022). 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 2023:

- 16 "Caravaggio" type (EMU) high-capacity trains;
- 5 "Donizetti" type (EMU) trains;
- 15 "Colleoni" type trains.
- 5 Marshall Plan "Caravaggio" type (EMU) high-capacity trains;

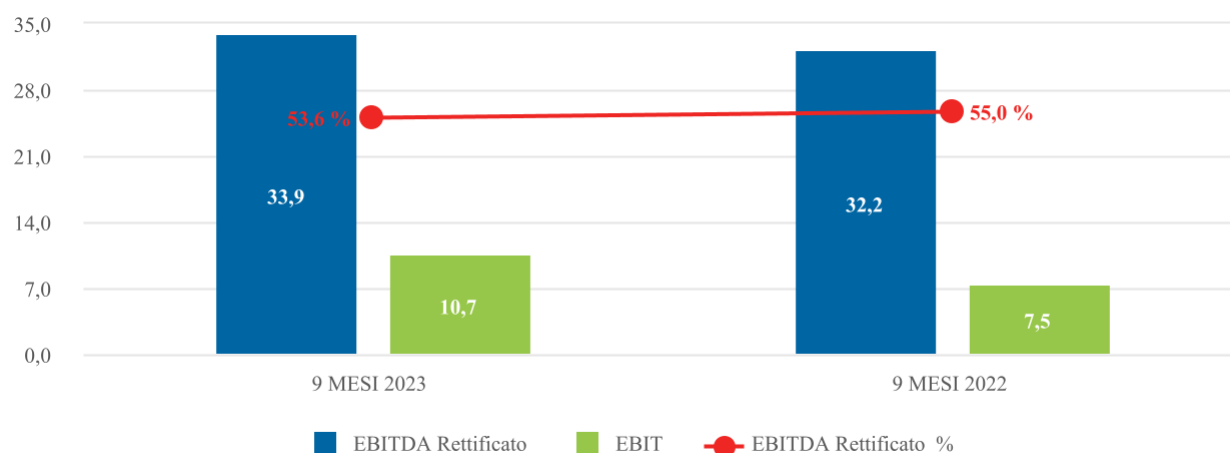
## 4 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

Amounts in EUR millions	9 MONTHS 2023						9 MONTHS 2022					
	Ro.S.Co. & Services	Railway infrastructure	Road passenger mobility	Motorways	Eliminations	Total	Ro.S.Co. & Services	Railway infrastructure	Road passenger mobility	Motorways	Eliminations	Total
Revenues from third parties	50.5	103.2	77.0	221.0		451.7	49.0	97.1	87.6	207.7		441.4
Intercompany revenues	12.7	5.3	0.6	1.7	(20.3)	0.0	9.5	4.8	9.9	1.6	(25.8)	0.0
Revenues from construction services net of funded investment costs	0.0	4.6	0.0	0.0		4.6	0.0	5.8	0.0			5.8
<b>Segment revenues</b>	<b>63.2</b>	<b>113.1</b>	<b>77.6</b>	<b>222.7</b>	<b>(20.3)</b>	<b>456.3</b>	<b>58.5</b>	<b>107.7</b>	<b>97.5</b>	<b>209.3</b>	<b>(25.8)</b>	<b>447.2</b>
<b>Adjusted EBITDA</b>	<b>33.9</b>	<b>8.2</b>	<b>5.9</b>	<b>113.0</b>		<b>161.0</b>	<b>32.2</b>	<b>14.6</b>	<b>7.2</b>	<b>101.7</b>		<b>155.7</b>
<i>Adjusted EBITDA %</i>	<i>21 %</i>	<i>5 %</i>	<i>4 %</i>	<i>70 %</i>			<i>21 %</i>	<i>9 %</i>	<i>5 %</i>	<i>65 %</i>		
<b>EBITDA</b>	<b>33.9</b>	<b>8.2</b>	<b>5.9</b>	<b>113.0</b>		<b>161.0</b>	<b>32.2</b>	<b>14.6</b>	<b>7.2</b>	<b>101.7</b>		<b>155.7</b>
<i>EBITDA %</i>	<i>21 %</i>	<i>5 %</i>	<i>4 %</i>	<i>70 %</i>			<i>21 %</i>	<i>9 %</i>	<i>5 %</i>	<i>65 %</i>		
<b>EBIT</b>	<b>10.7</b>	<b>6.6</b>	<b>(1.2)</b>	<b>67.3</b>		<b>83.4</b>	<b>7.5</b>	<b>12.9</b>	<b>(3.1)</b>	<b>69.8</b>		<b>87.1</b>

### 4.1 RO.S.CO & SERVICES

Amounts in EUR millions	9 MONTHS 2023	9 MONTHS 2022	Chg	Chg %
Lease of rolling stock	41.2	39.0	2.2	5.6 %
Other revenues	22.0	19.5	2.5	12.8 %
<b>Total revenues</b>	<b>63.2</b>	<b>58.5</b>	<b>4.7</b>	<b>8.0 %</b>
<b>Adj. EBITDA</b>	<b>33.9</b>	<b>32.2</b>	<b>1.7</b>	<b>5.3%</b>
<b>Adj. EBITDA %</b>	<b>53.6%</b>	<b>55.0%</b>		
<b>EBIT</b>	<b>10.7</b>	<b>7.5</b>	<b>3.2</b>	<b>42.7%</b>



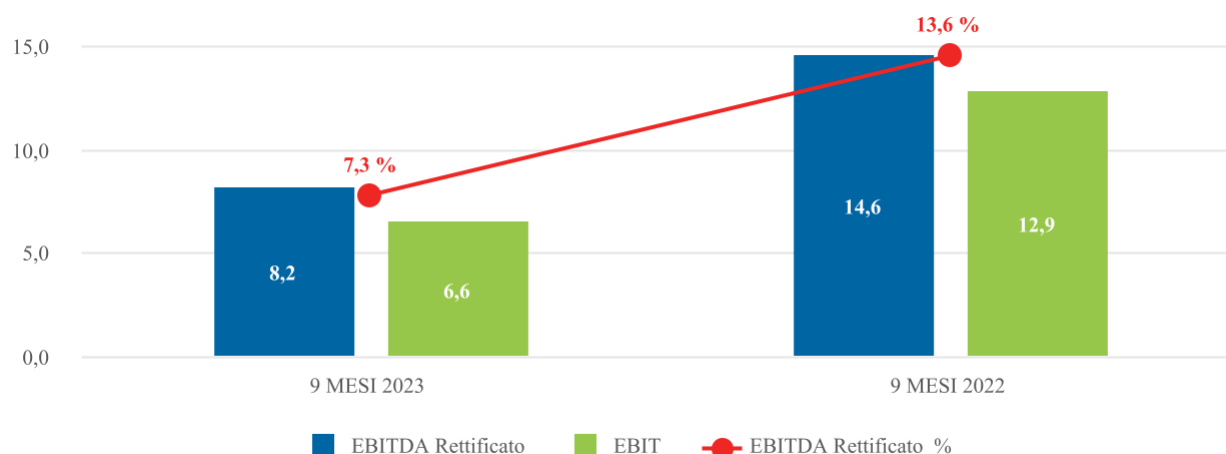
**Revenues** for this segment amounted to EUR 63.2 million, up EUR 4.7 million compared to EUR 58.5 million in the first nine months of 2022. The main revenue item is represented by **lease payments for rolling stock**, primarily to Trenord, amounting to EUR 41.2 million, up EUR 2.2 million compared to the revenues recorded in the same period of 2022, thanks primarily to the higher revenues on TILO trains put into service in 2022 and on TAF trains following the revamping activities.

**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, amounted to EUR 22.0 million, up by EUR 2.5 million compared to the first nine months of 2022. The change is attributable to revenues for administrative and IT services provided by the *holding company* to Group companies.

**Adjusted EBITDA** was EUR 33.9 million, up by EUR 1.7 million compared to the first nine months of 2022. The evolution with respect to the trend in revenues is attributable to the higher personnel costs related, inter alia, to the increase in average headcount (+11 FTE), service costs, IT and communication costs, also related to the development of the H2iseO and Fili projects. Adjusted EBITDA is also affected by the start-up costs of FNMPAY, which increased compared to the same period of 2022 mainly due to higher financial intermediation costs.

## 4.2 RAILWAY INFRASTRUCTURE

<i>Amounts in EUR millions</i>	<i>9 MONTHS 2023</i>	<i>9 MONTHS 2022</i>	<i>Chg</i>	<i>Chg %</i>
Public contracts and grants	83.8	83.6	0.2	0.2 %
Lease of rolling stock	15.4	11.0	4.4	40.0 %
Other revenues	13.9	13.1	0.8	6.1 %
<b>Total revenues</b>	<b>113.1</b>	<b>107.7</b>	<b>5.4</b>	<b>5.0 %</b>
<b>Adj. EBITDA</b>	<b>8.2</b>	<b>14.6</b>	<b>-6.4</b>	<b>-43.8%</b>
<b>Adj. EBITDA %</b>	<b>7.3%</b>	<b>13.6%</b>		
<b>EBIT</b>	<b>6.6</b>	<b>12.9</b>	<b>-6.3</b>	<b>-48.8%</b>



Segment **revenues** amounted to EUR 113.1 million, up EUR 5.4 million (+5.0%) compared to EUR 107.7 million in the same period of 2022.

In particular, **revenues relating to public contracts and grants**, which include the consideration deriving from the 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, amounted to EUR 83.8 million and increased by EUR 0.2 million compared to the same period of 2022. This trend is mainly driven by the growth in network access revenues, due to the increase in km production of the Milan Branch and the adjustment of toll rates. Higher revenues for design activities and cost recoveries related to network works (railway connection Malpensa Terminal 2 – RFI line Sempione Terminal 2 in Gallarate, the new depot in Rovato for the maintenance of hydrogen trains, the ACCM (Computerised Multistation Central Apparatus) of Garbagnate and the Saronno Technological-Infrastructural Hub) were instead partially offset by the lower recovery of general expenses related to funded rolling stock orders, consistent with the lower progress of orders for new trains. During the period, there was also a reduction in the fees related to the renewal of the Service Contract with effect from 1 January 2023, which provides



for, among other things, the discontinuation of the grant for car sharing (equal to EUR 1.4 million in the same period of 2022), with a neutral impact at segment EBITDA level.

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 4.4 million as a result of the expansion of the Lombardy Region fleet made available to Trenord. It should be noted that provisions for cyclical maintenance are recognised against these revenues, with a neutral impact in terms of EBITDA.

The **other revenues** increased by EUR 0.8 million due to the combined effect of higher intra-group cost recoveries, out-of-period income and capitalised internal work, which offset lower real estate income due to the termination of the contract with Nord Energia and lower revenues from the sale of inventory materials.

**Adjusted EBITDA** for the segment was EUR 8.2 million, down by EUR 6.4 million compared to the same period of 2022 (EUR 14.6 million). The change is mainly due to higher costs for ordinary infrastructure maintenance activities, both on the Milan branch and the Iseo branch, also incurred to cope with the damage caused by the derailment that occurred at the end of 2022, maintenance and the overhaul of operating machinery and work on signalling systems. Costs were also adversely affected by rising utility charges. Finally, personnel costs also increased over the same period of the previous year due to the increase in headcount (+10 FTE) and higher redundancy costs. It should be noted that EBITDA for the first nine months of 2022 included a contingent asset of EUR 2.3 million related to the recovery of sickness costs for the period 2015-2018.

Regarding the **terminal management** during the period, revenues increased by EUR 0.1 million due to the recovery of traffic from June 2023 to EUR 1.0 million. Malpensa Intermodale has also introduced, as of January 2023, contractual minimums to protect itself against the cancellation of traffic that occurred in the past year. EBITDA increased by EUR 0.3 million and improved compared to the first nine months of 2022 (EUR 0 million), also due to lower personnel, maintenance, fuel and utility costs incurred in the period.

### 4.3 PASSENGER ROAD TRANSPORT

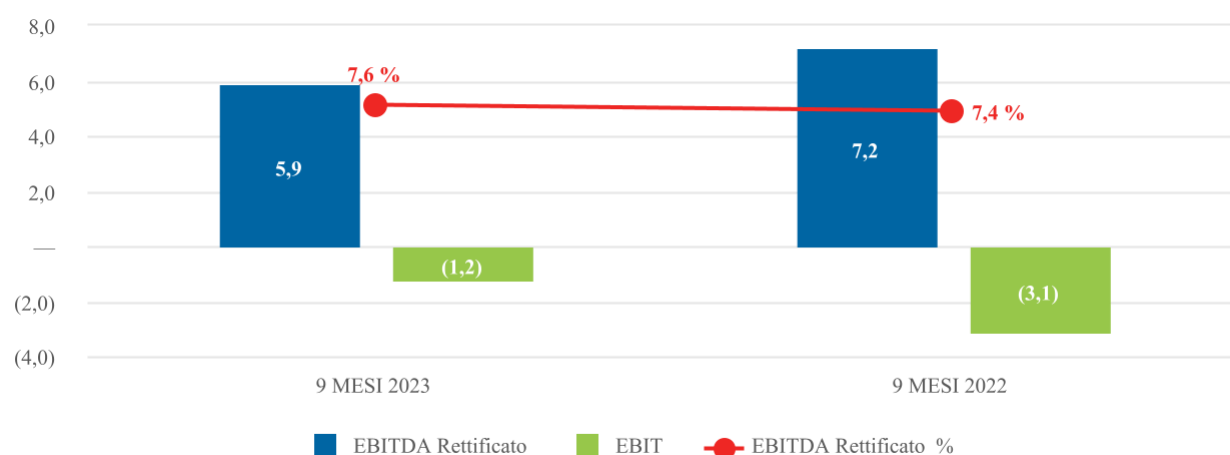
## Operational data

Mobility indicators		9 MONTHS 2023	9 MONTHS 2022	Chg %	9 MONTHS 2019	Chg %
<b>Passengers</b>	<b>million</b>	<b>50.4</b>	<b>40.4</b>	<b>24.8 %</b>	<b>56.2</b>	<b>-10.3 %</b>
- ATV	million	47.9	38.3	25.1 %	53.5	-10.5 %
- FNMA	million	2.5	2.1	19.0 %	2.7	-7.4 %
<b>LPT</b>	<b>mln bus/km</b>	<b>17.3</b>	<b>18.9</b>	<b>-8.5 %</b>	<b>17.5</b>	<b>-1.1 %</b>
- ATV	mln bus/km	14.1	15.6	-9.6 %	14.4	-2.1 %
- FNMA	mln bus/km	3.2	3.3	-3.0 %	3.1	3.2 %

Overall, travellers carried in the first nine months of 2023 totalled 50.4 million, up 24.8% from 40.4 million in the first nine months of 2022, but still 10.3% lower than in the same period of 2019. Local Public Transport services provided amounted to 17.3 million bus-km, down 8.5% compared to the first nine months of 2022 and by 1.1% compared to the first nine months of 2019 due to the absence of additional services required to guarantee social distancing during the pandemic period. In addition, the difficulties due to the shortage of drivers continued, requiring a reduction in the urban service provided by ATV in the period of approximately 0.5 million bus-km compared to the first nine months of 2022.

## Economic performance

Amounts in EUR millions	9 MONTHS 2023	9 MONTHS 2022	Chg	Chg %
Public contracts and grants	36.0	42.4	(6.4)	-15.1 %
Transport services	36.8	48.5	(11.7)	-24.1 %
Other revenues	4.8	6.6	(1.8)	-27.3 %
<b>Total revenues</b>	<b>77.6</b>	<b>97.5</b>	<b>(19.9)</b>	<b>-20.4 %</b>
<b>Adj. EBITDA</b>	<b>5.9</b>	<b>7.2</b>	<b>(1.3)</b>	<b>-18.1%</b>
<b>Adj. EBITDA %</b>	<b>7.6%</b>	<b>7.4%</b>		
<b>EBIT</b>	<b>(1.2)</b>	<b>(3.1)</b>	<b>1.9</b>	<b>ns</b>



**Revenues** for the period decreased by EUR 19.9 million (-20.4%) to EUR 77.6 in the first nine months of 2023 from EUR 97.5 million in the same period of 2022. This performance was essentially attributable to the deconsolidation of La Linea and its subsidiary Martini Bus as of 16 January 2023 and the discontinuation of the public contribution to car sharing, net of which the segment would show revenue growth of 1.2% to EUR 76.9 million in the first nine months of 2023 from EUR 76.0 million in the same period of the previous year.

In particular, **revenues from public contracts and grants** amounted to EUR 36.0 million, down by EUR 6.4 million from EUR 42.4 million in the first nine months of 2022 (the figures include the contribution, gross of intercompany eliminations of La Linea and Martini Bus, amounting to EUR 0.1 million and EUR 0.4 million, respectively). They take account of the discontinuation of contributions for additional services (amounting to EUR 4.5 million in the first nine months of 2022 and absent in the reporting period), which correspond to lower sub-contracting costs of EUR 3.6 million and compensation for lost ticketing revenues related to the pandemic period (amounting to EUR 2.7 million in the first nine months of 2022 and absent in the reporting period). The aggregate was also affected by lower income from the LPT Service Contact for EUR 0.5 million, related in particular to the reduction in kilometeric production in the Verona area due to the lack of personnel, as well as the non-payment to Martini Bus of the contribution to support companies operating in the tourism sector, which amounted to EUR 0.4 million in the first nine months of 2022.

**Revenues from transport services** (ticketing, replacement services provided by FNMA on behalf of Trenord, sub-contracted activities and car sharing by E-Vai) in the period amounted to EUR 36.8 million, down EUR 11.7 million compared to EUR 48.5 million in the first nine months of 2022. The performance in the period is attributable solely to the sale of La Linea and Martini Bus and the non-recognition of the contribution to *car sharing*, which together contributed EUR 19.5 million to

segment revenue in the first nine months of 2022, and EUR 0.5 million in the reporting period. Excluding the aforementioned change in the scope of consolidation, the aggregate would have increased by EUR 7.3 million, mainly due to higher revenues from passenger transport for EUR 4.9 million and the higher amount invoiced for train replacement services for EUR 1.9 million.

The **other revenues** decreased by EUR 1.8 million to EUR 4.8 million. Excluding the impact of the change in the scope of consolidation (amounting to EUR 1.6 million in the first nine months of 2022 and EUR 0.1 million in the reporting period), the aggregate would show a slight decrease of EUR 0.3 million.

**Adjusted EBITDA** for the period amounted to EUR 5.9 million, a decrease of EUR 1.3 million compared to the first nine months of 2022 due to the change in the scope of consolidation and the discontinuation of the contribution to *car sharing*, which had contributed EUR 3.9 million to the segment's Adjusted EBITDA in the first nine months of 2022 and EUR 0.3 million in the same period of 2023. The trend on a like-for-like basis showed a positive trend (+EUR 2.3 million), attributable to a general improvement in margins, mainly due to the recovery in revenues from transport services mentioned above. Lower operating costs also contributed to the improved result, due to the normalisation of fuel costs, lower sub-contracting to third parties to carry out additional runs, and higher personnel costs. Lastly, E-Vai's EBITDA decreased by EUR 0.1 million on a like-for-like basis as a result of higher costs related to the expansion of the car-sharing business.

#### 4.4 MOTORWAYS

##### *Traffic and tariff trends*

Following the opening to traffic of both carriageways of Lot 1 and Lot 2 of the redeveloped S.P. 46 Rho-Monza (provincial road) with motorway characteristics, which took place on 14 November 2022. On the following 6 December, MISE submitted a request, in compliance with the Agreements in force, to adjust the conventional distance travelled at the toll application points of the Tangenziale Nord (northern ring road) of Milan. On 29 December 2022, the Awarding Body acknowledged the request by MISE and authorised it to adjust the conventional distance at the toll application points of the Tangenziale Nord (northern ring road) of Milan from 15.0 to 17.0 km with effect from 1 January 2023. On the same date, the subsidiary 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 2023, the

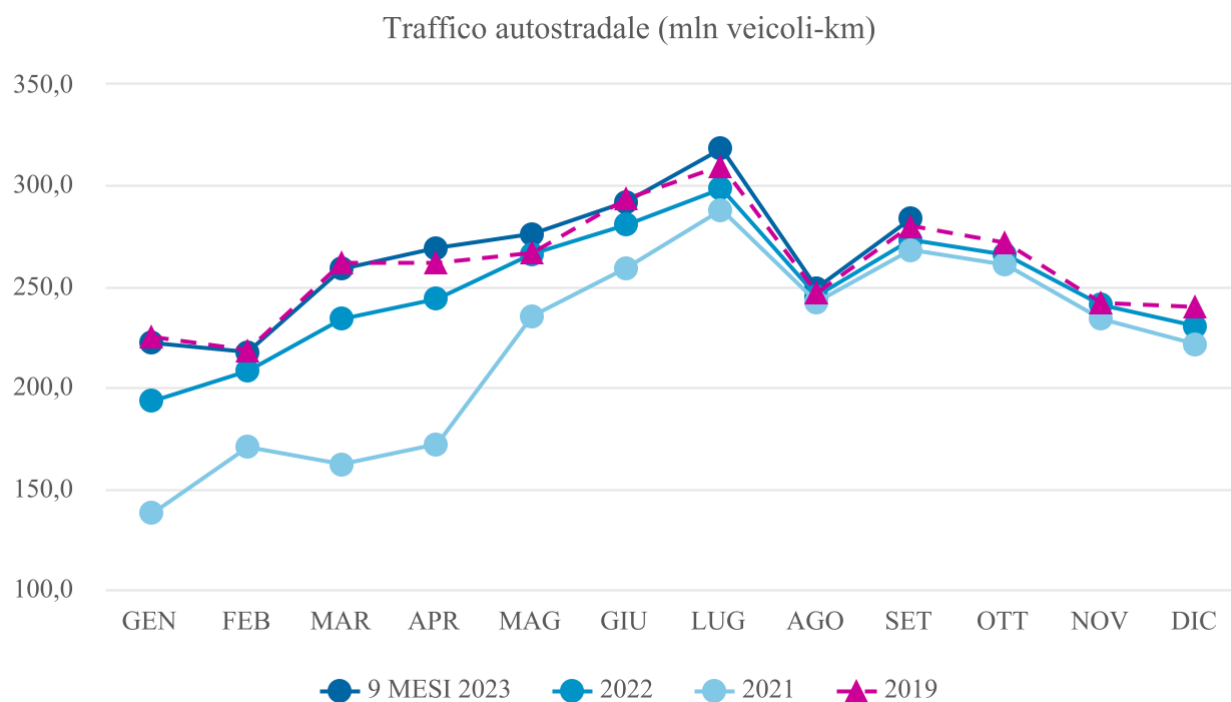
Board of Directors approved the adjustment of the conventional distance at the toll application points of the A52 – Tangenziale Nord (northern ring road) of Milan as of 1 March 2023.

Paying traffic		9 MONTHS 2023	9 MONTHS 2022	Chg %	9 MONTHS 2019	Chg %
Light vehicles	mln vehicle- km	1,918.3	1,771.7	8.3 %	1,909.4	0.5 %
Heavy vehicles	mln vehicle- km	466.0	468.3	(0.5) %	452.6	3.0 %
<b>Total</b>	<b>mln vehicle- km</b>	<b>2,384.3</b>	<b>2,240.0</b>	<b>6.4 %</b>	<b>2,362.0</b>	<b>0.9 %</b>

The increase in traffic in the first half nine months of 2023 solidifies the trend recorded in the latter part of the previous year. The above table shows that traffic volumes are slightly higher than those recorded in the same period of 2019. On the other hand, when analysing 'normalised' traffic trends, i.e. without the effect of the conventional route adjustment, volumes still remain slightly below those consolidated in 2019 (-0.4%).

With reference to the trend for the individual sections, it should be noted that they increased uniformly on average; the only exception is the Tangenziale Nord (northern ring road), which reflects the effect of the change in the conventional distance travelled of two kilometres since March, following the opening to traffic of the upgraded S.P. 46 Rho-Monza (provincial road). More specifically, the “normalised” change in traffic in the first nine months of 2023 compared to the same figure as of 30 September 2022 was 4.8%.

With regard to the breakdown between light and heavy vehicles, the figure for the former showed an increase of 8.3% compared to the same period in 2022, while for the latter there was a slight decrease of -0.5% compared to the first nine months of 2022 (a figure that is nevertheless 3.0% higher than the pre-pandemic figure in 2019). Analysing the “normalised” traffic trend, the breakdown between light and heavy vehicles in the first nine months of 2023 compared to the corresponding period of 2022 was +6.6% for light vehicles and -2.1% for heavy vehicles, respectively.



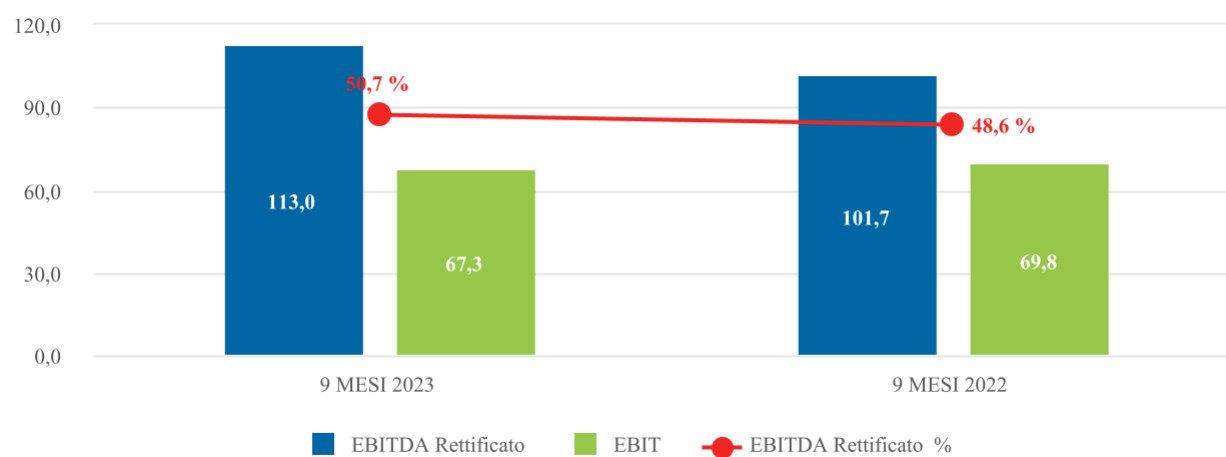
On the basis of the monthly performance of paying traffic, the significant recovery recorded in January 2023 can be attributed to the effect of the Omicron variant, which was still affecting mobility at the beginning of 2022; while the increase recorded from March is linked to the adjustment of the conventional distance travelled, as detailed above.

In the first nine months of 2023, the total number of accidents recorded on the network under concession increased by 18.9% compared to the same period of 2022, due to the increase in traffic recorded on the entire network (it should be noted that most of these were micro-accidents due to the high flow of vehicles on the road). No fatal accidents were reported. The accident rate, calculated as the number of accidents per 100 million vehicle-km, at 30 September 2023, stood at 54.19, an increase of 5.7% compared to 48.53 in the corresponding period of 2022.

In relation to the preliminary investigation in view of the tariff adjustment for 2023, on 4 January 2023, the Awarding Body acknowledged the request formulated by MISE, 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 Economic and Financial Plans prepared in compliance with the Resolutions adopted by Transport Regulatory Authority. It therefore follows that motorway tariffs have not changed. Lastly, a petition was filed on 13 October 2023 with the Awarding Body in connection with the tariff adjustment to be applied as of 1 January 2024. The request was developed through the adoption of the elements set out in ART Resolution 69/2019.

## Economic performance

Amounts in EUR millions	9 MONTHS 2023	9 MONTHS 2022	Chg	Chg %
Toll revenues	203.8	191.4	12.4	6.5 %
Other revenues	18.9	17.9	1.0	5.6 %
<b>Total revenues</b>	<b>222.7</b>	<b>209.3</b>	<b>13.4</b>	<b>6.4 %</b>
<b>Adj. EBITDA</b>	<b>113.0</b>	<b>101.7</b>	<b>11.3</b>	<b>11.1%</b>
<b>Adj. EBITDA %</b>	<b>50.7%</b>	<b>48.6%</b>		
<b>EBIT</b>	<b>67.3</b>	<b>69.8</b>	<b>(2.5)</b>	<b>-3.6%</b>



Motorway segment **revenues** amounted to EUR 222.7 million in the first nine months of 2023, up EUR 13.4 million compared to EUR 209.3 million in the same period of 2022. The improvement is mainly driven by the increase in **toll revenues** (+EUR 12.4 million) thanks to the significant upturn in traffic, which also incorporates the adjustment of the conventional distance travelled on Milan's Tangenziale Nord (Northern Ring Road) from 1 March 2023, following the opening to traffic of the upgraded S.P. 46 Rho-Monza.

The **other revenues** increased by EUR 1.0 million compared to the first nine months of 2022, mainly due to higher income from service area concessions (+EUR 2.1 million) determined by higher *royalties* deriving from the increase in sales and the progressive entry into force of the new agreements with sub-concessionaires, as well as a tax benefit deriving from a tax credit for electricity in the amount of EUR 0.8 million. These positive effects are partially offset by lower design revenues on completed work by MISENG.

The **Adjusted EBITDA** for the period was EUR 113.0 million, an increase of EUR 11.3 million compared to the first nine months of 2022, mainly due to the increase in revenue partially offset by

higher operating costs (+EUR 2.1 million compared to the first nine months of 2022). The diverse trend in costs is described below.

**Maintenance** and restoration costs on the motorway infrastructure increased by EUR 7.4 million, mainly attributable to the renovation works on the Po Bridge structures, higher expenses in the area of safety at the Zerbolò integrated barrier, as well as the installation of loud horizontal signs to prevent accidents caused by vehicles stopped on emergency lanes, only partially offset by less initiatives in the area of toll collection as the previous year was characterised by extraordinary activities on the lane software and the implementation of an important automation plan. The amounts shown include higher charges related to the recognition of the updating of ANAS price lists for approximately EUR 3.6 million, requested by contractors due to the application of Law No. 91 of 15 July 2022, which converts Decree Law No. 50/22 extending its effects also to work performed until 31 December 2023. These effects were more than offset by the net movement in the renewal provision for EUR 9.2 million as a result of the restoration work performed and planned (higher utilisations and lower allocations due to the revision of the future planning and the initiatives implemented), as well as by the presence in the corresponding period of 2022 of a release of the provision for delayed maintenance.

**Operating costs** rose by EUR 3.7 million due to the higher costs related to the resumption of traffic (including collection charges and concession fees), the service activities performed by the Parent Company, information systems following the introduction of the new ERP (Enterprise Resource Planning) system, and to the adjustment of the provision for risks mainly following the notification of some tax bills for crossing charges as well as a risk on expropriation positions for occupation indemnities on the Pavia-Beregardo motorway link. On the other hand, there was a significant saving on electricity costs due to both the lower average cost and the adjustment amounts on past periods contained in the first few months of 2022.

**Labour costs** changed by EUR 0.1 million mainly due to the effect of the renewal of the CCNL and other variable components, which were not fully offset by the decrease in redundancy incentives; in 2022, a provision had been set aside for the agreement signed with trade union representatives concerning the collective redundancy procedure in order to bring the workforce into line with the new requirements.

#### 4.5 MAIN INVESTEE COMPANIES



## TRENORD

### *Service performance*

		9 MONTHS 2023	9 MONTHS 2022	Chg %	9 MONTHS 2019	Chg %
Passengers transported	million	136.8	106.9	28.0 %	152.9	-10.5 %

The recovery in the number of travellers continued in the nine months of 2023, up 28.0% compared to the same period in 2022, but still 10.5% lower than in the first nine months of 2019 (pre-pandemic values).

### *Economic performance*

Revenues for the period amounted to EUR 653.3 million, increasing by EUR 76.2 million compared to the first nine months of 2022, attributable primarily to the growth in ticketing revenues (+EUR 62.4 million), as a result of the increase in passenger volumes and the tariff adjustment applied in September 2022 for ordinary tickets and on 9 January 2023 for the integrated tariff system of the Milan and Monza Brianza Mobility Basin (STIBM). Revenues from the public rail transport Service Contract amounted to EUR 329.1 million, an increase of EUR 3.0 million compared to the same period of 2022, mainly due to pass-through costs (energy/tolls and lease of rolling stock). Other revenues and income, at EUR 41.9 million, increased by EUR 10.8 million due to higher services to third parties and the registration of EUR 5.0 million in income for the 'electricity bonus' in 2023. In the first nine months of 2023, no compensation was received for lost revenues related to the pandemic period, as was the case in 2022.

Trenord recorded EBITDA of EUR 133.1 million in the first nine months of 2023, a significant increase of EUR 62.3 million compared to the same period of 2022. The increase in revenues was in fact partially offset by higher personnel costs of EUR 13.1 million in connection with the increase in the workforce (+124 FTE), higher costs for track purchases of EUR 6.8 million, sales commissions of EUR 2.3 million, replacement services of EUR 1.8 million, insurance of EUR 1.8 million, and other costs of EUR 0.6 million, which in turn were partially offset by lower traction energy costs of EUR 12.5 million. EBIT therefore amounted to EUR 6.9 million, an increase of EUR 64.4 million, thanks to depreciation/amortisation and write-downs decreasing by EUR 2.1 million.

Finally, the net result went from a loss of EUR 51.0 million in the first nine months of 2022 to a loss of EUR 1.1 million in the first nine months of 2023, mainly due to the improvement in operations, against higher financial expenses of EUR 4.9 million and higher taxes of EUR 9.6 million.

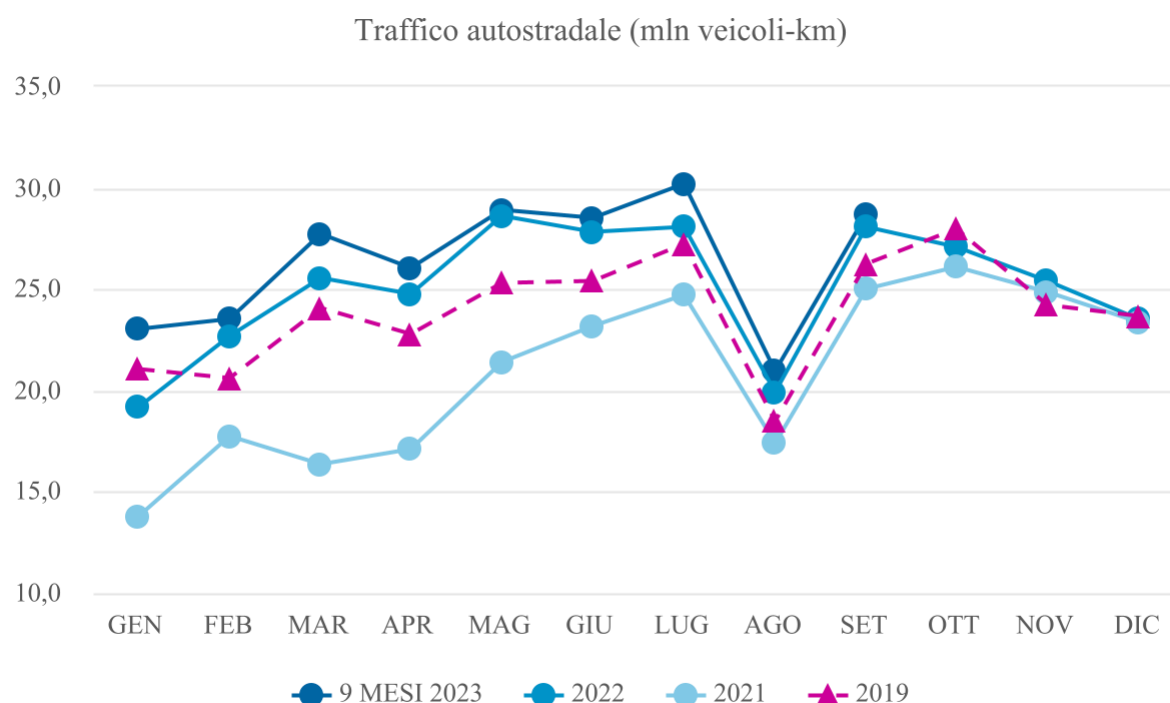
## AUTOSTRADA PEDEMONTANA LOMBARDA (APL)

### Traffic and tariff trends

Paying traffic		9 MONTHS 2023	9 MONTHS 2022	Chg %	9 MONTHS 2019	Chg %
Light vehicles	mln vehicle-km	192.1	178.8	7.4 %	170.7	12.5 %
Heavy vehicles	mln vehicle-km	45.4	45.8	(0.9) %	40.3	12.7 %
<b>Total</b>	<b>mln vehicle-km</b>	<b>237.5</b>	<b>224.6</b>	<b>5.7 %</b>	<b>211.0</b>	<b>12.6 %</b>

The traffic recorded in the first nine months of 2023, as in 2022, continues to perform well, improving by 5.7% on the same period in 2022. Traffic volumes for the period were significantly higher than in the same period of 2019 (+12.6%), for both heavy traffic (+12.7%) and light traffic (+12.5%).

Below is a graph summarising the traffic trend on a monthly basis over the last three 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, which is still in progress, as explained in section 2.5.

In the absence of the regulatory prerequisites represented by the existence of an 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. It therefore follows that motorway tariffs have not changed.

APL 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, just as it also challenged the measures for the years 2022 and 2021.

#### *Economic 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).

In the first nine months of 2023, APL generated **revenues** of EUR 37.4 million, up from EUR 35.4 million in the same period of 2022, mainly due to traffic growth. As mentioned above, no increases in motorway tolls were granted to APL during the period.

The increase in revenues is, however, offset by the increase in operating costs, mainly attributable to higher personnel costs (EUR -2.1 million) related to the increase in the number of staff already highlighted in the first half of 2023. This followed APL's desire to strengthen the structure, with a view to development, through a number of strategic hires, as well as to replace the secondments in place at MISE in the operational and collection customer care segments.

**EBITDA** amounted to EUR 16.8 million, essentially in line with the EUR 16.9 million recorded in the first nine months of 2022.

The **operating result** increased by EUR 0.1 million to EUR 12.5 million, benefiting from slightly lower depreciation and amortisation compared to the same period in 2022.

The investee closed the first nine months of 2023 with a **net loss** of EUR 8.7 million, down with respect to the result recorded in the same period of 2022 (loss of EUR 3.2 million), mainly as a result of the increase in net financial expenses (EUR -5.7 million) deriving from the higher interest rates on

the Bridge Loan Bis and on the Shareholders' Loan at variable rate, as well as from the application of the amortised cost to the ancillary charges (primarily commitment fees) on Senior Loan 1 entered into at the end of August 2021, which will not be capitalised on the value of the work until the works commence.

## 5 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group as at 30 September 2023 was 2,562 FTEs, compared to 2,579 FTEs in 2022, net of the 221 FTEs associated with the subsidiaries sold.

## 6 SIGNIFICANT EVENTS DURING THE PERIOD

### **Finalisation of sale of equity investment in La Linea S.p.A. and its subsidiary Martini Bus S.r.l.**

**31 March 2023** – the sale of the equity investment in La Linea S.p.A. was finalised, entailing the disposal of the equity investment held indirectly in Martini Bus S.r.l.. The transaction was finalised after fulfilment of the obligations set out in the preliminary contract entered into on 7 December 2022. In terms of financial effects, the sale of the equity investment resulted in the removal of the two subsidiaries from the scope of consolidation of FNM with effect from 16 January 2023. As previously reported, as at 31 December 2022, the equity investment in La Linea had been reclassified to assets held for sale in accordance with IFRS 5.

### **The Shareholders' Meeting approves the 2022 Financial Statements.**

**21 April 2023:** the Shareholders' Meeting approved the proposed separate financial statements of FNM S.p.A. and examined the consolidated financial statements of the FNM Group as at 31 December 2022.

The Shareholders' Meeting resolved to allocate the profit for the year, amounting to EUR 8,030,832.46, as follows:

- EUR 401,541.62 to the legal reserve;
- EUR 7,629,290.84 as distribution of the ordinary dividend to Shareholders.

In order to guarantee remuneration of EUR 0.0230 for each ordinary share outstanding, the Shareholders' Meeting also approved adding 2,373,500 to the dividend by using the retained earnings reserves.

The dividend will be payable as of 7 June 2023, with ex-dividend No. 14 on 5 June 2023 and record date on 6 June 2023.

The Shareholders' Meeting also:

- approved Section Two of the Report on the remuneration policy and on the compensation paid, prepared pursuant to Art. 123-ter of Legislative Decree No. 58 of 24 February 1998; and
- renewed the authorisation for the purchase and disposal of treasury shares, subject to revocation of the authorisation granted by the Meeting on 26 April 2022.

### **Update on the H2iseO Hydrogen Valley project**

**30 June 2023:** in the context of the meeting held on 30 June 2023 between the FNM Group, the Lombardy Region and the mayors of the Comunità Montana del Sebino Bresciano, the opportunities for the territory deriving from the H2iseO project were explained and updates were provided on the implementation methods and timing, as better described in section 2.1.

### **FNM enters the Corporate Partners I Fund of CDP Venture Capital Sgr**

**31 August 2023:** FNM S.p.A. and CDP Venture Capital Sgr signed an agreement for the development of innovative *start-ups* and SMEs by joining the Corporate Partners I Fund (a multi-segment fund involving the main industrial and financial players in order to stimulate the growth of the innovation ecosystem in Italy in the strategic energy, manufacturing, services and infrastructure sectors).

Participation in the fund is consistent with the objectives of the FNM Group's 2021-2025 Strategic Plan, which will involve cumulative investments over the period of EUR 11 million in technological innovation and data management projects. The investment needs in the InfraTech segment, currently planned in tranches over the period 2023-2027, will be covered over the plan period partly with the resources already earmarked for innovation and partly with additional resources.

## **7 SIGNIFICANT EVENTS AFTER 30 September 2023**

No significant events occurred after 30 September 2023.



## 8 MANAGEMENT OUTLOOK

In view of the results achieved in the first nine months of 2023, which are fully in line with expectations, the Company confirms its revenue and EBITDA forecasts for the full year 2023 and has improved its guidance on adjusted NFP.

In Q4 2023, motorway traffic is also expected to remain at levels in line with the pre-pandemic period, while demand for local public transport, although recovering, will still be 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, 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 Bus 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 Bus 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 660-720 million, with an Adjusted NFP/EBITDA ratio of 3.3x - 3.6 x, showing improvement compared to the level recorded at the end 2022 and the guidance in H1 2023. The forecast of net financial debt takes into account investments funded by the FNM Group gross of public grants, decreasing by 40-50% compared to 2022.

For Trenord – measured 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.

Milan, 14 November 2023

The Board of Directors

The undersigned Eugenio Giavatto, CFO of the FNM Group, in his capacity as "Executive in charge of financial reporting" of FNM S.p.A., hereby certifies, in compliance with the provisions of Article 154-bis of Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this Interim Management Report corresponds to the documented results in the Company's books and records.

The Executive in charge of financial reporting

Eugenio Giavatto



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## GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE INDICATORS USED

This document, in addition to the conventional financial statements and indicators prescribed by IFRS, presents some reclassified statements and some alternative performance indicators in order to allow a better assessment of the economic-financial performance of the Group. These statements and indicators should not be deemed to be replacements for the conventional ones prescribed by IFRS. For these quantities, the descriptions of the criteria adopted in their preparation and the appropriate notes referring to the items contained in the mandatory statements are provided in accordance with the indications of Consob Communication no. 6064293 of 28 July 2006, in Consob Communication no. 0092543 of 3 December 2015 and of the ESMA 2015/1415 guidelines for alternative performance indicators ("Non GAAP Measures").

In particular, among the alternative indicators used, the following are pointed out:

**EBITDA:** it represents the earnings for the period before income taxes, other financial income and expenses, depreciation, amortisation and impairment of non-current assets. The Group also provides an indication of the incidence of EBITDA on net sales. The calculation of EBITDA carried out by the Group makes it possible 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 operational performance.

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

**Adjusted EBITDA:** it is represented by EBITDA as identified above, excluding extraordinary 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) any income and expenses deriving from significant extraordinary events and transactions as defined by Consob Communication DEM6064293 of 28/07/2006.

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

**EBIT:** it represents the earnings for the period before the income deriving from sold/disposed assets, income taxes, financial income and expenses and the result of the companies measured at equity.

**Net Working Capital:** it includes current assets (excluding Cash and cash equivalents) and current liabilities (excluding the current financial liabilities included in the Net Financial Position).

**Net Invested Capital:** it is equal to the algebraic sum of fixed capital, which includes non-current assets and non-current liabilities (excluding the non-current financial liabilities included in the net financial position) and of net working capital.

**NFP (Net Financial Position):** it includes cash and cash equivalents, current financial liabilities and non-current financial liabilities.

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



*Interim Management Report as at 30 September 2023*

- *Consolidated Statement of Financial Position*
- *Consolidated Income Statement*
- *Consolidated Statement of Comprehensive Income*
- *Statement of Changes in Consolidated Shareholders' Equity*
- *Consolidated Statement of Cash Flows*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30.09.2023

<i>Amounts in EUR thousands</i>	<b>30/09/2023</b>	<b>31/12/2022</b>
<b><u>ASSETS</u></b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and machinery	485,868	480,501
Intangible assets	317,601	340,038
Right of use	17,358	20,233
Equity investments measured with the Equity method	155,328	160,690
Equity investments measured at fair value through profit or loss	11,242	11,141
Other financial assets measured at amortised cost	62,531	57,316
Financial assets measured at fair value through profit or loss	4,356	4,324
Contractual assets	73,887	77,208
Deferred tax assets	33,757	32,658
Tax receivables	154	17
Other Assets	3,271	3,542
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,165,353</b>	<b>1,187,668</b>
<b>CURRENT ASSETS</b>		
Inventories	13,230	12,109
Trade Receivables	171,033	152,964
Other Assets	141,676	149,490
Tax receivables	121	212
Other financial assets measured at amortised cost	1,264	1,174
Financial assets measured at fair value through profit or loss	529	7,709
Receivables for investments in services under concession	239,085	249,333
Cash and cash equivalents	290,703	236,928
<b>TOTAL CURRENT ASSETS</b>	<b>857,641</b>	<b>809,919</b>
Assets held for sale	—	21,966
<b>TOTAL ASSETS</b>	<b>2,022,994</b>	<b>2,019,553</b>

<i>Amounts in EUR thousands</i>	<b>30/09/2023</b>	<b>31/12/2022</b>
<b><u>LIABILITIES</u></b>		
Share capital	230,000	230,000
Other reserves	13,435	13,335
Reserve for indivisible profit	37,796	(22,721)
Reserve for actuarial gains/(losses)	(4,545)	(5,357)
Translation reserve	223	200
Profit/(loss) for the period	54,289	68,476
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP</b>	<b>331,198</b>	<b>283,933</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>19,879</b>	<b>22,980</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>351,077</b>	<b>306,913</b>
<b>NON-CURRENT LIABILITIES</b>		
Payables to banks	118,724	143,681
Bond	645,482	644,398
Financial Payables	62	2,197
Lease liabilities	14,450	18,029
Payables for funded investments	13,679	12,587
Other liabilities	39,032	31,095
Provisions for risks and charges	79,999	74,540
Post-employment benefits	18,444	20,410
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>929,872</b>	<b>946,937</b>
<b>CURRENT LIABILITIES</b>		
Payables to banks	57,275	55,070
Bond	4,608	961
Financial Payables	26,050	35,679
Lease liabilities	8,102	7,746
Payables for funded investments	56,022	41,112
Trade payables	441,029	470,689
Payables for taxes and duties	12,168	9,382
Tax payables	8,840	6,676
Other liabilities	67,306	63,722
Provisions for risks and charges	60,645	67,641
<b>TOTAL CURRENT LIABILITIES</b>	<b>742,045</b>	<b>758,678</b>
Liabilities related to assets held for sale	—	7,025
<b>TOT. LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,022,994</b>	<b>2,019,553</b>

**CONSOLIDATED INCOME STATEMENT NINE MONTHS OF 2023**

<i>Amounts in EUR thousands</i>	<b>9 MONTHS 2023</b>	<b>9 MONTHS 2022</b>
Revenues from sales and services	418,840	402,386
Revenues from construction services – IFRIC 12	85,890	71,977
Grants	8,688	15,872
Other income	24,187	23,128
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>537,605</b>	<b>513,363</b>
Raw materials, consumables and goods used	(21,501)	(22,588)
Service costs	(110,068)	(109,840)
Personnel costs	(120,635)	(120,182)
Depreciation, amortisation and write-downs	(77,632)	(68,598)
Write-down of financial assets and contractual assets	(722)	(1,381)
Other operating costs	(42,303)	(37,490)
Costs of construction services – IFRIC 12	(81,305)	(66,209)
<b>TOTAL COSTS</b>	<b>(454,166)</b>	<b>(426,288)</b>
<b>EBIT</b>	<b>83,439</b>	<b>87,075</b>
Financial income	6,046	5,450
Financial expenses	(14,250)	(9,812)
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(8,204)</b>	<b>(4,362)</b>
Net profit/loss of companies measured with the Equity method	(2,113)	(21,342)
<b>EARNINGS BEFORE TAX</b>	<b>73,122</b>	<b>61,371</b>
Income taxes	(18,741)	(24,508)
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>54,381</b>	<b>36,863</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	—	—
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>54,381</b>	<b>36,863</b>
<b>Profit/(loss) attributable to NON-CONTROLLING Interest</b>	<b>92</b>	<b>(1,373)</b>
<b>Profit/(loss) attributable to Parent Company Shareholders</b>	<b>54,289</b>	<b>38,236</b>
<b>Profit/(loss) attributable to NON-CONTROLLING Interest for discontinued operations</b>	—	—
<b>Profit/(loss) attributable to Parent Company Shareholders for discontinued operations</b>	—	—
<b>Earnings per share attributable to Group Shareholders</b>		
Basic earnings per share (EUR)	0.12	0.09
Diluted earnings per share (EUR)	0.12	0.09
<b>Earnings per share attributable to Group Shareholders for discontinued operations</b>		
Basic earnings per share (EUR)	—	—
Diluted earnings per share (EUR)	—	—

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS OF 2023

<i>Amounts in EUR thousands</i>	9 MONTHS 2023	9 MONTHS 2022
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>54,381</b>	<b>36,863</b>
<b>Other components of companies consolidated on a line-by-line basis</b>		
Post-employment benefit actuarial gain/(loss)	505	2,755
Tax effect	(137)	(770)
<b>Total components that will not be reclassified in the operating result</b>	<b>368</b>	<b>1,985</b>
Fair value measurement of derivatives	262	2,725
Tax effect	(63)	(654)
<b>Total components that will be reclassified in the operating result</b>	<b>199</b>	<b>2,071</b>
<b>Total companies consolidated on a line-by-line basis</b>	<b>567</b>	<b>4,056</b>
<b>Other components of companies measured with the Equity method</b>		
Post-employment benefit actuarial gain/(loss) of companies measured with the Equity method	486	848
<b>Total components that will not be reclassified in the operating result</b>	<b>486</b>	<b>848</b>
Fair value measurement of derivatives	(99)	2,421
Gains/(Losses) arising from the translation of financial statements of foreign companies	23	87
<b>Total components that will be reclassified in the operating result</b>	<b>(76)</b>	<b>2,508</b>
<b>Total companies measured with the Equity method</b>	<b>410</b>	<b>3,356</b>
<b>Total Other Comprehensive Income</b>	<b>977</b>	<b>7,412</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD</b>	<b>55,358</b>	<b>44,275</b>
Comprehensive profit/(loss) attributable to Non-Controlling Interest	134	(946)
Comprehensive profit/(loss) attributable to Parent Company Shareholders	55,224	45,221



## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>Amounts in EUR thousands</i>	Share capital	Other reserves	Indivisible Profit/Loss	Reserve for actuarial gains/losses	Translatio n reserve	Profit/Loss for the year	Shareholde rs' Equity attributabl e to the Group	Shareholde rs' Equity attributabl e to Non- Controllin g Interest	Total Shareholde rs' Equity
<b>Balance as at 01.01.2022</b>	230,000	6,873	(63,596)	(7,478)	147	40,875	206,821	21,512	228,333
<b>Total Comprehensive Income</b>		4,491		2,407	87	38,236	45,221	(946)	44,275
Allocation of 2021 profit			40,875			(40,875)	—		—
<b>Balance as at 30.09.2022</b>	230,000	11,364	(22,721)	(5,071)	234	38,236	252,042	20,566	272,608
<b>Balance as at 31.12.2022</b>	230,000	13,335	(22,721)	(5,357)	200	68,476	283,933	22,980	306,913
<b>Total Comprehensive Income</b>		100		812	23	54,289	55,224	134	55,358
Allocation of 2022 profit			68,476			(68,476)	—		—
Distribution of dividends			(10,003)				(10,003)		(10,003)
Put Option variation			2,430				2,430		2,430
Change in the scope of consolidation			(386)				(386)	(3,235)	(3,621)
<b>Balance as at 30.09.2023</b>	230,000	13,435	37,796	(4,545)	223	54,289	331,198	19,879	351,077

## CONSOLIDATED STATEMENT OF CASH FLOWS AT 30.09.2023

<i>Amounts in EUR thousands</i>	<b>30/09/2023</b>	<b>30/09/2022</b>
<b>Cash flow from operating activities</b>	<b>Total</b>	<b>Total</b>
Profit/Loss for the period	54,381	36,863
Income taxes	18,741	24,508
Net profit/loss of companies measured with the Equity method	2,113	21,342
Amortisation for the period of intangible assets	44,427	30,508
Depreciation for the period of property, plant and machinery	28,152	26,271
Amortisation of right of use	4,998	5,371
Impairment of intangible assets and property, plant and machinery	55	6,448
Provisions for risks and charges	23,157	23,231
Releases of provisions for risks and charges	(999)	(4,322)
Provision for bad debts	721	226
Releases of provision for bad debts	(74)	(130)
Gains/(losses) from disposal of property, plant and equipment	1	(311)
Write-down of contractual assets	—	1,155
Capital grants for the period	(3,100)	(2,621)
Interest income	(6,046)	(5,450)
Interest expenses	14,250	9,812
<b>Cash flow from income activities</b>	<b>180,777</b>	<b>172,901</b>
Net change in the provision for post-employment benefits	(1,995)	(2,507)
Net change in provision for risks and charges	(19,487)	(12,905)
Increase in trade receivables	(18,579)	(17,658)
Increase in inventories	(1,121)	(3,050)
(Increase)/Decrease in other receivables	5,271	(10,271)
Decrease in trade receivables	(1,817)	(6,532)
Increase in other liabilities	795	1,538
Payment of taxes	(15,893)	(6,803)
<b>Total cash flow from operating activities</b>	<b>127,951</b>	<b>114,713</b>
<b>Cash flow from/(for) investing activities</b>		
Investments in intangible assets with own funds	(1,919)	(1,596)
Investments in property, plant and machinery with own funds	(33,602)	(71,753)
Increase/(Decrease) in trade payables for investments with own funds	(19,715)	44,333
Collection of grants on investments with own funds	4,064	734
Gross investments in assets freely revertible for motorway infrastructure	(29,306)	(29,501)
Payment of capitalised financial expenses on motorway infrastructure	(220)	(993)
Collection of motorway infrastructure investment fee	8,873	—
Gross funded rolling stock investment "Rolling Stock 2017-2032"	(201,229)	(248,949)
Collection of investment fee for "Rolling Stock 2017-2032"	216,324	234,965
Gross funded railway infrastructure investment <sup>1</sup>	(99,681)	(54,895)
Collection of railway infrastructure investment fee <sup>1</sup>	112,953	29,154
Disposal value of property, plant and machinery	374	480
Other Equity Investments	(103)	(8,400)
Collection from the disposal of equity investments held for sale	—	6,313
Dividends distributed by investees measured with the Equity method	3,661	900

Other changes in financial receivables	382	578
Interest income collected	2,689	528
Opening of Time Deposits	—	(4,500)
Time Deposit collections	6,767	—
Loan disbursement to investee companies	(2,500)	(950)
Loan repayment by investees	6,938	—
Collection from the disposal of assets held for sale	5,500	—
<b>Total cash flow from investing activities</b>	<b>(19,750)</b>	<b>(103,552)</b>
<b>Cash flow from/(for) financing activities</b>		
Repayment of lease payables	(5,346)	(5,140)
Loan repayment	(25,163)	(25,307)
Non-controlling shareholder withdrawal	—	(21,858)
Interest paid	(4,772)	(3,370)
Decrease in other financial liabilities	(9,505)	(1,760)
Dividends paid out to FNM shareholders	(10,003)	
<b>Total cash flow for financing activities</b>	<b>(54,789)</b>	<b>(57,435)</b>
<b>Liquidity generated (+)/absorbed (-)</b>	<b>53,412</b>	<b>(46,274)</b>
Cash and cash equivalents at start of period	236,928	351,832
IFRS 9	363	—
IFRS 5	—	(141)
Cash and cash equivalents at end of period	290,703	305,417
<b>Liquidity generated (+)/absorbed (-)</b>	<b>53,412</b>	<b>(46,274)</b>

<sup>1</sup> The values also include rolling stock other than “Rolling Stock Programme 2017-2032”.