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

FNM S.p.A. Consolidated financial statements and Separate financial statements as at 31 December 2023

CORPORATE BODIES

Board of Directors

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

Board of Statutory Auditors

Chair	Eugenio Pinto
Statutory Auditors	Roberta Eldangela Benedetti
	Massimo Codari

General Manager	Marco Piuri
Executive in charge of financial reporting	Eugenio Giavatto

Independent Auditor	PricewaterhouseCoopers S.p.A.

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Corporate bodies

MANAGEMENT REPORT

of the year 2023

1. LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The year 2023 on a general level was a period characterised by the consolidation of the recovery of motorway traffic, which finally surpassed pre-Covid levels, and the acceleration of the recovery of LPT. The FNM Group worked to complete some important contracts as well as to make progress on key projects and other regulatory fronts.

As far as infrastructure is concerned, MISE was focused on talks for the approval of the 2020-2024 EFP, which currently incorporates the observations of ART and has been sent to the Ministry of Infrastructure and Transport for subsequent submission to the CIPESS. From now on, MISE will focus on the activities necessary for the approval of the 2024-2028 EFP. The investments made during the year mainly concerned the completion of the redevelopment of the S.P. 46 Rho-Monza (provincial road), extraordinary maintenance on the Po River viaduct and the upgrading of safety measures on the A51. Furthermore, initial activities were carried out for the development of five hydrogen refuelling stations along the Milan-Genoa motorway and Milan’s bypass roads.

Also in the area of hydrogen projects, the development of the H2iseO project in Valcamonica continued, with the signing of a second Executive Contract for the supply of two additional trains beyond the 6 already ordered by the RoSCo. In October, Italy’s first Coradia Stream hydrogen-powered train was presented by FNM and Alstom during the *Expo Ferroviaria* [Railway Expo]. Work also started on the railway works for the Iseo plant, and contracts were signed for the hydrogen production, storage and distribution facilities.

Despite the difficulties encountered on the procurement front, which led to some delays with respect to investment forecasts, the RoSCo also focused on the revamping of TAF rolling stock by introducing technological and interior improvements to enhance travel quality and material functionality, while also extending train useful life. Consistent with the fleet renewal and emission reduction objectives set out in the Strategic Plan, in 2023 FERROVIENORD made progress in the modernisation of railway infrastructure and the Trenord rolling stock renewal programme on behalf of theRegio Lombardia, which saw the delivery of 58 trains, bringing the total to 144 trains out of a total of 214 planned by 2025. As far as road LPT services are concerned, 68 buses were purchased, 11 of which are electric.

With regard to the road passenger transport service in the province of Verona, it is also worth noting that at the end of December the concession to ATV was extended until the end of 2026, together with a significant investment programme to purchase new, low environmental impact buses, build infrastructure for more sustainable collective mobility and improve customer service. FNMA's road LPT contracts were also extended. On the other hand, in order to streamline operations in the area of road passenger transport, the sale of La Linea and Martini Bus was finalised at the beginning of the year.

The year 2023 was also marked by the renewal of Trenord's Service Agreement with the Regione Lombardia, drafted according to the principles defined by the Transport Regulatory Authority, which will allow for more visibility into the investee company's performance for the next 10 years.

The development of activities promoting new community-focused MaaC digital mobility continues, with the acquisition of a 30.8% stake in Mbility, an operator that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled persons. Also in the area of innovation, we should also mention the recent entry of CDP Venture Capital Sgr's Corporate Partners I Fund into the InfraTech segment, which aims to promote collaboration and investment in start-ups engaged in seeking out technological solutions applicable to infrastructure.

The development of the Fili Project is proceeding, with the continuation of the Piantalalì planting plan and the allocation of EUR 150 million in funding from Development and Cohesion Fund resources, as is the performance of preparatory activities for the formalisation of the Programme Agreement in 2024 for the creation of the Cadorna Synthetic Hanging Forest. The Bovisa Node redevelopment project has been approved and is currently in the tender phase. As for the reorganisation of the Saronno Infrastructure Hub, the final project was approved in the Services Conference in November 2023 and the executive project is currently being finalised with the aim of publishing the call for tenders by mid-2024.

The Group has strengthened its commitment to reaching Net Zero decarbonisation targets by 2050 by expanding the reporting of indirect emissions to all relevant categories linked to its activities throughout the value chain (Scope 3). This activity is preparatory to the definition of a pathway for setting greenhouse gas reduction targets aligned with the *Science Based Target Initiative* (SBTi). Not least, in order to provide investors and the market with a comprehensive view of its economic activities aligned with the first two environmental objectives under the European Taxonomy Regulation, and extending the eligibility assessment to the remaining four, the information required by that Regulation and associated Delegated Acts has been included in the 2023 Non-Financial Statement. This, along with obtaining an ESG rating from Morningstar Sustainalytics with a score of 6.6, a further improvement over 2022, confirms the FNM Group's continued commitment to environmentally sustainable activities.

The Welfare evolution process launched in 2020 reached an important milestone in 2023: a new way of understanding and offering all if the services and initiatives that contribute to the well-being of FNM Group employees took shape in a special digital space dedicated to employees. According to this new approach, the well-being of the FNM Group's people fuels the well-being of the surrounding communities that we serve, with a particular focus on the social challenges of our time. FNM's desire to adopt a "People Caring" Welfare policy, which helps to find concrete answers to needs for assistance, healthcare, education and prevention, is therefore reaffirmed, in order to nurture an organisational culture oriented towards the well-being of the individual in both the private and professional spheres.

Despite the uncertainties associated with inflation, rising interest rates and procurement difficulties that still persist in some sectors, the financial year closed with improving results that were better than expected, also thanks to the economic contribution of Trenord, which, by virtue of the recovery in passenger traffic, closed 2023 in the black. The financial structure remained solid, with an Adj. NFP/EBITDA ratio of 3.0x, consistent with the investment grade profile, supporting future growth plans, which will see the postponement of some deliveries of new trains and buses compared to Plan forecasts. In this context, on 23 February 2024 FNM acquired 80% of Viridis Energia, an independent renewable energy producer with 47 MW of operational photovoltaic and biogas plants. The acquisition represents an opportunity for the Group to strengthen its core infrastructure business and immediately ensure stable cash flows and good margins. At the same time, the entry into the renewable energy production sector reinforces the environmental objectives of the Strategic Plan, which calls for investments in innovative energy projects and the Group's contribution to the country's energy transition.

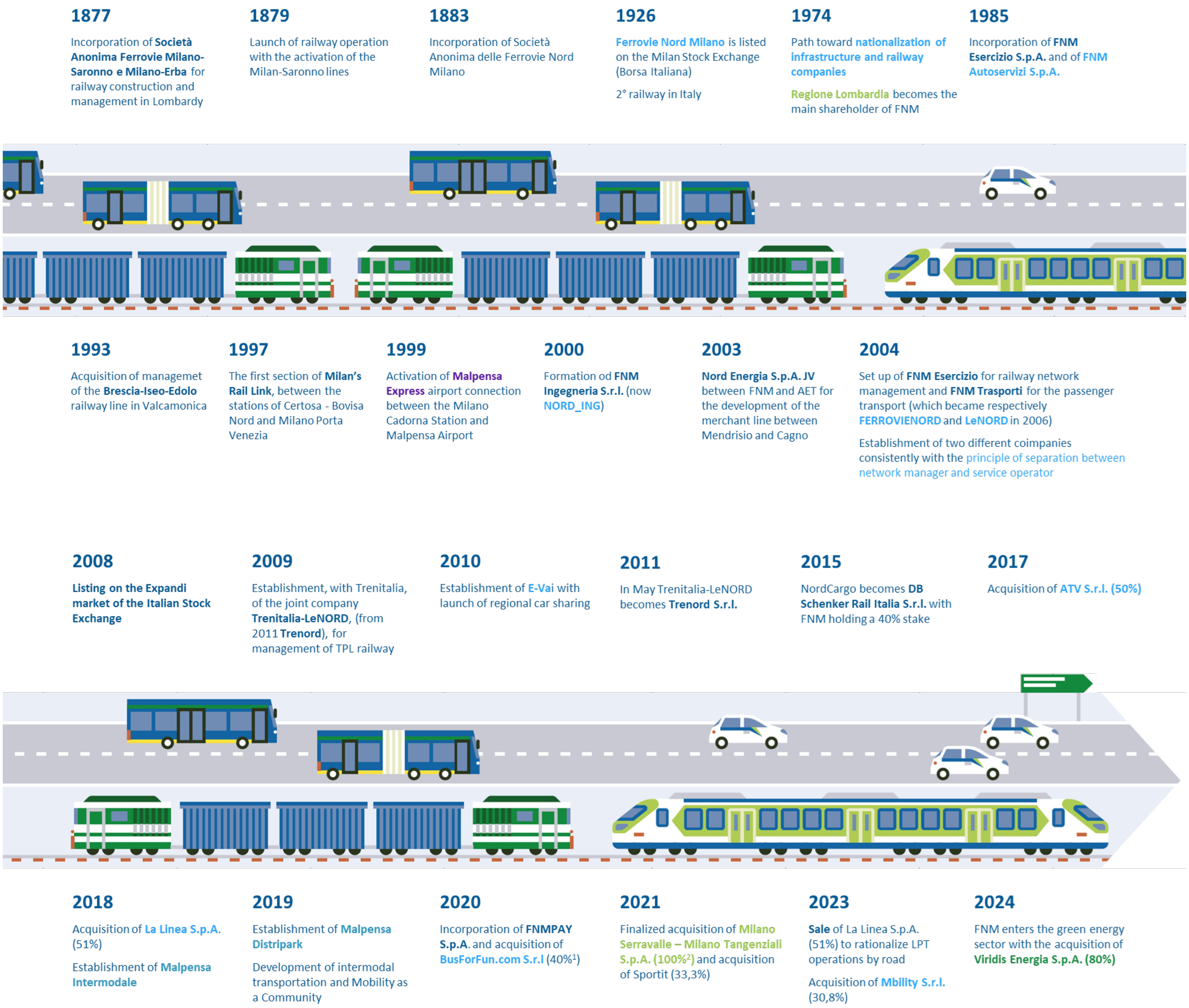
2 VISION

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

3 MISSION

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

4 HISTORY



1. 24.7% stake acquired, subsequently increased to 40% in December 2021, following the subscription of a share capital increase by FNM S.p.A.
2. Acquisition of a 13.6% share from ASTM on 29 July 2020 and an 82.4% share from the Regione Lombardia on 26 February 2021, the date from which MISE was consolidated in the FNM financial statements. The shareholding in MISE increased to 100% following the liquidation of the minority shareholders in 2022.

5 SIGNIFICANT INDICATORS FOR THE YEAR

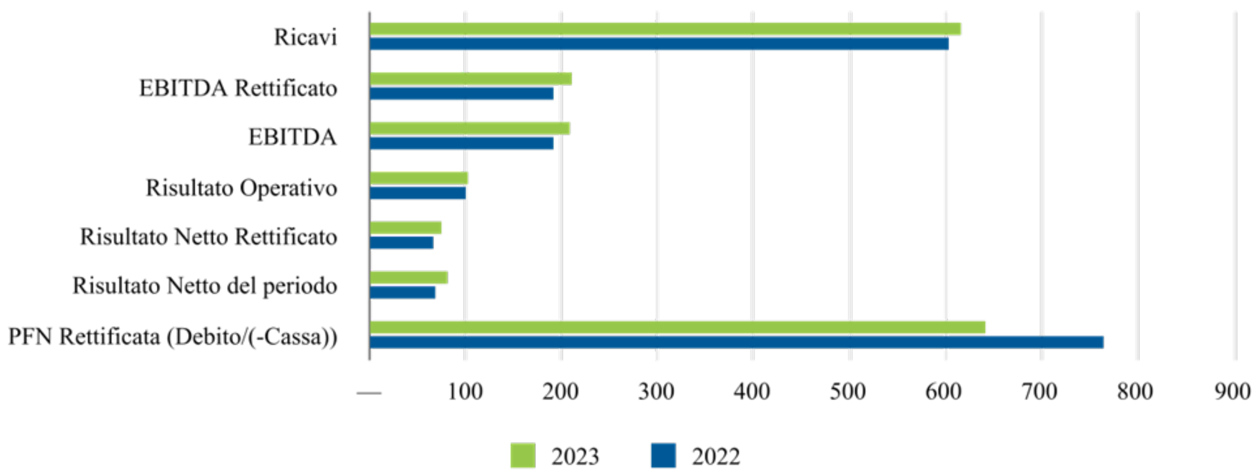
5.1 FNM GROUP

Amounts in millions of euros	2023	2022	*Change*	*Change %*
Revenues*	618.1	605.4	*12.7*	*2.1%*
Adjusted EBITDA*	211.4	193.1	*18.3*	*9.5%*
EBITDA*	210.6	193.1	*17.5*	*9.1%*
Operating income*	104.7	101.1	*3.6*	*3.6%*
Earnings Before Tax*	99.1	97.0	*2.1*	*2.2%*
Adjusted net profit*	75.6	68.8	*6.8*	*9.9%*
Operating result*	82.0	69.6	*12.4*	*17.8%*
Shareholders' equity (A)	376.2	306.9	*69.3*	*22.6%*
Net Financial Position (Cash) (B)	549.8	724.6	*-174.8*	*-24.1%*
Adjusted net financial position (Debt / (-Cash))	642.8	766.9	*-124.1*	*-16.2%*
Net invested capital (A+B)	926.0	1,031.5	*-105.5*	*-10.2%*
Market capitalisation at 31.12	196.6	184.6	*12.0*	*6.5%*
Investments*	554.7	634.0	*-79.3*	*-12.5%*

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

Market capitalisation as at 31.12.2023: EUR 196.6 million

As at 31.12.2022: EUR 184.6 million



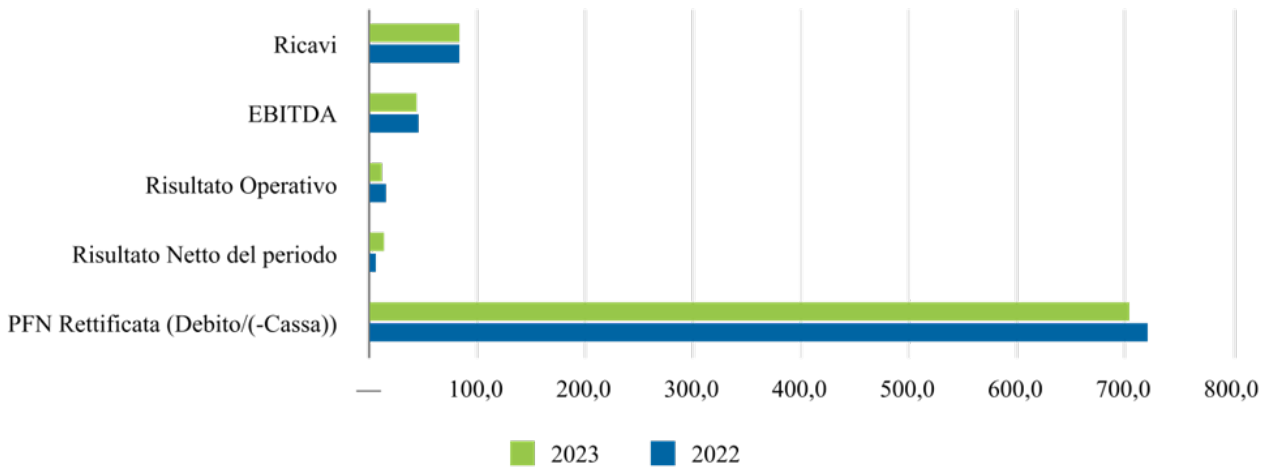
Credit Ratings[1]

[1] After the assignment date, the credit ratings in the table were confirmed by the rating agencies following periodic credit assessments, most recently on 28 December 2023 for Moody's and 13 October 2023 for Fitch.

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

5.2 FNM S.p.A.

Amounts in thousands of euros	2023	2022	Change	Change %
Revenues	85.8	84.2	1.6	1.9%
EBITDA	45.3	47.3	-2.0	-4.2%
EBIT	13.2	17.3	-4.1	-23.7%
Net profit	14.2	8.0	6.2	77.5%
Shareholders' equity (A)	417.3	413.1	4.2	1.0%
(Net financial position)/Net financial debt (B)	706.2	721.8	-15.6	-2.2%
Net invested capital (A+B)	1,123.5	1,134.9	-11.4	-1.0%
Investments	18.0	51.8	-33.8	-65.3%



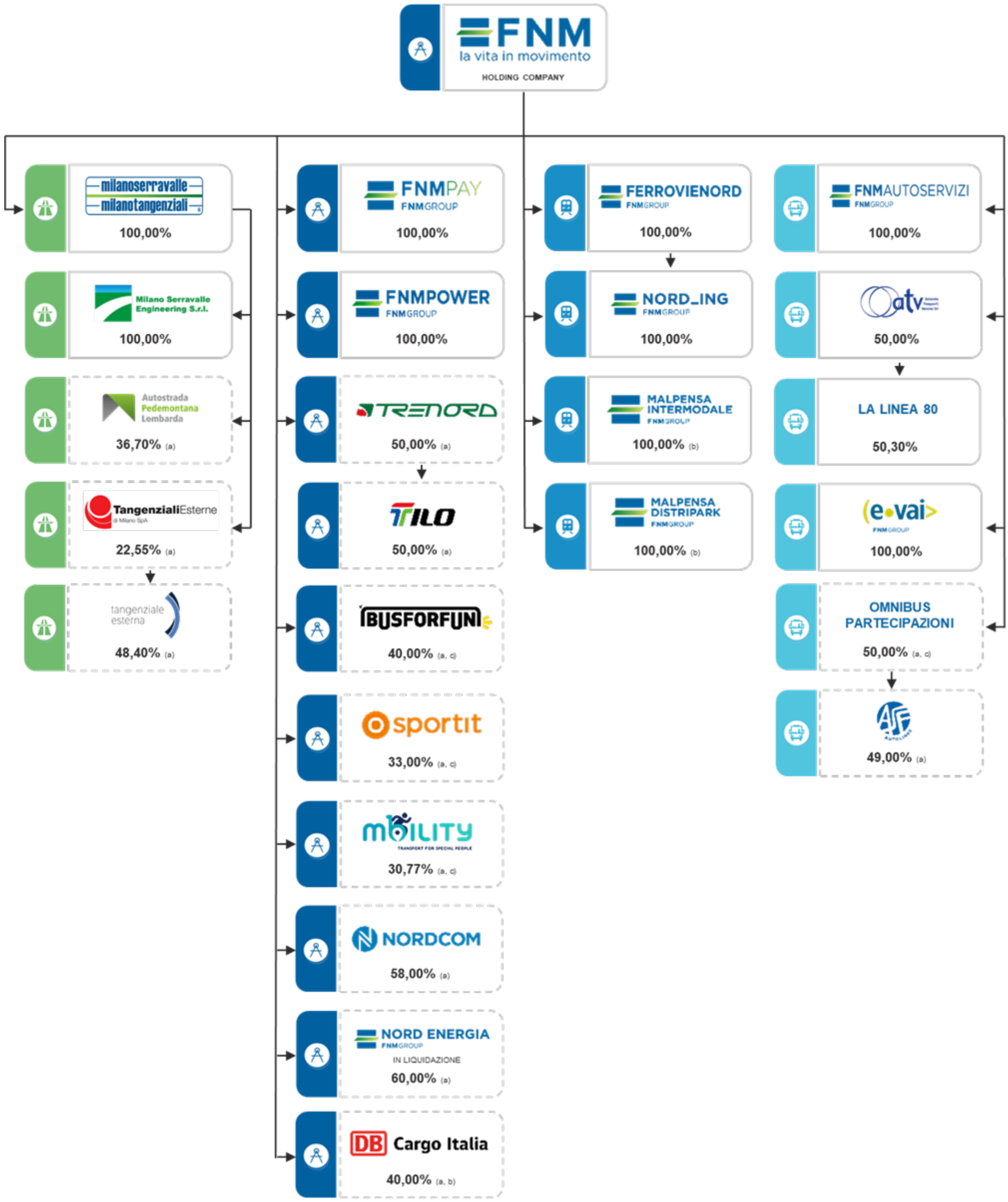
6 GROUP STRUCTURE AND BUSINESS SEGMENTS AS AT 31 DECEMBER 2023

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 operators 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 Regione Lombardia, which holds a 57.57% stake.

The FNM Group operates in four segments:

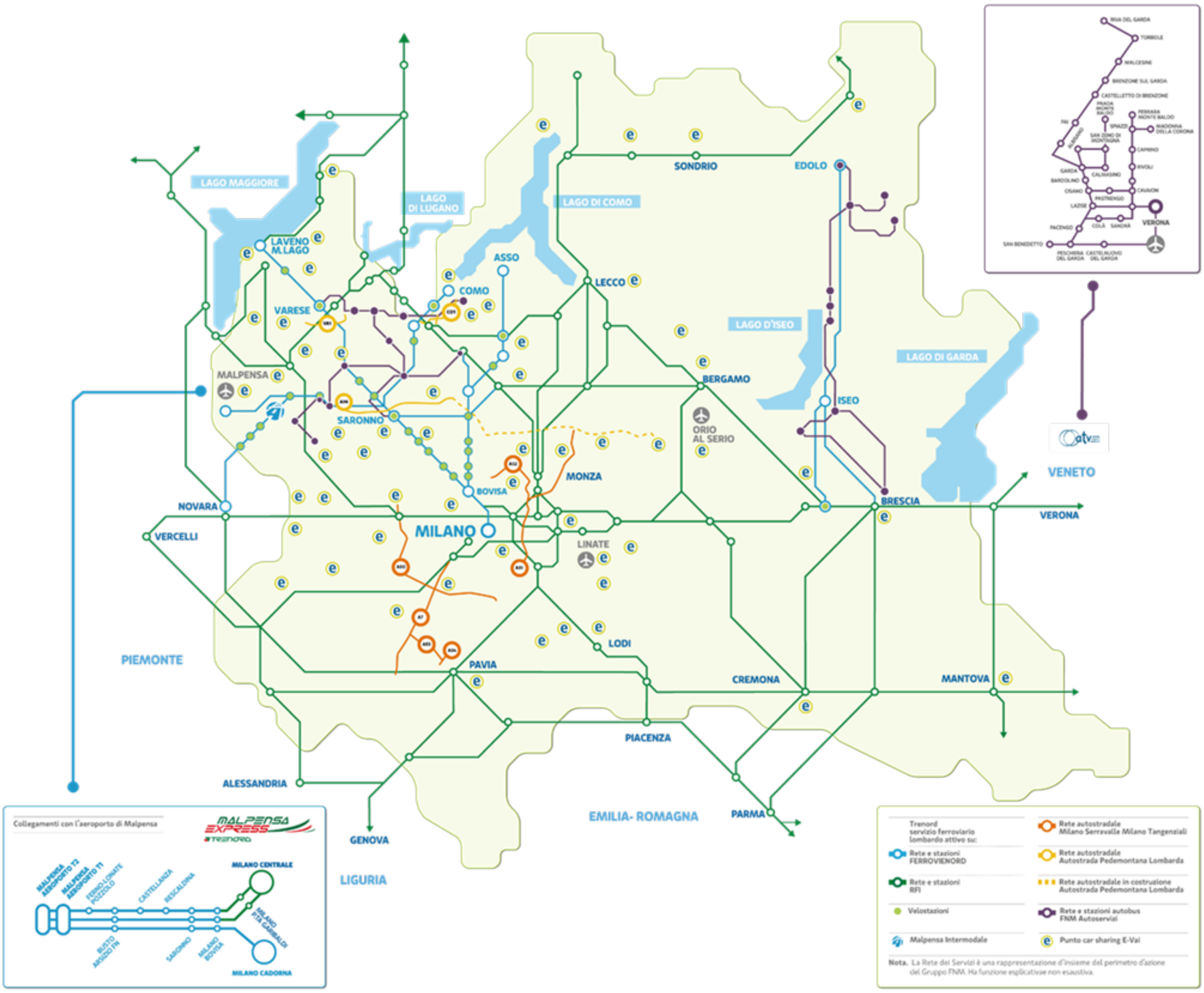
Motorways	**Management of motorway infrastructure** on the basis of a concession expiring in 2028 • Highway from Milan to Serravalle Scrivia (**A7** 86Km) • Milan West, East and North ring roads (**A50** 33Km, **A51** 29Km, **A52** 19Km) • Pavia West ring road (**A54** 9Km) and Bereguardo Pavia motorway link (**A53** 8Km)	***185 Km*** *Motorway Network*
Ro.S.Co & Services	• **Leasing of rolling stock** in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo Italia) • **Corporate services** to subsidiaries and management of the real estate assets of the Group • Development of complementary **digital platforms** according to MaaC paradigm	***98*** *Owned trains*
Railway Infrastructure	• **Management of railway infrastructure** in Lombardy on the basis of the concession expiring on **31st October 2060** • **Intermodal terminal management** and real estate development in **freight logistic** sector	***330 Km*** *Railway Network*
Road Passenger Mobility	• **LPT road transport** in Lombardy (Province of Varese, Brescia and Como) and Veneto (Province of Verona) • **Train replacement** services for Trenord • **Electric car-sharing** service	***723*** *Bus into service*

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) Companies subject to joint control and/or associates consolidated with the equity method for financial reporting purposes.
(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.

GEOGRAPHICAL PRESENCE OF FNM GROUP OPERATIONS



6.1 RO.S.CO. & SERVICES

The Parent Company FNM S.p.A. (or FNM) purchases and leases rolling stock directly to its subsidiaries operating in the LPT (Local Public Transport) and freight transport sector, primarily Trenord and DB Cargo Italia, acting as Rolling Stock Company (hereinafter referred to as "**Ro.S.Co.**").

Trenord (50% jointly owned with Trenitalia S.p.A.) is the main manager of suburban and regional rail passenger transport services in the Regioen Lombardia. For further details please refer to section 6.5. DB Cargo Italia (40% owned by FNM S.p.A. with DB Cargo Italy S.r.l.) offers logistics and freight handling services, mainly in Italy and on the infrastructure network managed by the Italian Railway Network (RFI), 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 FNM is engaged in the promotion of the **H2iseO project**, which aims to develop a Hydrogen Valley in Valcamonica, starting from the use of hydrogen in local public transport. The project involves the purchase of 14 hydrogen-powered trains for the Brescia-Edolo railway line to replace the current diesel-powered trains. In December 2020, FNM 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 was delivered in early 2024 for trial runs and once they are complete, the trains will enter commercial service between the end of 2024 and the beginning of 2025. On 22 December 2023, FNM and Alstom signed a second Executive Contract for the supply of two more hydrogen trains. For these and an additional 6 trains (the order for which has yet to be formalised), entry into commercial service is planned for 2026.

Three CO_2-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_2 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 calls for the construction of a mobile refuelling plant and a train depot and maintenance plant in Rovato, which is scheduled to be commissioned when the train trial runs begin, as well as the technical and infrastructural upgrading of the stations involved. To this end, in 2022 the company FNM Power S.r.l. was established ("**FNM POWER**"), which will be active in the field of hydrogen production and distribution plants, also with reference to the subsequent operational phase.

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 total investment is currently estimated at EUR 392.4 million and takes into account price and design updates. Railway investment amounts to EUR 362.4 million, of which EUR 177.6 million for plants and infrastructure and EUR 184.8 million for trains. The former will be financed with funds made available by the Regione Lombardia (EUR 80.1 million, allocated to the project during 2022) and by the NRRP (EUR 97.2 million, acquired in March 2023). With regard to investments in trains, on the other hand, the 8 trains purchased by FNM will be financed with own funds for EUR 98.3 million, 5 additional trains will be financed with resources allocated in 2023 under the Government - Regione Lombardia Cohesion Agreement for EUR 68.6 million, while the last remaining train may be financed with additional public resources, or alternatively with own funds. The investment for the replacement of the buses is estimated at EUR 30 million, not yet funded.

The FNM Group has fully achieved, ahead of schedule, the first objective necessary to obtain NRRP funding. In fact, all contracts for works financed by the NRRP were signed ahead of the deadline for the first monitoring milestone (30 June 2024). For all of these works, the final or executive design has already been started. For railway works on the Iseo plant, work is already in progress. The second project milestone relating to "Delivery of Works" is set by 31 August 2024, while the third and fourth milestones relate to "50% Work Progress" by 30 June 2025 and "Completion of Works" by 30 June 2026, respectively.

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

Consistent with the 2021-2025 Strategic Plan, within the People/Community pillar, FNM is also active in the development of complementary digital platforms which, together with the transport services offered by the Group, enable the implementation of the EU's Mobility as a Community (MaaC) strategic paradigm as an enabling tool of the new digital mobility focusing on the mobility needs of communities.

The development of the MaaC strategy operationally includes the equity investments in Busforfun.Com S.r.l. ("**Busforfun**"), Sportit S.r.l.("**Sportit**") and Mbility S.r.l. ("**Mbility**"). 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 shared and sustainable transport solution, reducing the use of private vehicles. Sportit, in which FNM acquired a 33.3% shareholding in December 2021, is a company active under several brands, in particular Snowit is the leading marketplace for the integrated online sale of ski passes, ski-related services and experiences relating to the mountain world, with tickets integrated with Trenord. Mbility, in which FNM acquired a 30.77% shareholding at the end of December 2023, is a start-up that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through a proprietary digital platform that can be used by all specially equipped and medical transport operators (further details on Mbility are provided in section 22). In 2020 the Group also entered the digital payment services sector with the establishment of FNMPAY S.p.A. ("**FNMPAY**"), a wholly-owned subsidiary of FNM, active in digital payment services to perform primarily acquiring services (payment acceptance through physical/virtual POS) supporting MaaC, focusing firstly on the Group's captive companies.

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. was placed in liquidation as of 10 January 2023, as in July 2022 it became no longer possible to commercially exploit the capacity to import electricity via the Mendrisio-Cagno powerline included in the national transmission grid, in accordance with the provisions of the Decree of the Minister of Production Activities of 21 October 2005, due to the expiry of the concession under which the investee operates.

6.2 RAILWAY INFRASTRUCTURE

The Group is active in the management of railway infrastructures in Lombardy through FERROVIENORD S.p.A. (FERROVIENORD), which is entrusted with the management and maintenance of a 330 km railway network, divided between the Milan (222 km) and Iseo (108 km) branches, on the basis of the concession expiring on 31 October 2060 (the ‘‘**Concession**”), the programme agreement for investments (the “**Programme Agreement**”) and the service agreement for management (the “**Service Contract**”), both expiring in 2027, entered into with the Regione Lombardia. Furthermore, FERROVIENORD avails itself of the services provided by NORD_ING S.r.l. for design activity, as well as technical and administrative support for investments in the railway network.
As concerns the **Concession**, with Regional Council Resolution No. X/4823 of 15 February 2016, the Regione Lombardia ordered the Concession to FERROVIENORD for the construction, operation and management of the Regional Railway Network be renewed from 18 March 2016 to 31 October 2060.
The concession agreement includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire also has the role of acquiring and managing, on a non-exclusive basis, the fleet necessary to provide railway services and the enhancement of railway assets including those of historical value. The concessionaire is also assigned the tasks governed by the Programme Agreement, the Service Contract or other administrative measure, which constitute the contractual deeds implementing the principles and obligations set forth in the Concession.

The **Service Contract** governs the specific terms and conditions, including economic terms, of the ordinary management and maintenance of the railway infrastructure, as well as the activities concerning the purchase and management of the rolling stock made available to the railway companies on behalf of the Region by FERROVIENORD, in accordance with the principles and obligations established in the Concession.

In December 2022, the Service Contract expiring on 31 December 2022 was renewed for the 1 January 2023 - 31 December 2027 period under the conditions described in the 2022 Annual Financial Report.

In particular, the Service Contract as at 31 December 2023 has a residual overall value estimated at EUR 262.9 million and calls for a fee aimed at compensating the cost items that the law does not require be covered by the fees paid by railway companies for infrastructure use.

First update of the Service Contract

On 28 December 2023, with Regional Government Decree No. XII/1694, the Regional Council approved the contractual text for the update of the Service Contract in force. The Service Contract text incorporating the update was signed on 29 December 2023. The revision became necessary in order to adapt certain parts of the Service Contract with reference to specific aspects mainly relating to (*i*) improvements and enhancement of the network and real estate assets, (*ii*) leveraging of underused station areas, (*iii*) preservation and enhancement of historical railway heritage, and (*iv*) inclusion as an annex to the Service Contract of the "*Free Loan Arrangement for the use of railway rolling stock*" in implementation of the contractual arrangement already established between FERROVIENORD and the railway company (Trenord). These amendments do not generate significant changes in the contractual consideration.

The update also specifies the criteria for implementing the regime already established by the Service Contract signed in December 2022 concerning the treatment of costs for the cyclical maintenance of the train fleet managed by FERROVIENORD on behalf of the Regione Lombardia, and the ensuing management of the cyclical maintenance fund. In this regard, it should be noted that until 31 December 2023 the cost of second-level maintenance was indirectly borne by FERROVIENORD, and Trenord advanced the relevant pro-rata share of the maintenance cost year by year, recognising it in the form of rental fees, which are set aside by FERROVIENORD in a specific cyclical maintenance fund (amounting to EUR 66.7 million as at 31 December 2023). The update establishes that, starting from 1 January 2024, rolling stock cyclical maintenance will be financed directly by the Regione Lombardia with the fund established by Regional Law No. 34/2022 (Art. 2, paragraph 5), by disbursing to FERROVIENORD the established amount for each year on the basis of the multi-year maintenance cost plan defined by Trenord, and that FERROVIENORD will subsequently pay the costs to Trenord once it has obtained the necessary supporting documents for the expenses incurred.

For the financing of planned cyclical maintenance, the above-mentioned Regional Law No. 34/2022 allocated amounts of EUR 15 million per year in 2024 and 2025, EUR 47 million per year from 2026 to 2032 and EUR 20 million in 2033, respectively. These take into account the resources already available to FERROVIENORD as a result of the previous method of managing the maintenance fund, which is gradually being used “by fleet” until it has run out. This utilisation method means that, for maintenance work actually carried out by Trenord, FERROVIENORD will cover the costs incurred by drawing on, in the first instance, resources available in the cyclical maintenance fund, within the limits of the amount set aside at the level of individual rolling stock being maintained and without offsetting resources with other types of rolling stock. The residual share not covered by the fund is financed through the additional resources made available by the Region on the basis of the allocation under Regional Law No. 34/2022. The amount is paid in twelfths at the same time as the monthly consideration instalments.
The trend of changes relating to cyclical maintenance and outstanding fund utilisations for the 2024-2025 period were specifically assessed. On the basis of the mechanism described above, and prudently taking into account the schedule of activities presented by Trenord, FERROVIENORD and FNM expect the amount of the cyclical maintenance fund to be progressively depleted over the next five years, with more significant utilisation in 2024 and 2025 due to maintenance carried out on the oldest fleet. Any postponement of maintenance activities with respect to forecasts could lead to the utilisation of the maintenance fund being spread out over time.

The **Programme Agreement** is aimed at governing the programmatic framework of investments relating to the renewal, expansion and modernisation of infrastructure and technology, as well as extraordinary maintenance works on the infrastructure network managed by FERROVIENORD, in line with the regional planning of railway services, as well as the financial management procedures for such interventions. In particular, FERROVIENORD is called upon to perform the following tasks: (*i*) design and implementation of the works necessary for the development, upgrading and improvement of the safety levels of the regional railway network and (*ii*) performance of the extraordinary maintenance activities necessary to keep the network operating safely and reliably.
The financial coverage of the activities in question derives for the most part from EU, state and regional resources, disbursed by the Regione Lombardia in favour of FERROVIENORD through the reimbursement of costs incurred, in line with work progress, and the lump-sum reimbursement of “*technical costs*” and “*general costs*” calculated as a percentage of the value of the works and the amount of the works. At 31 December 2023, the total financial resources allocated to the Programme Agreement amounted to approximately EUR 1,503 million.

On 28 July 2016 - following Regional Council Resolution No. X/5476 of 25 July 2016 - the new "*Programme Agreement for investments and extraordinary maintenance on the regional rail network under concession to FERROVIENORD S.p.A. between the Regione Lombardia and FERROVIENORD S.p.A. for the 28/07/2016 - 31/12/2022 period*" was signed (later extended to 31 December 2027). The Programme Agreement defines:

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

In the 2017-2022 period, there were six updates to the programme of measures[2], which incorporate, among other things, the *"Marshall Plan"*, approved by the Regione Lombardia in 2020, aimed at further improving the safety and regularity of the service, upgrading the infrastructure and renewing the facilities. In particular, infrastructural enhancements include the construction of the railway connection of the Malpensa T2 station with the RFI Sempione line, the activation of hydrogen trains for the Brescia-Iseo-Edolo line, as well as the selective doubling and the redevelopment of crossings along the Varese-Laveno line.

Seventh update of the Programme Agreement

Lastly, with Regional Government Decree No. XII/1098 of 9 October 2023, the Regione Lombardia approved the seventh update to the Programme Agreement, restructuring certain resources in order to fully financially cover urgent work and to incorporate the financing with NRRP funds of the H2iseO project in the amount of EUR 97.2 million.

With this update, the methodology for reimbursing costs incurred was also changed from WIP reporting to milestones, which involves the recognition of advances to the Concessionaire by the Awarding Body upon reaching certain milestones and the final balance upon completion of the contract, equal to 5%.

[2] Regional Government Decree No. 7645 of 28 December 2017, Regional Government Decree No. 383 of 23 July 2018, Regional Government Decree No. XI/2054 of 31 July 2019, Regional Government Decree No. XI-4010 of 14 December 2020 which in particular incorporates the "MARSHALL PLAN" - PROGRAMME OF ACTIVITIES FOR ECONOMIC RECOVERY, approved by the Lombardy Region with Regional Government Decree No. 3531 of 5 August 2020 and updated with Regional Government Decree No. 3749 of 30 October 2020 and, lastly, Regional Government Decree No. XI/5589 of 23 November 2021; Regional Government Decree No. XI/6047 of 1 March 2022; Regional Government Decree No. 7328 of 14 November 2022.

Programme for the upgrading of rolling stock for the regional railway service

FERROVIENORD provides for the acquisition, management, maintenance and storage of railway rolling stock on the behalf of the Regione Lombardia on the basis of Article 7 (*Fleet acquisition and management*) of the Concession and Part IV (*Fleet Acquisition and Management*) of the Service Contract. In particular, for the performance of the contracting authority service, FERROVIENORD receives the payment of a commission set at 1% of the amount of the train supply contracts as remuneration for contract management overhead costs. The regional fleet management service is included in the Service Contract fee.

While referring you to the 2022 Annual Financial Report for a review of the contractual evolution of the programme, which has been updated several times over the years, please recall that the Original Purchase Order and the Supplementary Purchase Order made provision for the supply of 176 trains, corresponding to an expenditure of EUR 1.425 billion[3]. 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 (recently updated as discussed in more detail in section 6.5), a reduction of 8 units in the total number of Caravaggio trains has been authorised under the 4th Executive Contract held by Hitachi (therefore bringing the total to 214 trains), 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 tables below illustrate the implementation of the rolling stock renewal programme. In addition to the supply of trains, the contracts also cover scheduled first-level maintenance, corrective maintenance for vandalism and accidental events, as well as the supply of technical stock:

[3] The amount was initially EUR 1.607 billion and was subsequently amended to take into account (i) the cancellation of the Cassa Depositi e Prestiti loan and auction discounts; (ii) the redetermination of supply costs and the agreement for the economic rebalancing of the 4th executive contract for a total of 50 Caravaggio trains (Regional Government Decree No. XII/1846 of 5 February 2024).

Hitachi Framework Agreement of 12 September 2018, duration 8 years supply of 126 high capacity electric trains type **Caravaggio**					
Application contract	**Amount**	**Train types**	**Amount (EUR millions)**	**Delivery Status**	
n. 4500145608 of 12-09-2018	30	short 4-car trainsets	237.5	all delivered as of 12/31/2022	**Original purchase mandate**
n. 4500155755 of 24-11-2020	20	long 5-car trains	186.3	all delivered as of 12/31/2022	
n. 4500161386 of 09-30-2021	10 40	short 4-car trainsets (8 of which in airport configuration) long 5-car trains	487.9	Deliveries will start in February 2023 with completion expected by March 2025	
n. 4500170805 of 07-07-2023	10 8	long configuration electric trains (ETR 522) short configuration electric trains (ETR 421)	182.7	deliveries from April to August 2025 deliveries from September to December 202	**Marshall Plan**

Alstom Framework Agreement of 20 November 2019, duration 8 years supply of 51 medium capacity electric trains type **Donizetti**					
Application contract	**Amount**	**Train types**	**Amount (EUR millions)**	**Delivery Status**	
n. 4500152727 of 20-11-2019	31	medium capacity electric trains (ETR 204)	193.8	19 trains delivered as of 12/31/2023; first delivery June 2022, last delivery expected by August 2024	**Original purchase mandate**
n. 4500159279 of 03/31/2021	20	medium capacity electric trains (ETR 204)	125	7 trains delivered as of 12/31/2023; first delivery July 2023, last delivery expected by January 2025	**Marshall Plan**

Stadler Framework Agreement of 21 November 2018, duration 8 years supply of 30 diesel-electric traction trains type **Colleoni**					
Application contract	**Amount**	**Train types**	**Amount (EUR millions)**	**Delivery Status**	
n. 4500147105 of 21-11-2018	30	diesel trains	191.9	25 trains delivered as of 12/31/2023; first delivery August 2022, last delivery expected by May 2024	**Original purchase mandate**

Transfer of supply contracts from Trenitalia to Ferrovienord (July 2019)					
Application contract	**Amount**	**Train types**	**Amount (EUR millions)**	**Delivery Status**	
Hitachi for Rock Trains	5	5-car long high-capacity trainsets	45.7	completed in October 2020	**Supplementary purchase mandate**
Alstom for Pop trains	10	short medium-capacity 3- and 4-car trainsets	60.4	completed in October 2020	

The segment also includes the management activities of the **Sacconago intermodal terminal** in Busto Arsizio (VA), near the Malpensa airport, carried out by Malpensa Intermodale S.r.l. The company receives complete trains 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.

In the course of 2023, the works set forth in the Agreement entered into with the Municipality of Busto Arsizio (see chapter 14 for more details) concerning "Phase 0" (i.e. completion of the existing Terminal) began. Following the completion of the preparatory works, on 4 July 2023 the call for tenders was announced for terminal expansion works, which ended on 28 July with the submission of two bids, the best of which was the one submitted by RTI Sangalli S.p.A./Civelli Costruzioni S.r.l. Work commenced on 13 December 2023 upon completion of administrative formalities, with an expected construction duration of 165 days. With regard to "Phases 1 and 2", on 12 October 2023 the design mandate for the implementation plan, i.e. SUAP procedure, was delivered to SFRE S.p.A.

As of September, after the necessary checks had been carried out, Malpensa Distripark also began MTO (Multimodal Transport Operator) activities for the intermediation of rail freight services from the loading point to delivery. The first relationship initiated is the Sacconago-Ferentino, on a biweekly basis. For this activity, Malpensa Distripark was included with MIT determination of 18 December 2023 to receive for the 2023-2024 period the "Ferrobonus" based on the number of trains/km produced.

6.3 ROAD PASSENGER MOBILITY

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

In Lombardy, FNM Autoservizi S.p.A. (hereinafter also referred to as "**FNMA**") is the concessionaire of portions of public transport services by road in the provinces of Varese and Brescia, and is the holder, as part of an A.T.I. (temporary association of companies) with ASF Autolinee S.r.l. (49% owned by Omnibus Partecipazioni[4] - 50% owned by FNM S.p.A.) of a Public Service Contract for those in the Province of Como. The offer is completed with the provision of services in the private transport sector by carrying out rail replacement runs on behalf of Trenord, tourist bus rental services with driver and school bus services on behalf of municipal administrations. These services are carried out partly directly with its own personnel and partly by coordinating the work of subcontracted third-party carriers.

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

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

December 2025 for the Varese concession and the Como Service Contract and until 31 December 2024 for the Brescia concession.

In Veneto, FNM is present with Azienda Trasporti Verona S.r.l. (hereinafter 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 originally set to expire on 31 December 2023 and later extended until 31 December 2026 in application of Art. 24, paragraph 5-*bis* of Decree Law No. 4/2022 (see below "*Extension of the Verona LPT concession and approval of the Economic and Financial Plan*" for further details). ATV also operates in the commercial services sector with a licence for rental with driver and, especially during the summer season, also provides tourist connection services (Verona-Lake Garda-Venice) alongside its ordinary service. Public transport services are carried out partly directly with its own personnel and partly by coordinating the work of subcontracted third-party carriers.

The following table shows the situation of existing credit lines at 31 December 2023, following the procedures described above:

Company	*Awarding body*	*Legal instrument*	*Remuneration system*	*Expiration*	*LPT network extension (km)*
FNMA (Varese)	Como - Lecco - Varese LPT Agency	Concession	Net Cost + Regulated tariff	31/12/2025	223
FNMA (Brescia)	Brescia LPT Agency	Concession	Net Cost + Regulated tariff	31/12/2024	331
FNMA (Como, temporary grouping with ASF)	Como - Lecco - Varese LPT Agency	Service Contract	Net Cost + Regulated tariff	31/12/2025	196
ATV (Verona Area)	Province of Verona	Service Contract	Net Cost + Regulated tariff	31/12/2026	3,828
ATV (Verona)	Municipality of Verona	Service Contract	Net Cost + Regulated tariff	31/12/2026	417
ATV (Legnano)	Municipality of Legnago (VR)	Service Contract	Net Cost + Regulated tariff	31/12/2026	32

Regarding the **remuneration of local public transport services** performed by FNMA and ATV - regardless of assignment methods - current management is based on the net cost method[5], whereby both industrial risk and commercial risk are borne by the operator, which receives a fee defined in advance. Activities relating to Lombardy road LPT, also because of the different regulatory requirements of the Service Contracts and Concessions, include different provisions on public contributions depending on the applicable areas and annual tariff updating linked to inflation (see the 2022 Financial Report for further details). For activities concerning to the Verona LPT, each year the Veneto Region defines the level of minimum services eligible for contribution and the fee

[5] FNMA and ATV receive public compensation defined *ex ante* and updated on an actual basis considering the actual kilometres travelled defined in local programming.

per kilometre for the current year (the parameter used is Euro/km), applying a tariff model based on increasing kilometric classes without including any automatic inflation adjustment.

Extension of the Verona LPT concession and approval of the Economic and Financial Plan

As described in previous reports, in February 2021 the EU tender to identify the concessionaires of Verona's public transport services was suspended due to the state of emergency declared as a result of the Covid-19 pandemic. At the end of said suspension, 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 EFP prepared previously had ceased to apply and because the Municipality of Verona had asked for the scope of the new assignment contract to include the management of the urban trolleybus within its territory, now nearing completion. On 6 December 2023, the prior information notice of the new tender (including the trolleybus line) was published in the Official Journal of the European Union, with the new Service Contracts expected to become effective as of 1 January 2027. At the initiative of ATV, and in order not to suspend services, the Verona LPT Government Body ordered, by Resolution No. 135 of the President of the Province of Verona of 28 December 2023, a technical and functional extension of the three existing Service Contracts until 31 December 2026, in application of the provisions of Art. 24, paragraph 5-*bis* of Decree Law No. 4/2022. The above-mentioned article allows the Province to apply Article 4, paragraph 4 of Regulation (EC) No. 1370/2007 in the event that the operator of local and regional public transport services undertakes to carry out, even partially self-financing and on the basis of an Economic and Financial Plan (EFP) that complies with the provisions and regulatory measures in force, significant investments oriented towards environmental sustainability and the improvement of passenger transport services, with an amortisation period ending beyond the expiry of the concession.

The EFP presented by ATV calls for a total of EUR 69.3 million in higher investments, EUR 50.2 million of which will be financed by EU and national grants and the remainder using its own funds. In particular, the plan calls for the purchase of 52 electric buses for urban LPT and 88 new buses (73 powered by CNG and 15 by diesel) for the suburban and urban LPT of Legnago, to replace the current Euro 3 fleet. In order to provide adequate refuelling facilities, ATV has planned investments in the construction of new CNG supply facilities and charging infrastructure for electric buses. In addition, the EFP includes a series of investments in on-board technology, new fleet monitoring software and the installation of new devices for on-board credit card payments. Finally, it includes activities aimed at recruiting and training trolleybus drivers, who need to obtain a specific type of driving licence.

In order to ensure the economic and financial sustainability of the investments, the new 2024-2026 EFP was drafted, for the first time, in compliance with the most recent resolutions of the Transport Regulatory Authority, which establish an adequate return on net invested capital (NIC). In particular, the rate of return of the NIC for local public passenger transport services by road is set for the contractual term at a nominal 7.26% pre-tax (ART Resolution No. 49/2023 of 10 March 2023).

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

As described in the Annual Financial Report as at 31 December 2022, due to the renewal of the Service Contract with FERROVIENORD in effect as of 1 January 2023, the annual disbursement of EUR 1.8 million previously paid by the Regione Lombardian 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.

6.4 MOTORWAYS

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

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

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

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

MISE's activities also include the management of contractual relations with sub-concessionaires, which are entrusted with the management of the 19 service areas located along the concession sections. As described in previous reports, sub-concession contracts were renewed for most service areas in recent years, resulting 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. During the course of the year, at the same time as the

new concessionaires took over, 2 more sub-concession contracts were signed, in addition to the 29 already active at the end of 2022. One lot still remains to be finalised due to the lengthening of the time required for the alignment of the building permits and property registry status relating to the old sub-concession; it is estimated that the final agreement will be signed by the summer of 2024.
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 2022 Annual Financial Report, 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.

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 6.5. In support of investee activities, MISE carries out (*i*) the collection service on behalf of TEEM with a contract entered into with the company Aurea S.c.ar.l (a consortium company entrusted with O&M activities under a "Global service" arrangement) expiring on 31 December 2024; and (*ii*) service activities in favour of APL in relation to the collection process, technical support and other administrative services under a cooperation agreement for valuable consideration until 31 December 2024. As regards relations between MISE and its investees, a variable rate **Shareholder Loan** was granted to APL in previous years, totalling EUR 150 million, plus the relative interest accrued and not paid as it is subordinated to bank debt, amounting to EUR 39.7 million (more information is provided in the Notes to these Financial Statements).

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 (2017 in the case of MISE).
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 2023, MISE forwarded to MIT the above-mentioned draft Additional Agreement, including all Annexes, thus starting the regulatory approval process. The MIT concluded its preliminary investigation and in August sent the EFP proposal to ART, as required by the approval process. The following September, the MIT sent some comments and requests for clarifications made by ART in relation to the proposed EFP. The most significant observation was the one referring to how the IRR was calculated, as defined in point 17 of ART Resolution 69/2019. MISE acknowledged the requests for clarification and recalculated the IRR as indicated by the Authority, which resulted in a new EFP update that was sent to MIT on 1 December 2023.

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 766 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 521 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 159 million (of which EUR 102 million in the 2023-2028 period) also contributed to the financing of the above-mentioned 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.

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 MIT, 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.

On 24 January 2024, ART issued Opinion No. 2/2024 on the update of the 2020-2024 EFP, without making any particular remarks with the exception of the request to reformulate the EFP with the adoption of the same traffic assumptions as those used for the development of the RFP, i.e. without the Covid-19 effect. In order to proceed with the approval process, and submit the proposal to the CIPESS, on 13 February 2024 MISE submitted a new version of the EFP to the MIT that assumes estimated data from 2019 and traffic without the Covid-19 effect.

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 motorway corridor with 5 hydrogen refuelling stations (at 3 disused service areas and 2 former toll booth stations), 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 distribution of alternative energy carriers, contributing to the decarbonisation of transport along the Trans-European Transport Networks (TEN-T), 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 had access to two sources of grant funding: (*i*) under the NRRP relating only to the Carugate East and West and Tortona West stations for a total contribution of EUR 15.0 million (EUR 4.9 million for the Carugate East area; EUR 4.8 million for the Carugate West area and EUR 5.3 million for the Tortona area), and (*ii*) under the CEF tender with reference to the Carugate East and West, Tortona East and West and Rho West stations. Subsequently, in January 2024, in light of a memo from the MIT, which sent a new FAQ to operators on the ability to combine funding, new analyses were performed and a discussion was requested with the Project Adviser of CINEA (the agency that manages CEF contributions on behalf of the European Commission). At the end of February 2024, the CINEA contact person, following internal consultation, notified the Investee that it would not be possible to fund projects already financed by the NRRP. However, as only three hydrogen refuelling stations for automotive use out of the five planned received NRRP funding, the Project Adviser instructed it to proceed with an amendment to the Grant Agreement, limiting the CEF subsidy to the other two refuelling stations (Tortona East and Rho West) not supported by NRRP grants. The budget for the CEF subsidy, currently at EUR 13.7 million for the five stations, will be recalibrated accordingly. The draft request to amend the Grant Agreement to be submitted to the Project Adviser of CINEA is currently being prepared.

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 by the NRRP 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. The first monitoring milestone for projects financed with NRRP resources was therefore reached. In addition, following the above-mentioned award, in May 2023 a framework agreement was signed for the executive design and the implementation of works. The executive design was completed in October, and upon completion of execution and verification activities, it was then forwarded to the Awarding Body and, in December, works for two refuelling areas were delivered.

Commercial operations are scheduled to start in the second half of 2025. Any 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 renewable electricity, connected to an electrolyser for the production of hydrogen from renewable sources.

6.5 MAIN INVESTEES MEASURED WITH THE EQUITY METHOD

TRENORD

Trenord (50% jointly owned with Trenitalia S.p.A.) is one of the most important suburban and regional local public rail transport companies in Europe, in terms of both size and widespread service: its 460 stations, located across 2,000 kilometres of railway network in Lombardy and some Provinces in neighbouring regions under the jurisdiction of two operators (FERROVIENORD and RFI of the FS Group), mean that 77% of Lombardy's Municipalities have a railway station within a radius of 5 km, serving 92% of the region's residents. Trenord also manages passenger transport services on the Milan Railway Link and connects seven provinces of neighbouring regions (Alessandria, Novara, Parma, Piacenza, Verbano-Cusio-Ossola, Vercelli and Verona), as well as the

Canton of Ticino, through TILO (50% owned jointly with the Swiss Federal Railways) and operates the Malpensa Express airport connection to Malpensa International Airport.

The investee has a fleet of 467 trains leased from FNM and Trenitalia, or made available, through FERROVIENORD, by the Regione Lombardia, which enable it to operate around 2,200 runs every day.

As of 1 December 2023, the rail service has been managed under a new Service Contract for public rail transport with the Regione Lombardia. The contract is effective from 1 December 2023 to 30 November 2033 and replaces and incorporates the previous contract for the 2015-2020 period (which had been extended several times until 30 November 2023) and the specific contract for the S5 Varese-Treviglio railway line, which had been signed on 18 December 2008.

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 Österreische Bundes Bahn.

The new Service Contract for regional rail transport for the 2023-2033 period

As mentioned above, on 29 November 2023, the contractual text of the Service Contract for public rail transport of regional and local interest ("new Service Contract" or the "Agreement") was signed between Trenord and the Regione Lombardia, effective as of 1 December 2023 and with a duration of ten years, until 30 November 2033.

The new assignment represents the largest contract ever signed by the Regione Lombardia and brings to an end a process, which began in 2019, marked by an extraordinary macroeconomic scenario. In compliance with the advertising obligations established by Regulation (EC) No. 1370/2007, on 27 December 2019 the Regione Lombardia had in fact proceeded with the publication of the prior information notice concerning a new direct assignment to Trenord for a ten-year period. The notice was subsequently adjusted following four consecutive extensions of the previous assignments ordered by regional laws, leading to the final approval of the outline of the new Service Contract with Regional Government Decree No. XII/1442 of 27 November 2023.

The new Agreement, unlike the previous assignments, was defined on the basis of Transport Regulatory Authority (ART) regulations[6] and, therefore, includes significant new elements with regard to its structure, risk allocation and economic content. In particular, the Regione Lombardia and Trenord have defined an Economic and Financial Plan (EFP) and a Plan for Achieving Regulatory Objectives (PRO), defining effectiveness and efficiency objectives and actions to improve transport service performance.

[6] The drafting of a railway service agreement is subject to the regulations issued by the ART and in particular Resolutions No. 48/2017, No. 120/2018 and No. 154/2019.

Production was calculated on the basis of an offer development plan over the ten-year period of the concession, involving an increase of up to 10 million train-km compared to the base year 2022 (+25%) and a target of 50.5 million train-km per year by 2033. The growth will be harmonised with significant infrastructure release forecasts, often aimed at solving historical gaps in the network or critical performance situations, which will allow for considerable increases in regional rail offer volumes. The projection of traveller demand at 2033 is a total volume of 272 million passengers at that date (compared to 151 million in the base year 2022), equivalent to 1 million travellers per day/ average weekday. This growth is estimated on the basis of a study of user mobility behaviour, as well as the positive effects of external/administrative events attracting and generating demand that are expected during the concession period (e.g. the Milan-Cortina Olympics, the opening of the Orio al Serio airport link, the opening of the Milan Innovation District and the new Segrate shopping centre), as well as the planned increase in the offer. Developments in production and demand are particularly evident from 2025-2026 onwards and will be verified periodically by counterparties in the event of deviations from forecasts.

The ownership of the tariff revenues deriving from ticket sales is attributed to Trenord to the extent and according to the rules set forth in the Agreement. The commercial risk of the above-mentioned revenues, linked to the collection of tariffs, traffic flows and demand for services[7], remains with Trenord ("net cost" management), according to the forecasts set forth in the Risk Matrix. Please note that the annual tariff adjustment includes a price-cap that links the inflation adjustment (average between general price index and transport) with service quality indicators. The EFP incorporates further assumptions of an increase of tariff revenues mainly related to the implementation of the STIBM system (Integrated Tariff System of the Milan and Monza Brianza Mobility Basin), the introduction of daily ticket validity, anti-evasion activity as set forth in the PRO and the IVOL (*Io Viaggio Ovunque in Lombardia*, "I travel everywhere in Lombardy") adjustment.

The Agreement also calls for monitoring tools on service performance, the use of such services and Minimum Quality Conditions ("*CMQ*"), with details down to the individual train, and the relative rewards/penalties. The indicators are essentially based on the minimum content required by ART Resolution No. 16/2018, but some indicators, and associated penalties, not established in the Resolution and deemed of particular importance, have been included.

The rolling stock for rail service operations consists of 467 trains as at 31 December 2023 and is operated directly by Trenord. The majority of the fleet (amounting to 259 trains as of 31 December 2023) is provided under free loan for use, as it is fully financed by the Regione Lombardia with

[7]Delays in infrastructure releases not attributable to Trenord and any changes in the regime to be applied to airport connection service tariffs are excluded.

public funds relying on FERROVIENORD, which acts as contracting authority and operator of the fleet owned by the Region. Trenord also uses rolling stock owned by FNM and Trenitalia (amounting to 79 and 113 trains, respectively, as at 31 December 2023) that is leased by them for the payment of a lease fee, as well as (in a very limited quantity) its own rolling stock. According to Trenord's EFP, which does not incorporate the most up-to-date estimates on the rescheduling of investments in FNM's rolling stock, the fleet is expected to settle at 503 trains by 2025 following the conclusion of the renewal programme launched by the Regione Lombardia in 2017 (see section 6.2 for more information). The Regione Lombardia also provided an initial quantification of the new procurement programme to be implemented during the second half of the contract period, which is currently not considered in the EFP and the PRO.

The regulatory net invested capital (NIC) for the calculation of reasonable profit is mainly composed - in application of IFRS 16 - of the capitalisation of future rental fees on trains leased by Trenitalia and FNM. The latter do not therefore represent investments with Trenord's own funds, but rights of use recorded in Trenord's balance sheet that will be amortised on a straight-line basis over the ten-year period of the concession and subject to remuneration. In particular, with Resolution No. 49/2023 of 10 March 2023, the ART established a nominal pre-tax rate of return on net invested capital (WACC) of 7.45% for local public passenger rail transport services, which will remain valid until the end of the first regulatory period (31 December 2028). However, the Agreement requires Trenord to cover some additional investments of over EUR 400 million, mainly related to planned second level maintenance and improvements on Trenord and Trenitalia owned rolling stock, the upgrading of maintenance systems, IT developments and new technologies (including some investments at Trenord's expense in relation to the H2iseO project).

Taking into account the public service obligations set forth in the PRO, economic-financial balance is guaranteed through a variable fee on the basis of the Economic Financial Plan (EFP), as established by the reference legislation within the regulatory framework defined by the ART and in particular the provisions of ART Resolution No. 154/2019. However, the same Resolution No. 154/2019 allows the Contracting Authority to pay the consideration not on the basis of the forecast net financial effect ("variable instalment"), but rather through the payment of a stable amount ("stable instalment"), which in the Agreement amounts to EUR 536.2 million per year considering production volumes (for a total amount over 10 years of approximately EUR 5.4 billion). The difference between the two amounts is financial in nature (contract asset) in that it represents the remuneration for the time lag between Trenord's disbursement of the cash flow absorbed by operations and the collection of the stable instalment. This is also evident from the fact that the amount paid with the stable compensation method set forth in the EFP is higher than under the variable compensation method because it includes a financial component. At the end of each year, the annual consideration actually due will be defined by taking into account deviations from forecasts and what is set forth in the Risk Matrix. The consideration has been defined by taking into account the tariff levels in force at the date on which the Agreement was signed, as well as the revenue forecasts of the applicable tariff systems referred to in the previous paragraphs.

Effectiveness and efficiency targets were also defined and formalised in the PRO, identified by ART Resolution No. 120/2018 for the 2024-2028 period. An efficiency path is guaranteed in the EFP, which is consistent with ART's benchmarks and exceeds the reduction in the unit operating cost (€/train-km) over five years required by ART. With regard to the matter of penalties and deductions, since their negotiation with the Regione Lombardia is finalised at a date subsequent to the approval of the financial statements, these components are estimated on the basis of historical experience and what is established in the contract; Trenord recognises a provision for risks in order to estimate the effect of penalties and makes a direct adjustment to revenues with reference to the estimate of deductions.

Economic and financial balance is verified annually by measuring the deviation of the Net Result between the normalised EFP and the final Regulatory Income Statement. If the contractually established materiality threshold (+/-0.5%) is exceeded, the differences between the Net Results are verified and responsibilities are allocated. The annual changes compared to the EFP of external production costs such as infrastructure access costs, electricity, diesel/hydrogen consumption and depreciation are borne by the Regione Lombardia. In the event of traffic revenues lower than EFP forecasts, Trenord assumes, among other things, the risk relating to the effectiveness of anti-evasion actions, the availability of production factors (including personnel) and the risk of reduced demand (with the exception of the airport service), without prejudice to possible revisions of the EFP at the end of the first regulatory period or for other causes set forth in the Agreement. On the other hand, the Regione Lombardia is responsible for, among other things, the non-adjustment of tariffs linked to inflation where due, the activation and modification of the STIBM regional tariff system and IVOL (*Io Viaggio Ovunque in Lombardia*) tickets, impacts on demand caused by external factors and/or administrative decisions or delays in planned infrastructural changes. It is up to the parties to propose additions concerning the consistency and coherence of the content and provisions of the Agreement during its first two years in force.

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 188 km (including junctions and associated works), of which 85 km in operation since 2015 (A and B1 sections, A59 and A60), based on a 30-year concession starting from the entry into operation of the entire motorway link.
Relations between APL and the Awarding Body (Concessioni Autostradali Lombarde S.p.A. or "CAL") are governed by the Consolidated Agreement entered into on 1 August 2007 and the relative Additional Agreements (Additional Agreement No. 1 entered into on 6 May 2010, Additional Agreement No. 2 entered into on 29 September 2016 and effective as of February 2020; Additional Agreement No. 3 entered into on 23 June 2023 and effective as of 10 January 2024).
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.

Renewal and approval of the Economic and Financial Plan

As regards the main significant events that took place in 2023 in the regulatory area, 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 Additional Agreement No. 3, for the 2020-2024 regulatory period (the 2020 EFP). On 6 October 2023, Interministerial Decree No. 253 was issued approving this Additional Agreement. Registration by the Court of Auditors No. 17 of 10 January 2024 made Additional Agreement No. 3 fully effective.
Pursuant to Article 12 of the Consolidated Agreement, during 2023, the Associate also 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 linked to: (*i*) exceptional price increases, (*ii*) the bidding discount offered by the General Contractor of Sections B2 and C, which was significantly lower than that set forth in the concession economic framework. The Associated Company and the Awarding Body defined a draft Additional Agreement No. 4 that includes all mitigating factors for restoring the economic-financial equilibrium including, among other things, a rebalancing and updating EFP (2023 EFP). This

document was sent to the MIT on 7 August 2023. On 15 November, the ART made some comments on the above-mentioned EFP. In agreement with the Awarding Body, a number of indications were accepted, including the adoption of an inflation rate applied to operating costs as of 2024 in line with the value established by the Update to the Economic and Financial Document (NADEF) (equal to 2.30%). The EFP thus prepared was sent to the MIT on 6 December 2023.

Sections B2, C and D

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

With respect to sections B2 and C, on 5 December 2022 a contract was signed with Webuild Italia S.p.A. (lead company of the temporary grouping of companies consisting of the companies Webuild Italia S.p.A., Partecipazioni Italia S.p.A and Impresa Pizzarotti & C S.p.A.) for the assignment of executive design activities, safety coordination during the executive design phase and the execution of the works. On 2 October 2023, the General Contractor delivered the Executive Design, and - in agreement with the Awarding Body - the verification and control of the technical and economic plans is still in progress, aimed at the approval of the design, in preparation for the execution of the works and the disbursement the Senior Loan 1. In the meantime, between 2023 and 2024, specific reclamation and expropriation activities were initiated.

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 and the requests of the Awarding Body to evaluate alternatives to the final project of 2010. Following the approval of the Technical-Economic Feasibility Project on 13 July 2021, the final design of “short section D” began on 12 October 2021. 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 MIT took place as the key stage in the approval process of the Final Project. The next step in the procedure is project approval by the CIPESS.

With regard to the management of the funding required for Work construction, to support of the construction of sections B2 and C, APL took out a loan of EUR 1,741 million on 31 August 2021(“Senior Loan 1”) from a pool of banks together with Cassa Depositi e Prestiti and the EIB, with the support of the Regione Lombardia as lead partner. During the year, APL postponed the disbursements scheduled for 2023 of the fixed-rate lines of the Senior Loan 1 in line with the new construction schedule for Sections B2 and C. In this context, at the beginning of 2024, APL obtained the required consent to extend the Long Stop Date to 31 July 2024.

APL also benefits from the tax exemption as per Additional Agreement No. 2, approved by the CIPESS for a total nominal amount of EUR 800 million (granted in lieu of a further non-repayable public grant due to APL to guarantee the Work's economic and financial balance) as well as a shareholder loan made available by the Regione Lombardia for a total of EUR 900 million, which will be disbursed and/or set aside in provisions from 2025 to 2044.

With regard to the increased financial funding set forth in the 2023 EFP with respect to what is set forth in the 2020 EFP, the Regione Lombardia 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 Regione Lombardia 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, the effects of the extraordinary increase in costs are not yet substantially reflected. Their net financial impact will also depend on the collection of possible compensation deriving from the funds referred to in Article 26 of Decree Law 50/2022 as updated.

O&M service assignment contract

The bankability of the Section B2 and C construction project required the definition of an Operation & Maintenance (O&M) service assignment contract. The outsourcing of all activities inherent in operational management (established practice in project financing concessions) allows for the segregation of management risk from construction risk, resulting in (*i*) less risk for APL and (*ii*) stable long-term management costs.

APL has therefore committed to finalising this agreement with MISE. Among the prerequisites identified for MISE to perform the O&M service is that APL will temporarily transfer the APL business unit containing everything necessary to perform the service. It is currently established that the agreement will be entered into by the date of the first substantial disbursement of Senior Loan 1, with execution as of the entry into operation of section B2 and/or C subject to the loan. This change in the management structure, considering the current forecasts for the completion of the sections, will generate significant effects as of the year 2027.

TANGENZIALI ESTERNE DI MILANO (TEM)

As mentioned in chapter 6.4, MISE owns 22.55% of the share capital of TEM, which in turn holds a single shareholding of 48.4% of the capital of the motorway concessionaire Tangenziale Esterna S.p.A.(“**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.

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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 the associated companies DB Cargo, Busforfun, SportIT, Mbility, APL and Tangenziali Esterne di Milano has no impact on the individual items of the consolidated statement of financial position and the consolidated income statement, with the exception of the items “Investments” and “Net profit of companies measured with the equity method”, respectively.

7 INFORMATION FOR INVESTORS

FNM is a joint-stock company listed since 1926 on the Euronext Milan market (EXM, formerly Mercato Telematico Azionario - MTA) organised and managed by Borsa Italiana.
The FNM share is also present in the general indexes of the Italian Stock Exchange (FTSE Italia All Share, FTSE Italia All Share Capped and FTSE Italia Small Cap) and is part of the FTSE Italy Travel and Leisure super sector.

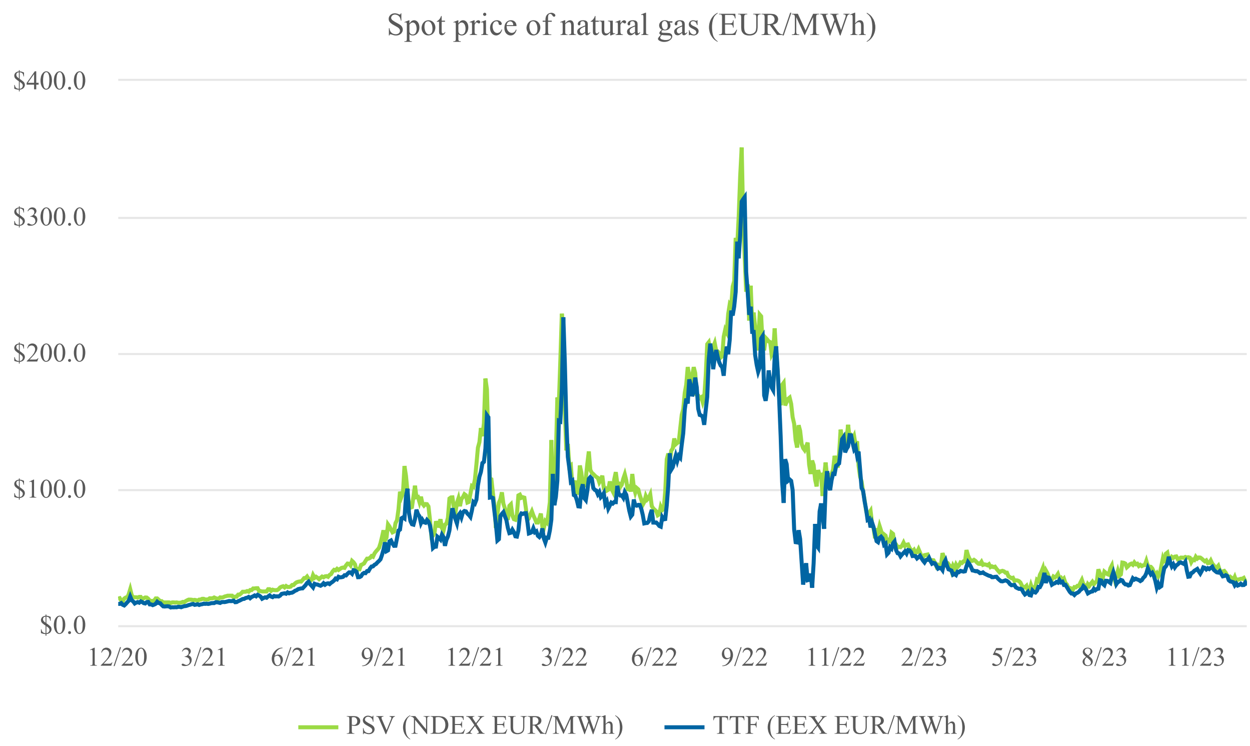
Market on which the shares are listed	EXM (ex. MTA)
ISIN Code	IT0000060886
Ticker	FNM

7.1 THE MACROECONOMIC SCENARIO IN 2023[8]

During 2023, weakness continued in both the global economy and international trade, associated with low demand for goods due to inflation and global monetary tightening, as well as continuing geopolitical uncertainty.
The Eurozone economy remained weak, with the latest information indicating that manufacturing output continued to decline compared to 2022, while weak foreign demand and tighter financing conditions weighed on investments and consumer spending. As far as Italy is concerned, after brilliant performance in 2021-2022, ISTAT estimates an increase in GDP of +0.7% year-on-year in 2023. As far as price trends are concerned, inflation continued its descent from the highs of 2022 and is expected to approach the target values of around 2% per year by 2025. In December 2023, the Harmonised Index of Consumer Prices (HICP) increased by +5.9% year-on-year, a marked slowdown from the +8.7% recorded the previous year. The year-on-year deceleration of the HICP is mainly explained by the movement in the price of energy goods, which fell from +51.3% to +1.1%.
Among the non-energy commodities used in the construction sector, there was a reduction in the price of reinforcing bars and, to a much lesser extent, the price of bitumen. According to ANCE data, in the records published in December 2023, the price of reinforcing bars decreased by -26.2% compared to the same period last year, stabilising at roughly EUR 600/tonne (basically halved when compared with the peaks of over EUR 1,200/tonne reached in 2022, but higher than the average value of around EUR 500/tonne in the pre-pandemic period). The price of bitumen stood at around EUR 550/tonne, down by -8.1% compared to the average of 2022, but up from EUR 400/tonne at the end of 2022 against the backdrop of substantial investments in road infrastructure worldwide.

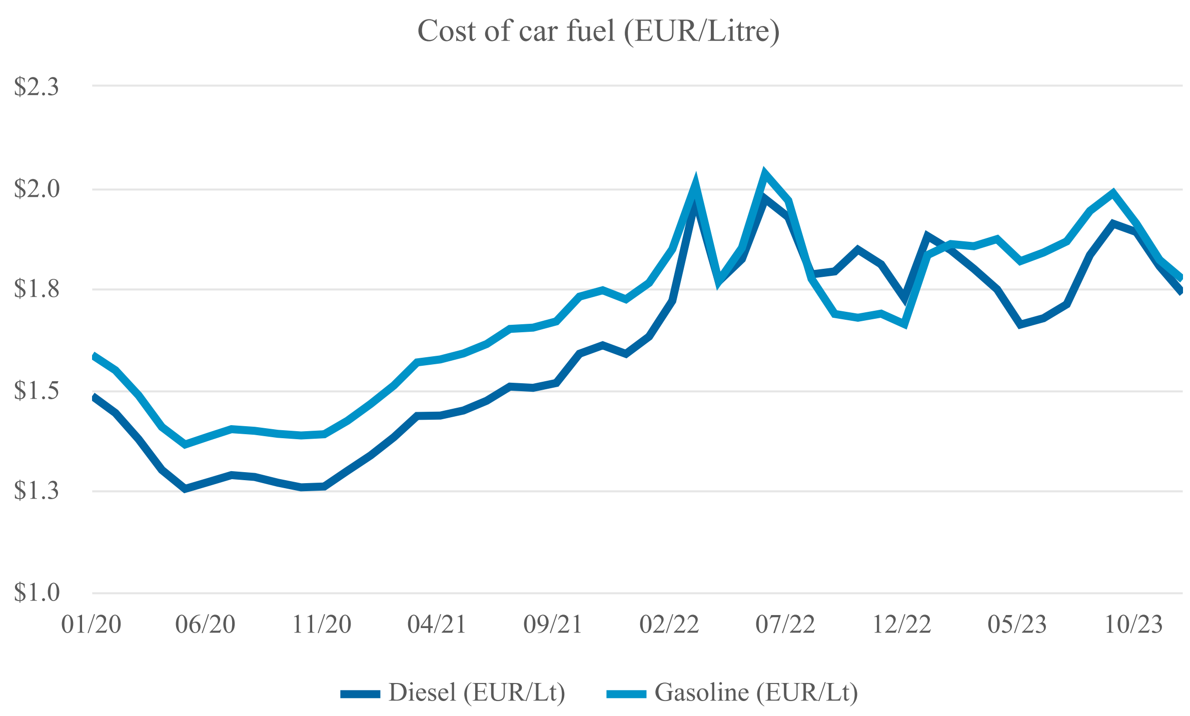
[8] Sources: Economic Bulletin 2, 3 and 4/2022, 1/2023, Istat, Ance, Factset, Ministry of Environment and Energy Security

Amongst the raw materials with the largest year-on-year decreases were natural gas and electricity, partly due to the particularly mild autumn temperatures, which reduced consumption. In detail, the reference natural gas price for European markets (Title Transfer Facility - TTF) temporarily rose to around EUR 50 per megawatt-hour in the wake of the October terrorist attacks in Israel and the simultaneous interruption of a gas pipeline in Finland, to then fall to around EUR 30 per megawatt-hour. As regards the Italian market specifically, the VTP index – the main reference in Italy for defining the wholesale gas price – showed a similar trend: the average gas price was around EUR 0.39 per cubic metre in December 2023, a significant reduction compared to December 2022 (EUR 1.25 per cubic metre).



Source: FactSet

The price of Brent oil, after peaking at $94/barrel in the first half of October following the outbreak of the conflict in the Middle East, subsequently fell to $77.7/barrel at the end of December 2023. On the other hand, the price of automotive diesel was around EUR 1.7 per litre in December 2023, essentially stable compared to the end of 2022.



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

In response to these increases, which had a major impact on construction costs, under the 2023 Budget Law, the Government renewed the counter-measures for Q1 2023 by providing contributions in the form of a tax credit in favour of companies for the purchase of electricity and natural gas, raising the percentages (equal to 45% of the expenses incurred for the energy component purchased and actually used in the first quarter of the year 2023). These contributions were subsequently further extended for the entire second quarter by Law No. 56 of 26 May 2023 converting, with amendments, Decree Law No. 34 of 30 March 2023 (so-called "Bills Decree").

With regard to the labour market, the latest available data on Q3 2023 show an increase in the number of employed persons (+481 thousand compared to Q3 2022) as well as hours worked (+1.8% compared to Q3 2022): the employment rate in September stood at 61.5%, while unemployment stood at 7.6%. On a yearly basis, labour costs showed an increase in average hourly wages of 3.1%, the result of an increase in both wages and social security contributions. The marked deceleration of inflation during 2023 reduced the distance between price trends (HICP) and contractual wages to about three percentage points, less than half of that observed in 2022.

The monthly index of hourly contractual wages in December 2023 increased by 7.9% compared to December 2022; in particular, the yearly increase reached 4.5% for industrial employees, 2.4% for private sector employees and 22.2% for public administration employees. The more modest wage trends observed in the industrial and services sector are associated with the limited extent of the increases set by the renewals signed between 2020 and 2021 (when expectations concerning inflation were still very low) and with the fact that more than half of employees are awaiting the renewal of the National Collective Bargaining Agreement. Overall, there were 29 collective agreements awaiting renewal at the end of December 2023, involving about 52.4% of employees. It is important to note that the labour factor remains an obstacle to growth for many companies, particularly affected by the lack of adequate skills as highlighted by the European Commission's latest survey on skills shortages.

Another factor to be considered which is holding back the Eurozone economy is the presence of a restrictive monetary policy, put into place by the European Central Bank to counter inflation rates that have never been so high since the Monetary Union was formed. At its meeting on 14 December, the ECB decided to keep the level of interest rates stable, so that they are within a range of 4.0% (deposit facility rate) to 4.75% (marginal lending facility rate), with a direct impact on borrowing costs for companies. The maintenance of this restrictive monetary policy is based on the presence of an inflation rate that is still deemed too high compared to the target, and the resulting willingness to keep interest rates high as long as necessary to bring inflation back to 2% in the mid-term.

With regard to the **National Recovery and Resilience Plan** (**NRRP**), it should be noted that with Executive Decree No. 144 of 31 March 2023, financial resources were divided and allocated, amounting to EUR 300 million, set out in the NRRP for investment in experimentation of hydrogen applications in the rail transport sector under the M2C2 measure on "*Renewable energy, hydrogen, network and sustainable mobility*". The aim of the investment is to start experimenting with the use of hydrogen on non-electrified railway lines, particularly where electrification of trains is not technically feasible or uncompetitive, with high passenger traffic and heavy use of diesel trains. The project includes the production of green hydrogen in the vicinity of refuelling stations by developing the entire hydrogen production, storage and utilisation system. Priority is given to locations within Hydrogen Valleys where refuelling stations for long-haul trucks will also be located, to increase the use and demand for hydrogen and to reduce its production costs. In particular, EUR 276 million is allocated for the construction of production, storage and refuelling plants for renewable hydrogen and EUR 24 million for the acquisition of hydrogen-powered trains. The Regione Lombardia is one of the beneficiaries of the allocated resources amounting to EUR 97.2 million, to be allocated to the project "H2iseO Hydrogen Valley" of the FNM Group on the Brescia-Iseo-Edolo line operated by FERROVIENORD (as described in more detail in section 6.1). With the allocation of resources, conditions are set for the construction of at least 10 renewable hydrogen refuelling plants on at least 6 railway lines by 30 June 2026, contributing to the decarbonisation of rail transport.

Furthermore, in March 2023, the Ministry of Infrastructure and Transport published the ranking of projects financed by the NRRP for the implementation of the new network of hydrogen refuelling stations for road transport, with the aim of developing at least 40 hydrogen refuelling stations (HRS) for light and heavy vehicles, in line with Directive 2014/94/EU. 36 projects were accepted, totalling just over EUR 103 million, including the project “SerraHydrogenValley”, which envisages the construction of 5 HRSs located along the motorway network managed by MISE (as better described in section 1.4). The new stations will be located along the main strategic routes for commercial transport and will be in operation by 2026. In particular, refuelling stations must meet the needs of heavy road transport such as the Brenner road axis, the east-west corridor from Turin to Trieste, and the corridors of the European TEN-T networks.

In May, the third half-yearly report on the NRRP was presented, which also included the chapter RePowerEU which, due to the energy supply difficulties experienced by the European Union following the outbreak of the conflict in Ukraine, introduces a new regulatory framework into the NRRP dedicated to new actions aimed at ending the European Union’s dependence on Russian fossil fuels. The initiative aims to promote coordinated actions to diversify supply sources, accelerate the spread of renewable energies and promote new energy-saving behaviour, supported by innovative technologies. In Italy, the proposals are aimed, in particular, at strengthening the infrastructure needed to meet gas supply needs, at promoting the decarbonisation of industry and at tackling energy poverty through special measures to support households and businesses.

Lastly, it should be noted that at the end of November 2023, the European Commission issued a positive opinion on the payment of the fourth instalment of EUR 16.5 billion, bringing the total amount of NRRP resources received by Italy to date to around EUR 102 billion. On 8 December, the EU Council definitively approved the proposal for a comprehensive NRRP revision submitted by the government last August.

7.2 OUTLOOK 2024[9]

The ECB experts' projections, released in December, indicate a slowdown of Eurozone GDP in 2024 to +0.6% (from +0.7% in 2023), which would be followed by an acceleration in 2024-25 (to +1.1% in each of the two years). Compared to the projections published in October, GDP growth has been revised downwards in 2024, in line with signs of more prolonged cyclical weakness, and upwards in 2025, mainly due to the assumptions inferred from the financial markets of slightly lower interest rates over the forecast horizon.

The scenario assumes that the economic repercussions of the uncertain geopolitical environment will remain limited and will not lead to particular tensions in the commodity and international financial markets, with energy prices gradually declining. The macroeconomic situation has been affected by the tightening of monetary and credit conditions for businesses and households resulting from the sharp rise in monetary policy interest rates.

The latest forecasts of the budget manoeuvre for 2024-26 on the Italian economy also confirm this positive trend, favoured by the boost to private investment provided by the NRRP and the return of inflation towards the ECB target.

9 ECB (December 2023) - Eurosystem staff macroeconomic projections for the euro area, Bank of Italy (January 2024) - Economic Bulletin 1/2024

7.3 EVOLUTION OF MOBILITY DEMAND

With regard more specifically to the transport sector, the positive travel recovery trend already recorded in 2022 continues. Indeed, according to the quarterly report published by the Observatory on Mobility Trends prepared by the MIT[10], the transport sector showed strong growth in demand for essentially all modes of transport in 2023. The only exception is passengers on local public transport, which continues to show a deficit compared to pre-pandemic levels.

A summary of the mobility demand trend during 2023 compared to the corresponding period in 2022 is provided below:

			Var. % I trim. 2023 – I trim. 2022	Var. % II trim. 2023 – II trim. 2022	Var. % III trim. 2023 – III trim. 2022	Var. % IV trim. 2023 – IV trim. 2022
TRASPORTO STRADALE	VEICOLI LEGGERI	ANAS	+4%	-1%	-	+1%
		AUTOSTRADE	+11%	+4%	+2%	+7%
	AUTOBUS	ANAS	+3%	+5%	+8%	+15%
	VEICOLI PESANTI	ANAS	-1%	-3%	+3%	+3%
		AUTOSTRADE	+2%	-	+1%	+2%
TRASPORTO FERROVIARIO	DOMANDA PASSEGGERI	AV	+70%	+23%	+10%	+5%
		IC/ICN	+39%	+24%	+12%	+13%
	OFFERTA SERVIZI	AV	+18%	+3%	+5%	+1%
		IC/ICN	+6%	+3%	-	-2%
TRASPORTO PUBBLICO LOCALE	DOMANDA PASSEGGERI	FERRO	+33%	+17%	+13%	+8%
	OFFERTA SERVIZI	FERRO	+1%	-	-	-

With regard to **road transport**, the traffic volumes of light vehicles on the ANAS network and on the motorway network under concession showed a positive trend when compared with 2022, which was still being influenced by the effects of the pandemic wave, especially in the first quarter of 2022, and the increase in fuel prices starting from the end of February 2022 as a result of geopolitical tensions. A comparison with the pre-pandemic period shows that traffic levels have basically caught back up to and in part surpassed the values recorded in 2019. On the other hand, growth was confirmed for the traffic volumes of heavy vehicles, respectively 1% higher on the ANAS network and 4% higher on the motorway network, now stably above 2019 levels.

[10] Quarterly report of the Observatory on Mobility Trends prepared by the Technical Mission Structure of the Ministry of Infrastructure and Transport (MIT), February 2024.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019	Var. % 2023 - 2019
TRASPORTO STRADALE	VEICOLI LEGGERI	ANAS	-22%	-10%	-6%	-5%
		AUTOSTRADE	-32%	-15%	-4%	+2%
	AUTOBUS	ANAS	-28%	-8%	-3%	+5%
	VEICOLI PESANTI	ANAS	-9%	0%	0%	+1%
		AUTOSTRADE	-14%	0%	+3%	+4%

Rail transport - High-Speed (HS), Intercity (IC) and Intercity Night (ICN) - against a decline in the supply of HS services of 4% compared to 2019 and a 2% increase in the offer of IC/ICN services (due to the regulated nature of the segment), showed a strong rebound in traffic, both of which were therefore higher than in 2019.

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019	Var. % 2023 - 2019
TRASPORTO FERROVIARIO	DOMANDA PASSEGGERI	AV	-70%	-62%	-16%	+2%
		IC/ICN	-58%	-43%	-10%	+10%
	OFFERTA SERVIZI	AV	-45%	-36%	-10%	-4%
		IC/ICN	-23%	-1%	0%	+2%

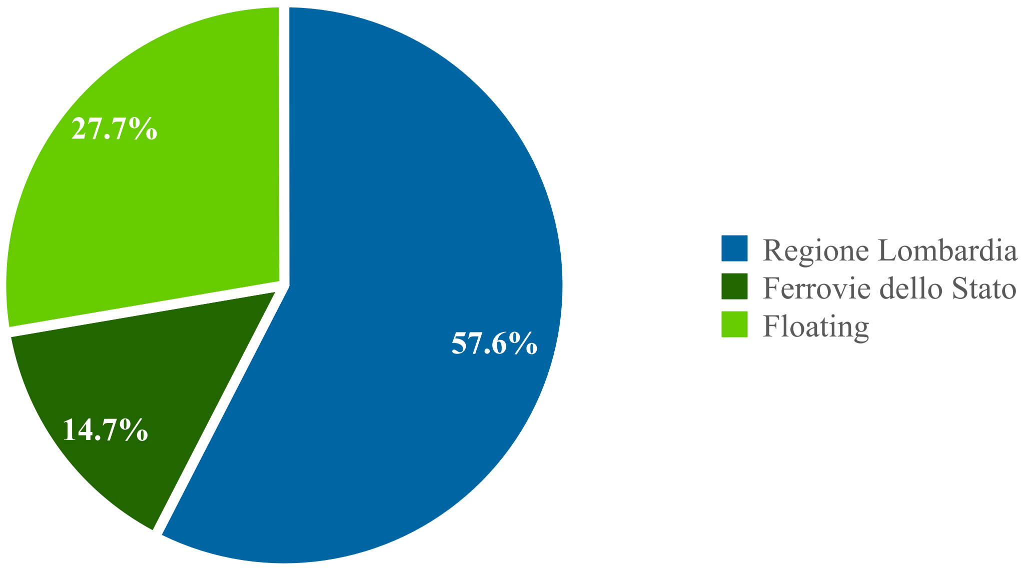
As concerns local public transport trends, in particular with regard to **regional rail transport**, the recovery in travel that was already evident in 2022-2021 continued in 2023, stabilising however at levels still 10-20% lower than in 2019. This trend is influenced by many factors, including the type of routes served and passengers, also in view of the changing economic environment and changes in traveller habits (e.g. the introduction and institutionalisation of smartworking policies).

			Var. % 2020 - 2019	Var. % 2021 - 2019	Var. % 2022 - 2019	Var. % 2023 - 2019
TRASPORTO PUBBLICO LOCALE	DOMANDA	FERRO *	-57%	-47%	-26%	-13%
		GOMMA **	-57%	-48%	-37%	-20%
	OFFERTA SERVIZI	FERRO *	-22%	-11%	-10%	-10%
		GOMMA **	-	-	-	-18%

7.4 SHAREHOLDINGS

As at 31 December 2023 the share capital amounted to EUR 230,000,000.00, corresponding to 434,902,568 ordinary shares with no par value.

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



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

7.5 FNM STOCK PERFORMANCE

The FNM share price at 31 December 2023 was EUR 0.45, which corresponds to a market capitalisation of EUR 196.6 million, marking an increase of +6.5% compared to the end of 2022. During the year, share prices were characterised by reduced volatility, fluctuating between a high of EUR 0.47 and a low of EUR 0.40. Average daily trading of the shares amounted to approximately 241.2 thousand shares traded daily. A total of 61.3 million shares, or approximately 14.1% of the share capital, were traded during 2023 (49.9 million shares, or approximately 11.5% of the share capital, in 2022).

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

Key share and stock market data for 2023	
Closing price on 29/12/2023	EUR 0.45
Number of ordinary shares (million)	434.9
Market capitalisation (EUR million)	EUR 196.60
Average price	EUR 0.44
Maximum price	EUR 0.47
Minimum price	EUR 0.40
Average volumes traded (thousand)	241.2
Maximum volumes traded (thousand)	5,278.3
Minimum volumes traded (thousand)	0.9

Source: FactSet Prices

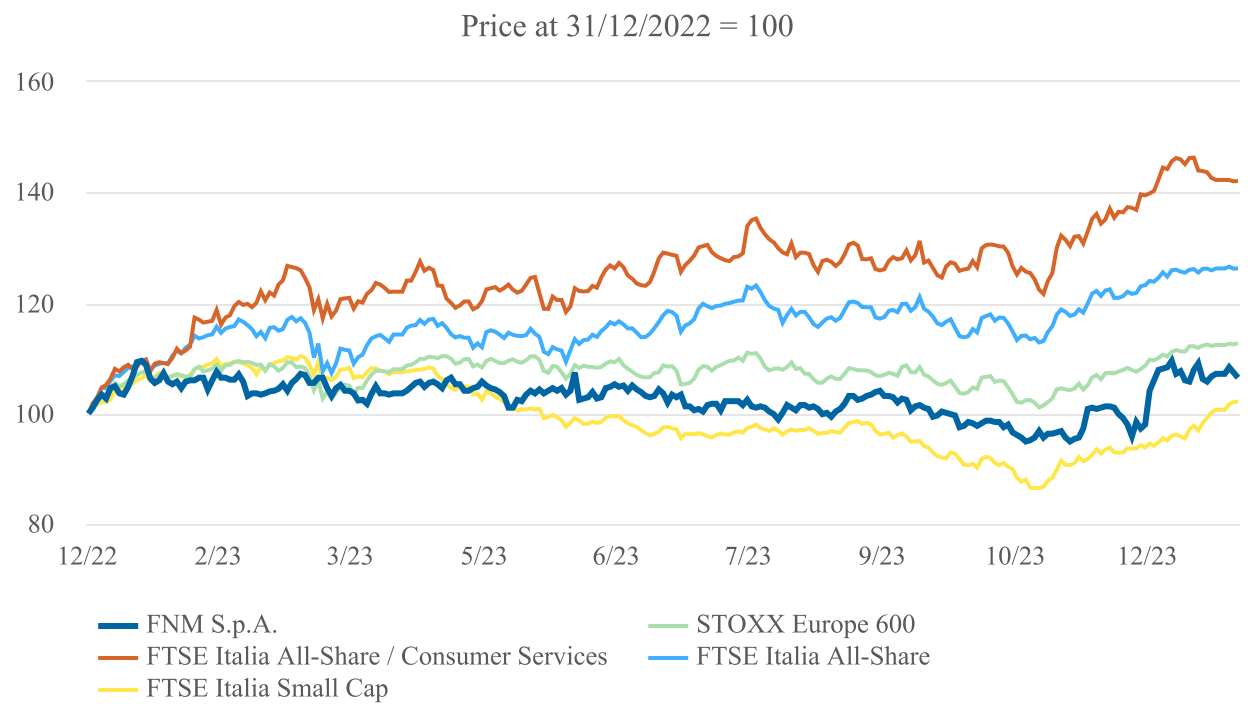
During 2023, conditions in the financial markets had initially tightened, also reflecting fears of international contagion linked to some regional bank failures in the US and the Credit Suisse crisis, to then normalize in the second quarter. The rise in share prices came to a halt in the second half of the year across all major advanced economies, due to higher interest rates and a deteriorating global growth outlook.

The yield on long-term Italian government bonds remained stably above 4.0% on average in the course of 2023, while the yield spread against German government bonds reached highs of 210 basis points, before narrowing to 120 basis points at the start of January 2024.

As regards the Italian financial market, in 2023 the FTSE Italia All Share rose by 26.3% since the start of the year, more than the other major Eurozone economies (Stoxx Europe 600 Index

+12.7%).Small caps suffered the most, with the FTSE Italia Small Cap showing growth of 2.1%. During the same period, the FNM share price increased by +6.5% from EUR 0.42 per share at 31 December 2022 to EUR 0.45 per share at 31 December 2023

The FNM stock performance compared to the main reference indexes in 2023 is shown below:



Source: FactSet Prices

7.6 RATING

The Company's creditworthiness has been evaluated as investment grade by two leading rating agencies, with Fitch assigning it a rating of BBB with stable outlook and Moody’s assigning it a rating of Baa3 with stable outlook, both unchanged compared to 2021.

Both ratings also apply to the EMTN Programme (Euro Medium Term Note Programme), the constitution of which was approved on 16 September 2021, and the EUR 650 million bond issue placed on 13 October 2021.

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

8 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

8.1 ECONOMIC DATA SUMMARY

TThe reclassified income statement for the year is shown below, compared with that of 2022. For the sake of a complete disclosure, in the following reclassified income statement the items “costs of construction services - IFRIC 12” and “revenues from construction services - IFRIC 12”, relating exclusively to the concessionaire companies FERROVIENORD and MISE in which, in application of IFRIC 12, the amounts of the funded investments made during the year and the corresponding contributions are recognised, are stated net in “Other revenues and income”. Comments on the gross values of investments are provided in section 8.3.

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

Amounts in millions of euros	**2023**	**2022**	**Change**	***Change %***
Revenues from sales and services	579.6	567.2	12.4	*2.2 %*
Other revenues and income	38.5	38.2	0.3	*0.8 %*
TOTAL REVENUES AND OTHER INCOME	***618.1***	***605.4***	***12.7***	***2.1 %***
Operating costs	(242.7)	(250.2)	7.5	*(3.0) %*
Personnel costs	(164.0)	(162.1)	(1.9)	*1.2 %*
ADJUSTED EBITDA	***211.4***	***193.1***	***18.3***	***9.5 %***
Non-ordinary Income and Expenses	(0.8)	—	(0.8)	*— %*
EBITDA	***210.6***	***193.1***	***17.5***	***9.1 %***
Depreciation, amortisation and write-downs	(105.9)	(92.0)	(13.9)	*15.1 %*
EBIT	***104.7***	***101.1***	***3.6***	***3.6 %***
Financial income	14.3	8.7	5.6	*64.4 %*
Financial expenses	*(19.9)*	*(12.8)*	*(7.1)*	*55.5 %*
NET FINANCIAL INCOME	*(5.6)*	*(4.1)*	*(1.5)*	*36.6 %*
EARNINGS BEFORE TAX	***99.1***	***97.0***	***2.1***	***2.2 %***
Income taxes	(23.5)	(28.2)	4.7	*(16.7) %*
ADJUSTED COMPREHENSIVE INCOME	**75.6**	**68.8**	**6.8**	***9.9 %***
Profit of companies measured with the Equity method	6.4	0.8	5.6	*N/A*
COMPREHENSIVE INCOME	**82.0**	**69.6**	**12.4**	***17.8 %***
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**1.1**	**1.1**	**—**	***— %***
COMPREHENSIVE GROUP INCOME	**80.9**	**68.5**	**12.4**	***18.1 %***

The **revenues from sales and services**, inclusive of public grants, recorded a net increase of EUR 12.4 million, i.e. approximately 2.2%, for the following main reasons:

- motorway toll revenues of EUR 271.0 million (EUR 255.0 million in 2022) increased by EUR 16.0 million, or 6.27%, compared to 2022, mainly in relation to the traffic trend (+6%) and the change in the conventional distance at the toll application points of the Tangenziale Nord (northern ring road), with effect from 1 March 2023, following the opening to traffic of the upgraded S.P. 46 Rho-Monza. The change in tolls is also affected by the breakdown of traffic between light and heavy vehicles;

- revenues related to design and project management for works on the railway network increased by EUR 5.4 million;
- revenues from public road transport ticketing increased by EUR 5.6 million, without considering the change deriving from the deconsolidation of the company La Linea and its subsidiary Martini Bus, equal to EUR -8.3 million, due to higher sales consistent with the growing trend in demand resulting from the recovery in the use of public transport by users;
- revenues from the leasing of rolling stock increased by EUR 8.7 million, primarily due to higher revenues on ROCK, POP, Caravaggio, Donizetti and Colleoni trains, for EUR 6.0 million, on TILO trains leased to Trenord, for EUR 1.5 million, and on TAF trains for EUR 1.1 million;
- income from service area concessions benefited not only from the positive traffic trend but also from the renewal of several contracts, with more favourable economic conditions, resulting in an increase of EUR 2.2 million, equal to a 28.9% increase compared to 2022;
- replacement services provided by FNMA increased by EUR 2.0 million during the period;
- revenues from sub-contracting activities decreased by EUR 3.9 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 10.7 million. The change is due to the decrease (from EUR 7.7 million in 2022 to EUR 0 million in 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 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 year 2022, grants received and income from the service agreement of La Linea and its subsidiary MartiniBus were recognised for EUR 1.4 million. This reduction is partially offset by higher subsidies of EUR 0.3 million recognised for the purchase of new buses.

Other revenues and income rose by EUR 0.3 million compared to 2022.

Total revenues and other income thus rose by 2.1% and can be broken down into the four business areas as follows:

Amounts in millions of euros	2023	2022	*Change*	*Chg %*
Rosco & Services	83.2	82.1	*1.1*	*1.3 %*
Railway infrastructure	157.0	144.4	*12.6*	*8.7 %*
Road passenger mobility	107.5	133.5	*(26.0)*	*-19.5 %*
Motorways	297.2	280.7	*16.5*	*5.9 %*
Intercompany eliminations	(26.8)	(35.3)	*8.5*	*-24.1 %*
Total	**618.1**	**605.4**	**12.7**	***2.1 %***

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 year 2022, and the first 15 days of 2023 of La Linea and Martini Bus, revenues would amount to EUR 617.6 million and EUR 588.1 million respectively, marking an increase of 5.0%.

Operating costs recorded a net decrease of EUR 7.5 million (3.0%) for the following main reasons:

- decrease of EUR 15.3 million in motorway infrastructure maintenance costs, as a result of lower provisions recognised and higher utilisations of the renewal provision;
- decrease in write-downs of financial assets for EUR 0.9 million;
- a net decrease of EUR 0.3 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 5.9 million);
- 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 6.0 million;
- increase of EUR 1.3 million in motorway traffic-related costs (collection costs and concession fee);
- increase in railway infrastructure maintenance costs of EUR 1.2 million.

Personnel costs rose from EUR 162.1 million to EUR 164.0 million and are substantially in line with the year 2022. The trend is mainly due to the combined effect of *(i)* of the increase in labour costs, caused both by the application of the renewal of the National Collective Bargaining Agreement and the different workforce composition, *(ii)* the release of a portion of the provision for risks relating to the renewal of the National Collective Bargaining Agreement for Railway/Tram sector workers, amounting to EUR 2.8 million, *(iii)* the one-off recognition in the year 2022 and not in 2023 of social security contributions for sickness costs under the National Collective Bargaining Agreement for Railway/Tram sector workers, amounting to EUR 2.6 million, and *(iv)* the removal from the scope of consolidation of the investee La Linea and its subsidiary Martini Bus, amounting to EUR 8.4 million.

Adjusted EBITDA (excluding non-ordinary items), amounting to EUR 211.4 million, increased by 9.5% as shown below in the four business segments:

Amounts in millions of euros	**2023**	**2022**	***Change***	***Chg %***
Rosco & Services	42.7	45.5	*(2.8)*	*-6.2 %*
Railway infrastructure	6.3	7.7	*(1.4)*	*-18.2 %*
Road passenger mobility	8.8	11.9	*(3.1)*	*-26.1 %*
Motorways	153.6	128.0	*25.6*	*20.0 %*
Total adjusted EBITDA	**211.4**	**193.1**	***18.3***	***9.5 %***

Excluding the values of La Linea and Martini Bus and the share of the annual contribution for the development of car sharing for the year 2022 and for the first 15 days of 2023 of La Linea and Martini Bus, Adjusted EBITDA was EUR 211.1 million in 2023 and EUR 188.5 million in 2022, an increase of 12.0%.

Extraordinary income and expenses for the year, which were not present in the comparative year 2022, amounted to EUR 0.8 million and were attributable to extraordinary expenses arising from development projects in connection with the acquisition of Viridis Energia S.p.A.

The item **depreciation, amortisation and write-downs** shows a net increase of EUR 13.9 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 EBIT amounted to EUR 104.7 million, compared with EUR 101.1 million in 2022, a net increase of EUR 3.6 million compared to the previous year.

The **comprehensive profit/loss from financial operations** in 2023 was EUR -5.6 million compared to EUR -4.1 million in 2022, in relation to higher financial expenses due to the increase in interest rates and the discount rate, partially offset by income from the rescheduling of the loan granted to APL by MISE and income from the higher rate of return on liquidity.

Earnings before taxes, that do not include the result of the companies accounted for using the equity method, amounted to EUR 99.1 million, an increase compared to EUR 97.0 million in 2022.

Income taxes, amounting to EUR 23.5 million, decreased by EUR 4.7 million compared to 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 and the refund of the tax wedge not deducted in previous years, amounting to EUR 1.8 million.

The **profit/(loss) of companies valued by the equity method** recorded a profit of EUR 6.4 million, compared with a profit of EUR 0.8 million in 2022, mainly due to the trend in the result of the investees Trenord and APL. This item is broken down as follows:

Amounts in thousands of euros	**2023**	**2022**	***Change***
Trenord S.r.l. *	8,335	(3,553)	*11,888*
Autostrada Pedemontana Lombarda	(2,895)	(402)	*(2,493)*
Tangenziali Esterne di Milano S.p.A.	(2,127)	(1,383)	*(744)*
NORD ENERGIA S.p.A. in liquidation	563	1,705	*(1,142)*
DB Cargo Italia S.r.l.	1,360	2,774	*(1,414)*
Omnibus Partecipazioni S.r.l. ***	1,332	1,711	*(379)*
NordCom S.p.A.	580	231	*349*
Busforfun.Com S.r.l.	(447)	(4)	*(443)*
SportIT	(343)	(262)	*(81)*
Result of companies valued at equity	**6,358**	**817**	***5,541***

* includes the result of TILO SA

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

For more information on the results of the investees Trenord and APL, please refer to what is set forth in section 9.5 “Main Investees”, in the chapters dedicated to Trenord and APL.

In the FY 2023, as in the comparative year 2022, there were no profits from discontinued operations.

The consolidated **comprehensive Net Result** of the year 2023 is a profit of EUR 82 million, versus a profit of EUR 69.6 million in 2022, due to the effects described above, essentially deriving from the continued resumption of mobility.

8.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 31 December 2023, compared with that as at 31 December 2022.

Please note that, in order to improve the representation of balance sheet trends, as of the first quarter of 2022 the net financial position for funded investments includes only the funded investment items (cash and financial payables) relating to the “Rolling Stock Purchase Programme for the regional rail service for the years 2017 - 2032 and integration of supplies of the rolling stock purchase programme as per Regional Government Decree No. X/4177 of 16/10/2015” (hereinafter the “2017 - 2032 Rolling Stock Programme”), illustrated in detail in section 6.2. 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 millions of euros	31/12/2023	31/12/2022	Change
Inventories	13.4	12.1	1.3
Trade receivables	171.0	153.0	18.0
Other current receivables	95.9	85.8	10.1
Current financial assets	3.3	8.9	(5.6)
Receivables for funded investments	49.2	47.6	1.6
Current contractual assets	10.2	-	10.2
Trade payables	(220.2)	(166.6)	(53.6)
Other current payables and current provisions	(152.1)	(147.4)	(4.7)
Operating Net Working Capital	***(29.3)***	***(6.6)***	***(22.7)***
Other receivables - Rolling Stock 2017 - 2032	41.2	64.0	*(22.8)*
Receivables for funded investments - Rolling stock 2017 - 2032	161.6	201.7	*(40.1)*
Trade Payables - Rolling Stock 2017 - 2032	(293.5)	(304.1)	*10.6*
Net Working Capital Funded Investments	***(90.7)***	***(38.4)***	***(52.3)***
Net Working Capital Total	***(120.0)***	***(45.0)***	***(75.0)***
Fixed assets	808.5	840.8	(32.3)
Equity investments	173.7	171.8	1.9
Assets and liabilities held for sale	-	14.9	(14.9)
Non-current receivables	189.3	175.1	14.2
Non-current payables	(36.7)	(31.1)	(5.6)
Provisions	(88.8)	(95.0)	6.2
NET INVESTED CAPITAL	***926.0***	***1,031.5***	***(105.5)***
Equity	*376.2*	*306.9*	*69.3*
Adjusted Net Financial Position (Debt / -Cash)	**642.8**	**766.9**	**(124.1)**
Net Financial Position for funded investments (cash)	(93.0)	(42.3)	(50.7)
Total net financial position (Debt / -Cash)	*549.8*	*724.6*	*(174.8)*
TOTAL SOURCES	***926.0***	***1,031.5***	***(105.5)***

Net operating working capital, net of changes for funded investments, increased by EUR 22.7 million as a result of the following changes:

- **trade receivables** increased by EUR 18.0 million, mainly as a result of the increase in gross receivables from related parties, equal to EUR 16.2 million, due to an increase in invoiced services, and receivables from the Customer of the Veneto LPT Service Contract due to different collection times; these effects are partially offset by the slight reduction in interconnection relationships with motorway companies, for EUR 1.1 million;
- the **other current receivables** increased by EUR 10.1 million due to the increase in advances paid against the start-up of new orders for extraordinary maintenance of the railway infrastructure;
- **trade payables** increased by EUR 53.6 million in relation to the increase in payables for railway infrastructure modernisation investments and for operating and maintenance activities on the motorway infrastructure and the increase in investments in modernising the motorway infrastructure, partially offset by the payment of investments in cyclical maintenance carried out in previous years and in TILO rolling stock.

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

- **other receivables – Rolling Stock 2017 - 2032**, amounting to EUR 41.2 million, decreased by EUR 22.8 million in connection with uses during the year due to the progress made on orders;
- **receivables for funded investments – Rolling Stock 2017 - 2032** decreased by EUR 40.1 million due to the collection of grants for the period amounting to EUR 326.1 million; higher than the recognition of the portion of accrued revenues corresponding to the funded investments made, measured according to the percentage of completion, amounting to EUR 287.3 million;
- **trade payables - Rolling Stock 2017 - 2032** decreased due to lower cumulative progress made on orders at the date of year-end close; payments made during the year amounted to EUR 275.0 million (EUR 341.4 million in 2022). These investments were paid with the available funds allocated by the Regione Lombardia, excluded from the Adjusted NFP.

The item **fixed assets** comprises mainly tangible assets of EUR 484.5 million, of which EUR 343.9 million pertain to rolling stock, intangible assets for EUR 307.7 million, of which EUR 297.5 million relating to the motorway infrastructure freely revertible to the awarding body (MIMS) and EUR 16.3 million for rights of use.

The value of **equity investments** increased by EUR 1.9 million due to the positive result for the year contributed by the companies carried at equity (EUR 6.4 million) and investments made (EUR 1.3 million). These effects are partially offset by dividends distributed by the investees Nord Energia in liquidazione, DB Cargo and Omnibus, amounting to EUR 4.6 million, as well as other changes in the statement of comprehensive income, amounting to EUR 1.2 million.

Non-current receivables include contractual assets deriving from investments made in the motorway network up to 31 December 2023 for EUR 77.9 million, but not yet recognised; loans to investees for EUR 66.2 million, up by EUR 9.9 million, and deferred tax assets of EUR 36.6 million.

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

Below is the breakdown of the Group's Net Financial Position as at 31 December 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 also calculated, which excludes the effects deriving from adoption of IFRIC 12, for investments in **Rolling Stock 2017-2032** of the subsidiary FERROVIENORD:

Amounts in millions of euros	31/12/2023	31/12/2022	Change
Liquidity	(302.3)	(194.6)	(107.7)
Current financial debt	178.0	140.6	37.4
Current Net Financial Position (Debt / -Cash)	***(124.3)***	***(54.0)***	***(70.3)***
Non-current financial debt	767.1	820.9	(53.8)
Adjusted Net Financial Position (Debt / -Cash)	***642.8***	***766.9***	***(124.1)***
Net Financial Position for funded investments (Debt / -Cash)	(93.0)	(42.3)	(50.7)
Net Financial Position (Debt / -Cash)	***549.8***	***724.6***	***(174.8)***

As at 31 December 2023, the total Net Financial Position was EUR 549.8 million, compared to a balance of EUR 724.6 million as at 31 December 2022.

Isolating the amount relating to funded investments (EUR 93.0 million), the Adjusted Net Financial Position was EUR 642.8 million, compared to a balance of EUR 766.9 million at 31 December 2022.

Please also note that as at 31 December 2023 the Group has liquidity headroom of roughly EUR 120 million in uncommitted lines.

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

Amounts in millions of euros	31/12/2023	31/12/2022
EBITDA	211.4	193.1
Net Working Capital	6.4	(25.5)
Tax paid	(30.9)	(18.1)
Financial expenses/income	(9.3)	(8.7)
Free cash flow from operations	***177.6***	***140.8***
Gross investments paid with own funds	(47.3)	(85.7)
Motorway infrastructure investments paid with own funds	(23.9)	(58.9)
Change in NWC - investments with own funds	(30.0)	3.4
Funded investments - railway infrastructure	(195.3)	(63.1)
Change in NWC - funded investments in railway infrastructure	48.2	(10.9)
Public grants collected – Own funds	4.6	-
Collection of railway infrastructure investment funding	221.3	58.8
Collection of motorway infrastructure investment funding	8.9	13.3
Cash flow generation	***164.1***	***(2.3)***
Dividends – cash-in	4.6	0.9
Time Deposit collections	6.8	-
Equity investment purchase	(1.3)	(30.3)
Loan disbursement to investees	(3.0)	(1.0)
Loan repayment by investees	6.9	-
Divestments	6.1	7.7
Free cash flow	**184.2**	**(25.0)**
Dividends – cash-out	(10.0)	-
Cash flow	**174.2**	**(25.0)**
Adjusted NFP (Debt/-Cash) INITIAL 01.01	**766.9**	**755.6**
Cash flow generation	(174.2)	25.0
Other changes in financial payables	47.3	(17.3)
IFRS 16 Effect	2.8	3.6
Total change in NFP	***(124.1)***	***11.3***
Adjusted NFP (Debt/-Cash) FINAL 31.12	**642.8**	**766.9**

Cash flow generation in the year was positive for EUR 164.1 million and derives from operations, partially offset by investments paid.

The **operating cash flow** deriving from income management was a positive EUR 177.6 million, due to EBITDA of EUR 211.4 million, in part negatively affected by the payment of taxes and financial interest.

During the year, net investments paid, both with own funds and on funded railway infrastructure, totalled roughly EUR 13.6 million (compared to EUR 143.1 million paid in 2022).

The **cash flow** for the year, positive by EUR 174.2 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. The amount also includes the adjustment relating to the sale of the majority shareholding in DB Cargo, amounting to EUR 0.6 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".

Existing loans at the date of approval of the financial statements:

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

On 21 December 2017, in order to guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel, the FNM Board of Directors approved a loan to be taken out from the EIB. On the signing of the agreement, the EIB undertook to grant FNM financial resources for a maximum amount of EUR 50 million, and in any event not exceeding 50% of the cost of acquiring the rolling stock. The funding was fully utilised in the course of 2020. In particular, on 20 March 2020, the first tranche of EUR 10 million was used, and on 12 October 2020 the second tranche of EUR 40 million.

The first tranche of the loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021.

The second tranche of the loan has a fixed rate of 0.446%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 12 October 2021.

The following covenants are calculated on the Group's consolidated financial statements (yearly and half-yearly), amended as of the monitoring date of 31 December 2021 to take into account the MISE acquisition transaction:

- NFP/Shareholders' Equity ≤ 4.5 at the calculation dates of 31 December 2021 and 30 June 2022, ≤ 3.5 at the calculation dates of 31 December 2022 and 30 June 2023, ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

At the closing date of 31 December 2023 all financial covenants had been complied with.

- **MISE Funding**

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

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

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

The financial covenants are as follows:

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

As at 31 December 2023, the remaining amount to be repaid is EUR 15 million.

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

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

The financial covenants are as follows:

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

As at 31 December 2023, the remaining amount to be repaid is EUR 25 million.

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

As at 31 December 2023, the remaining amount to be repaid is EUR 4 million.

4) Loan from a pool of financial institutions (Intesa Sanpaolo, UBI Banca, Banco BPM, Unicredit and BNL) taken out on 18 December 2019 for a total of EUR 150 million with a duration of 7 years.

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

The financial covenants are as follows:

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

As at 31 December 2023, the remaining amount to be repaid is EUR 75 million.

The loans referred to in points 1 to 4 above have complied with all the covenants as at the calculation date of 31 December 2023.

5) On 2 December 2022, a bilateral loan was taken out from Intesa Sanpaolo in the amount of EUR 4.7 million, aimed at supporting the project to build 5 hydrogen fuelling stations on motorway sections under concession.
The underwriting of the new funding became necessary because in order for the underlying project to access the grant from the European Commission, it must be co-financed by a loan from a Financial Intermediary for at least 10% of the total amount of the initiative.
The loan agreement entered into provides for a six-monthly straight-line principal amortisation period starting on 30 June 2024 and ending on 31 December 2026, the final repayment date of the loan. The loan was fully drawn down on 20 November 2023 and its interest rate is equal to the 6-month Euribor (without floor) plus a margin of 2.35%. It has no financial covenants.
As at 31 December 2023, the remaining amount to be repaid is EUR 4.7 million.

- **Bond Loan**

On 13 October 2021, FNM successfully completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of 5 years. The bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the “EMTN Programme”) of up to EUR 1 billion, the establishment of which was approved by FNM’s Board of Directors on 16 September 2021. The Bond was offered for subscription to Italian and foreign institutional investors in accordance with current regulations (except for limitations relating to certain countries, including the United States of America) and is listed on the regulated market of the Irish Stock Exchange – Euronext Dublin. The settlement of the issue took place on 20 October 2021. The securities were placed at an issue price of 99.824% and have a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points with respect to the mid-swap reference rate. The securities representing the bond have been assigned a Baa3 rating by Moody’s and a BBB- rating by Fitch, which was upgraded to BBB at the end of 2021, in line with those of the issuer.
The proceeds of the bond loan were used for the early repayment of the outstanding debt assumed in connection with the acquisition of MISE, maturing in early 2022, and to maintain adequate levels of liquidity to meet operating and investment needs.
The second coupon of EUR 4.875 million was settled on 20 October 2023.

8.3 INVESTMENTS

Investments in the year amounted to a total of EUR 554.7 million, compared to the EUR 634.0 million of the previous year.

In particular, **investments made with own funds** by the FNM Group gross of collections of the consideration for construction services attributable to the year globally amount to EUR 72.1 million compared to EUR 145.5 million in the previous year, and are itemised as follows:

- investments related to the **Ro.S.Co.& Services** segment, for EUR 18.3 million (EUR 51.9 million in 2022), of which in rolling stock leased to Trenord and DB Cargo for EUR 14.0 million, which mainly refers to the revamping of TAF rolling stock (EUR 11.4 million);
- investments classified in the **Rail Infrastructure** segment amounting to EUR 5.7 million (EUR 8.0 million in 2022), relating to the car park at the Affori station and investments in the expansion of the Sacconago Terminal;
- investments in the **Road Passenger Mobility** segment of EUR 21.6 million (EUR 26.7 million in 2022), mainly attributable to the purchase of 68 buses, of which 11 electric buses;
- investments in the **Motorway** segment amounting to EUR 26.5 million (EUR 58.9 million in 2022) mainly related to the upgrading of S.P. 46 Rho-Monza, extraordinary maintenance on the Po bridge viaduct and the start of work on upgrading the safety barriers and lighting on the A51. Other investments amounted to EUR 2.6 million.

The **investments financed**, without considering collections of contributions managed by the FNM Group in 2023 on behalf of the Regione Lombardia, in accordance with the Programme Agreement and the Service Contract include:

- **Investments in Railway Infrastructure** of EUR 134.7 million (EUR 63.1 million in 2022) relating to the modernisation of railway infrastructure;
- **Investments in airport rolling stock** of EUR 60.6 million (not present in 2022);
- **Investments for the renewal of 2017-2032 rolling stock** of EUR 287.3 million (EUR 425.4 million in 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:
  - 24 “Caravaggio” type (EMU) high-capacity trains;
  - 7 “Donizetti” type (EMU) medium-capacity trains;
  - 20 “Colleoni” type diesel trains;
  - 7 Marshall Plan “Donizetti” type (EMU) medium-capacity trains.

9 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

	2023						2022					
Amounts in millions of euros	**Ro.S.Co. & Services**	**Railway infrastructure**	**Road passenger mobility**	**Motorways**	**Elisions**	**Total**	**Ro.S.Co. & Services**	**Railway infrastructure**	**Road passenger mobility**	**Motorways**	**Elisions**	**Total**
Revenues from third parties	66.7	143.2	106.6	294.8		611.3	68.1	129.5	121.6	278.3		597.5
Intercompany revenues	16.5	7.0	0.9	2.4	(26.8)	0.0	14.0	7.0	11.9	2.4	(35.3)	0.0
Revenues from construction services net of funded investment costs	0.0	6.8	0.0	0.0		6.8	0.0	7.9	0.0			7.9
Segment revenues	**83.2**	**157.0**	**107.5**	**297.2**	**(26.8)**	**618.1**	**83.1**	**144.4**	**133.5**	**280.7**	**(35.3)**	**605.4**
Adjusted EBITDA	**42.7**	**6.3**	**8.8**	**153.6**		**211.4**	**45.5**	**7.7**	**11.9**	**128.0**		**193.1**
Adjusted EBITDA %	***20 %***	***3 %***	***4 %***	***73 %***			***24 %***	***4 %***	***6 %***	***66 %***		
EBITDA	**41.9**	**6.3**	**8.8**	**153.6**		**210.6**	**45.5**	**7.7**	**11.9**	**128.0**		**193.1**
EBITDA %	***20 %***	***3 %***	***4 %***	***73 %***			***24 %***	***4 %***	***6 %***	***66 %***		
EBIT	**10.2**	**3.7**	**(0.9)**	**91.7**		**104.7**	**13.3**	**5.5**	**(1.3)**	**83.6**		**101.1**

9.1 RO.S.CO & SERVICES

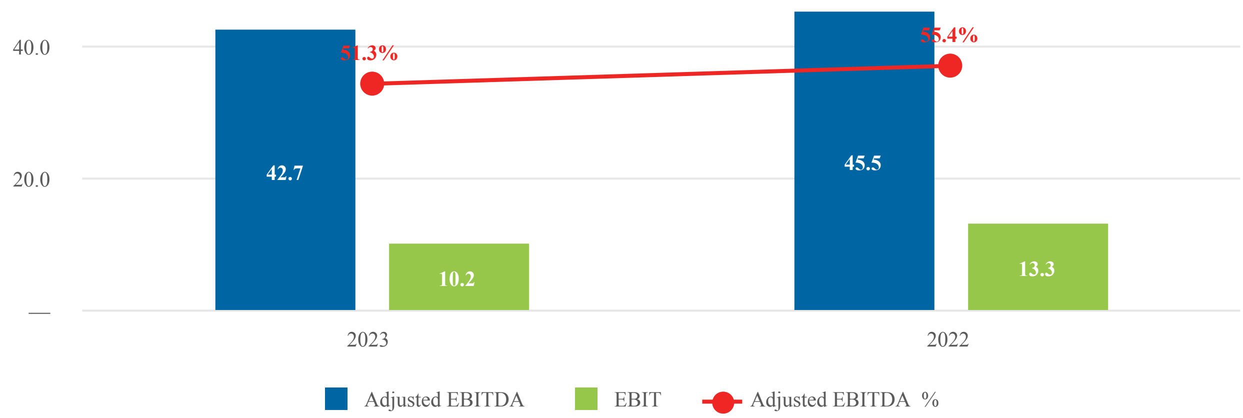
Operating data

No new trains were put into service during 2023. At 31 December 2023, the FNM-owned fleet is therefore made up of 98 trainsets divided between 71 trains and 27 owned locomotives, in addition to 4 locomotives sub-leased from Railpool, leased to the investees operating in the LPT and freight transport sector (Trenord and DB Cargo Italia) as shown below:

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

Economic performance

Amounts in millions of euros	*2023*	*2022*	*Chg*	*Chg %*
Leasing rolling stock	55.2	52.5	*2.7*	*5.1%*
Other revenues	28.0	29.6	*1.6)*	*-5.4%*
Total revenues	**83.2**	**82.1**	***1.1***	***1.3%***
Adj. EBITDA	**42.7**	**45.5**	***(2.8)***	***-6.2%***
Adj. EBITDA %	**51.3%**	**55.4%**		
EBIT	**10.2**	**13.3**	***(3.1)***	***-23.3%***



Revenues for this segment amounted to EUR 83.2 million, up EUR 1.1 million compared to EUR 82.1 million in 2022. The main revenue item is represented by **lease payments for rolling stock**, primarily to Trenord, amounting to EUR 55.2 million, up EUR 2.7 million compared to 2022, thanks 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 agreements with investee companies) and management of owned properties, amounted to EUR 28.0 million, down by EUR 1.6 million compared to 2022. The change is mainly attributable to the elimination of contributions received in connection with the purchase of TAF trains, which are spread out on a straight-line basis over the useful life of the trains, the lack of contributions for the renewal of the National Collective Bargaining Agreement, as well as lower rents and cost recovery for real estate management.

Adjusted EBITDA was EUR 42.7 million, down by EUR 2.8 million compared to the previous year. The evolution compared to the revenue trend is attributable to higher personnel costs of EUR 1.5 million connected to the increase in the average workforce (+11 FTE) and the renewal of the National Collective Bargaining Agreement for Railway/Tram sector workers, and higher operating costs of EUR 1.8 million (mainly IT expenses and provisions for bad debts). Adjusted EBITDA was also affected by FNMPAY start-up costs, up by EUR 0.5 million compared to 2022, impacted

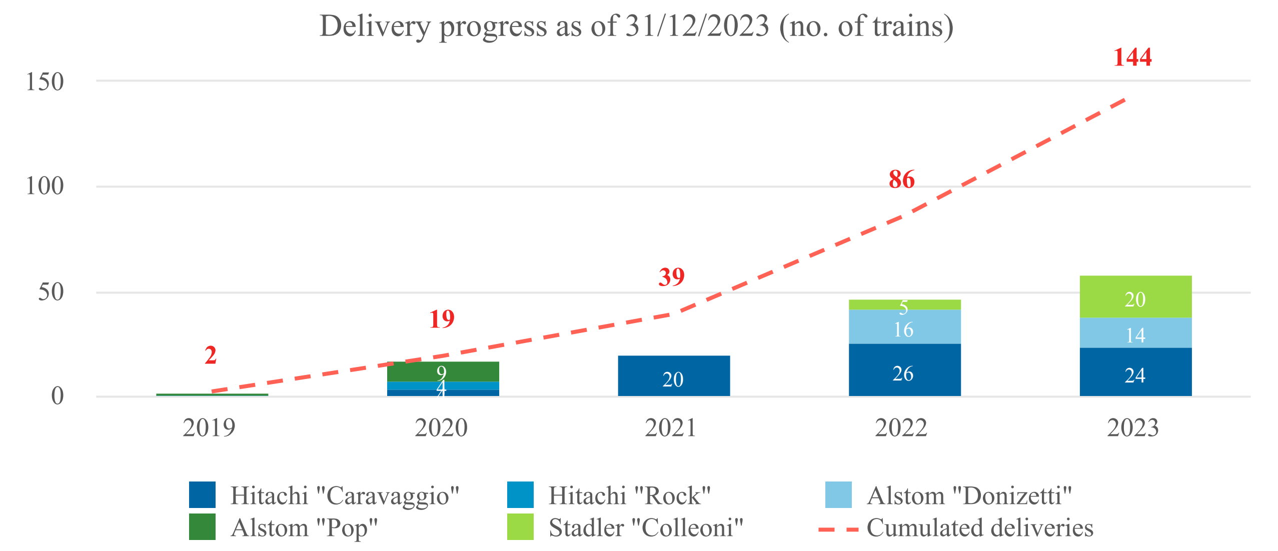
by the financial intermediation costs (acquiring and Custodian Bank services) activated and accounted for as functional to the start-up of the pilot project that began as of March 2023.
With regard to the development of FNMPAY, compared to the initial plan, according to which services would begin being provided in the second half of 2022, there was a postponement to 2024, due to the longer timeframes identified in activities for preparing agreements with partners and the regulatory obligations established by the Bank of Italy. In this regard, the service launch took the form of the roll-out of 224 Trenord automatic cashiers out of a total of 237 cashiers, with plans to complete the roll-out by January 2024. In the second half of 2023, discussions were strengthened with captive merchants in order to draw up a roll-out plan that should be completed by the end of 2024. With the progressive roll-out, the first transacted volumes were recorded, which at the end of December amounted to approximately EUR 980 thousand, with over 110 thousand transactions.

9.2 RAILWAY INFRASTRUCTURE

Operational data:

Mobility indicators		*2023*	*2022*	*Chg %*	*2019*	*Chg %*
Production capacity	**million train-km**	**10.0**	**9.5**	**5.3%**	**10.0**	**— %**
Use of the network						
- Number of trains	Trains/day	800.0	780.0	2.6%	813.0	-1.6%
- Number of passengers	Pax/day	230,000	230,000	— %	280,000	-17.9%

In 2023, the train paths travelled amounted to 10.0 million train-km (of which 9.0 million train-km on the Milan Branch and 1.0 million train-km on the Iseo Branch), marking an increase of 5.3% compared to 2022, due to a service level recovering from the consequences of COVID-19 (reinstatement of airport service at Terminal 2 and reinstatement of previously cancelled routes), the reduction in operating trains cancelled compared to the previous year (around 200 thousand fewer train-km), the restoration of the Cedegolo-Edolo section following the flooding of the Re stream and the interruption of train services on the Marone-Pisogne section following a vehicle crash on the railway bed). FERROVIENORD network was travelled on in 2023 mainly for LPT services; freight traffic, which was marginal in extent, amounted to 4.1 thousand train-km.
The implementation status of the rolling stock renewal programme for regional rail services for the years 2017-2032 as at 31 December 2023 is shown below:

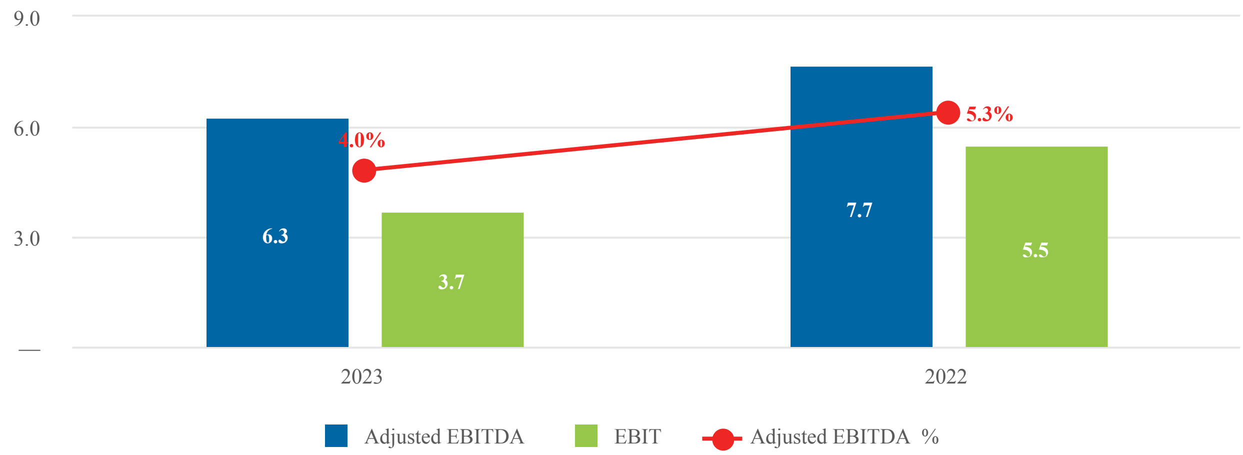


The COVID-19 emergency led to a delay in deliveries and in obtaining authorisation for the trains to enter the market. As far as Hitachi supplies are concerned, at 31 December 2023, the 50 Caravaggio trains covered by the first/second Executive Contract have been delivered, in addition to 24 Caravaggio trains set forth in the third Executive Contract, with the completion of deliveries scheduled by the end of March 2025. With regard to Alstom, 30 Donizetti trains relating to the first Executive Contract were delivered at 31 December 2023. Alstom proposed an updated and accelerated trainset supply plan in order to make up for the delay and complete deliveries in April 2024, ahead of the original contractual schedule. On the other hand, there were 25 Colleoni trains delivered by Stadler relating to the first Executive Contract.

With regard to the supply of the 26 airport trains, on 7 July 2023 the fourth Executive Contract was signed with Hitachi for 10 Caravaggio trains to be used at Malpensa airport and 8 Caravaggio trains to be used at Bergamo airport, with deliveries scheduled starting from April and September 2025, respectively. On 14 July 2023, on the other hand, the amendment to the third Executive Contract with Hitachi was signed for the supply of 8 Caravaggio trains to be used at Bergamo airport, with deliveries scheduled starting from December 2024.

Economic performance

Amounts in EUR millions	*2023*	*2022*	*Chg*	*Chg %*
Public contracts and grants	114.8	111.2	*3.6*	*3.2%*
Leasing rolling stock	21.4	15.4	*6.0*	*39.0%*
Other revenues	20.8	17.8	*3.0*	*16.9%*
Total revenues	**157.0**	**144.4**	***12.6***	***8.7%***
Adj. EBITDA	**6.3**	**7.7**	***(1.4)***	***-18.2%***
Adj. EBITDA %	**4.0%**	**5.3%**		
EBIT	**3.7**	**5.5**	***(1.8)***	***-32.7%***



Segment **revenues** amounted to EUR 156.9 million, up EUR 12.5 million compared to 2022. Without considering items with a neutral impact on EBITDA (lease of rolling stock and car sharing contribution in 2022) described in detail below, segment revenue would have amounted to EUR 135.5 million, up EUR 8.3 million compared to 2022.

In particular, **revenues relating to public contracts and grants** (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 Regione Lombardia, and the network access fee received directly from the railway companies) amounted to EUR 114.8 million, marking an increase of EUR 3.6 million compared to 2022. This trend was caused primarily by 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), as well as network access revenue growth due to the increase in km production of the Milan Branch and the adjustment of toll rates. The higher revenue is 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 year, 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 1.8 million in 2022), the latter 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 Regione Lombardia to Trenord and managed by FERROVIENORD) amounted to EUR 21.4 million, up by EUR 6.0 million as a result of the expansion of the Regione Lombardia 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** amounted to EUR 20.7 million, an increase of EUR 2.9 million due to the combined effect of higher grants received as compensation for higher costs incurred for railway infrastructure maintenance and the "*energy tax credit*", capitalised internal work and intra-group cost recoveries, which offset lower revenues from the sale of inventory materials and lower real estate income due to the termination of the contract with Nord Energia.

Adjusted EBITDA for the segment was EUR 6.3 million, down EUR 1.4 million compared to 2022. The change with respect to the revenue trend (without taking into account the effect of items with a neutral impact on EBITDA, commented on above) is mainly caused by the increase in **operating costs** of EUR 3.9 million linked to (*i*) higher net provisions for future charges; (*ii*) higher costs for ordinary infrastructure maintenance activities (incurred on both the Milan branch and the Iseo branch, also in order to address damages resulting from the derailment that occurred at the end of 2022), the overhaul of operating machinery and work on signalling systems; (*iii*) higher expenses for utilities and IT services. **Personnel costs** on the other hand increased by EUR 5.8 million compared to 2022, mainly due to the release in 2022 of a portion of the provision for risks relating to the renewal of the National Collective Bargaining Agreement and a contingent asset related to the recovery of sickness costs for the 2015-2018 period for a total of EUR 3.9 million, as well as the entry into force of the renewed National Collective Bargaining Agreement for Railway/Tram sector workers for a higher average number of employees for the year (+9 FTE).

Regarding the **terminal management** during the period, revenues increased by EUR 0.3 million due to the recovery of traffic from June 2023 to EUR 1.4 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, and in the second half of the year it re-established traffic with Belgium, increasing terminal operations thanks to the relationship with the Ferentino Terminal initiated by Malpensa Distripark as MTO (Multimodal Transport Operator). The recovery of operating performance resulted in an improvement in EBITDA, amounting to EUR 0.1 million, compared to a negative EUR 0.1 million in 2022.

9.3 PASSENGER ROAD TRANSPORT

Operational data

Mobility indicators		*2023*	*2022*	*Chg %*	*2019*	*Chg %*
Passengers	**million**	**69.9**	**58.8**	**+18.9%**	**77.4**	***-9.7%***
- ATV	million	66.2	55.4	+19.5%	73.4	*-9.8%*
- FNMA	million	3.7	3.4	+8.8%	4.0	*-7.5%*
LPT	**mln bus/km**	**23.5**	**25.5**	**-7.8%**	**24.2**	***-2.9%***
- ATV	mln bus/km	19.0	21.0	-9.5%	19.8	*-4.0%*
- FNMA	mln bus/km	4.5	4.5	— %	4.4	*+2.3%*
Car Sharing:						
Rental hours - Regional Electric	hours/year	247,505	286,427	-13.6%	69,394	*+256.7%*
Car sharing hires	unit	88,870	93,981	-5.4%	29,367	*+202.6%*
E-Vai Points	unit	315	307	+2.6%	112	*+181.3%*

At 31 December 2023, the fleet consisted of 723 buses in service, of which 163 were owned by FNMA and 560 by ATV, with a carrying amount of EUR 52.2 million and an average age of approximately 9 and 13 years, respectively.

Overall, travellers carried in 2023 totalled 69.9 million, up 18.9% from 58.8 million in 2022, and still 9.7% lower than in 2019. Local public transport services provided amounted to 23.5 million bus-km, down 7.8% compared to 2022 and by 2.9% compared to 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 0.9 million bus-km compared to 2022.

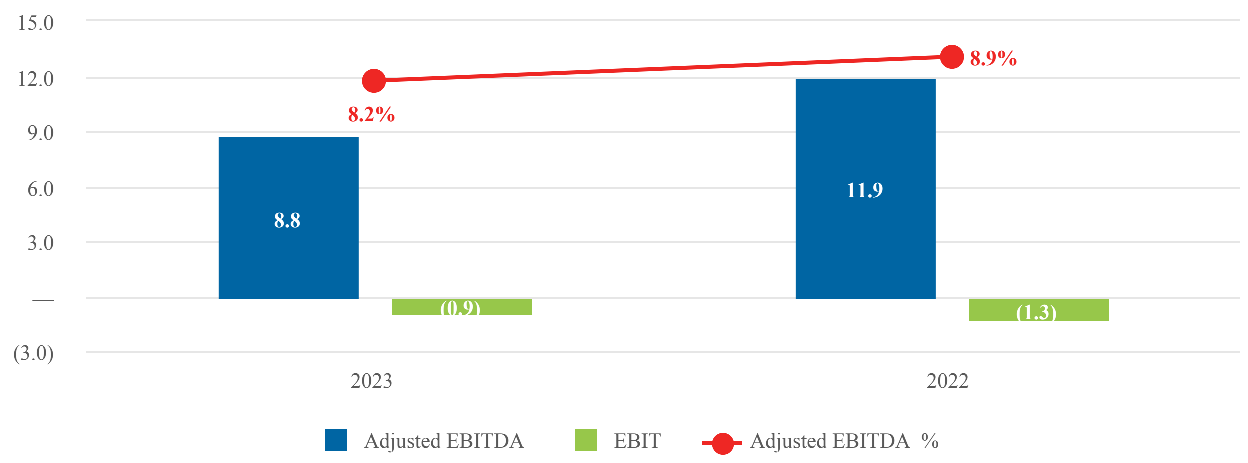
With regard to the evolution of tariffs, it should be noted that with Resolution No. 65 of 29 June 2023 of the President of the Province of Verona, the Government Body authorised the adjustment of tariffs for the part relating to urban tickets for Verona and Legnago and Verona extra-urban tickets with effect from 14 July 2023. This increase raised the price of the 90’ urban ticket and 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, with no change in season ticket prices. In order to mitigate the effect of these price rises, 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, against the allocation of EUR 300 thousand. Finally, an increase was also approved for season tickets by Resolution No. 106 of the President of the Province of Verona of 9 November 2023, in effect as of 1 January 2024. In addition, the following adjustments to the fee per kilometre were made in 2023: the first deriving from an extraordinary measure of the Veneto Region (Regional Government Decree 1491/2023), the second following the adjustment of National

Transport Fund funding (from 2022 to 2025 increases of about EUR 100 million per year are expected for the sector), and the third due to the adjustment to inflation of the fee for the Como LPT (LPT Agency Resolution No. 30 of 13 December 2023).

Regarding the operations of the car sharing service at 31 December 2023, E-Vai's car fleet consisted of a total of 381 vehicles (392 at December 2022).In terms of geographical presence, there are 292 E-Vai Points (370 in 2022) and 66 municipalities covered by the service (106 in 2022). In the course of 2023, a process was started to optimise the number of points with lower performance, in terms of both revenues generated and rentals made, located in the most difficult-to-serve areas of Lombardy.

Economic performance

Amounts in EUR millions	*2023*	*2022*	*Chg*	*Chg %*
Public contracts and grants	51.6	62.3	*(10.7)*	*-17.2%*
Transport services	49.9	64.8	*(14.9)*	*-23.0%*
Other revenues	6.0	6.4	*(0.4)*	*-6.3%*
Total revenues	**107.5**	**133.5**	***(26.0)***	***-19.5%***
Adj. EBITDA	**8.8**	**11.9**	***(3.1)***	***-26.1%***
Adj. EBITDA %	**8.2%**	**8.9%**		
EBIT	**(0.9)**	**(1.3)**	***0.4***	***-30.8%***



Revenues for the year amounted to EUR 107.5 million, down EUR 26.0 million compared to 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 revenues basically stable at EUR 106.9 million.

In particular, **revenues from public contracts and grants** amounted to EUR 51.5 million, down by EUR 10.7 million compared to 2022 (the figures include the contribution, gross of intercompany eliminations, of La Linea and Martini Bus, amounting to EUR 0.1 million and EUR 1.2 million, respectively).On a like-for-like basis, they take into account the removal in 2023 of the transport sector support measures present in 2022, mainly related to (*i*) additional services (absent in the reporting period and amounting to EUR 3.7 million in 2022 - corresponding to lower sub-contracting costs by EUR 3.2 million); (*ii*) compensation for lost ticketing revenues relating to the pandemic period (absent in the reporting period and amounting to EUR 4.0 million in 2022); (*iii*) the relief provided in 2022 by the "fuel fund" in the amount of EUR 1.7 million.

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 49.9 million, down EUR 14.9 million compared to 2022. The performance in the year 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 24.0 million to segment revenue in 2022, and EUR 0.5 million in the reporting period. Excluding the above-mentioned change in the scope of consolidation, the aggregate would have increased by EUR 8.6 million, mainly due to higher revenues from passenger transport for EUR 5.6 million and the higher amount invoiced for train replacement services for EUR 2.0 million.

The **other revenues** decreased by EUR 0.3 million to EUR 6.1 million. Excluding the impact of the change in the scope of consolidation (amounting to EUR 1.4 million in 2022 and EUR 0.1 million in the reporting period), the aggregate would show an increase of EUR 1.0 million, mainly related to tax credits on diesel and CNG excise duties.

Adjusted EBITDA for the period amounted to EUR 8.8 million, a decrease of EUR 3.1 million compared to 2022 due to the change in the scope of consolidation and the discontinuation of the contribution to car sharing, which had contributed EUR 4.6 million to the segment's Adjusted EBITDA in 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 +1.2 million), attributable to a general improvement in margins, mainly due to the recovery in revenues from transport services mentioned above and lower operating costs. In particular, the reduction in the latter is the result of the normalisation of fuel costs and the decrease in sub-contracting to third parties to carry out additional runs, partially offset by higher personnel costs.

9.4 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

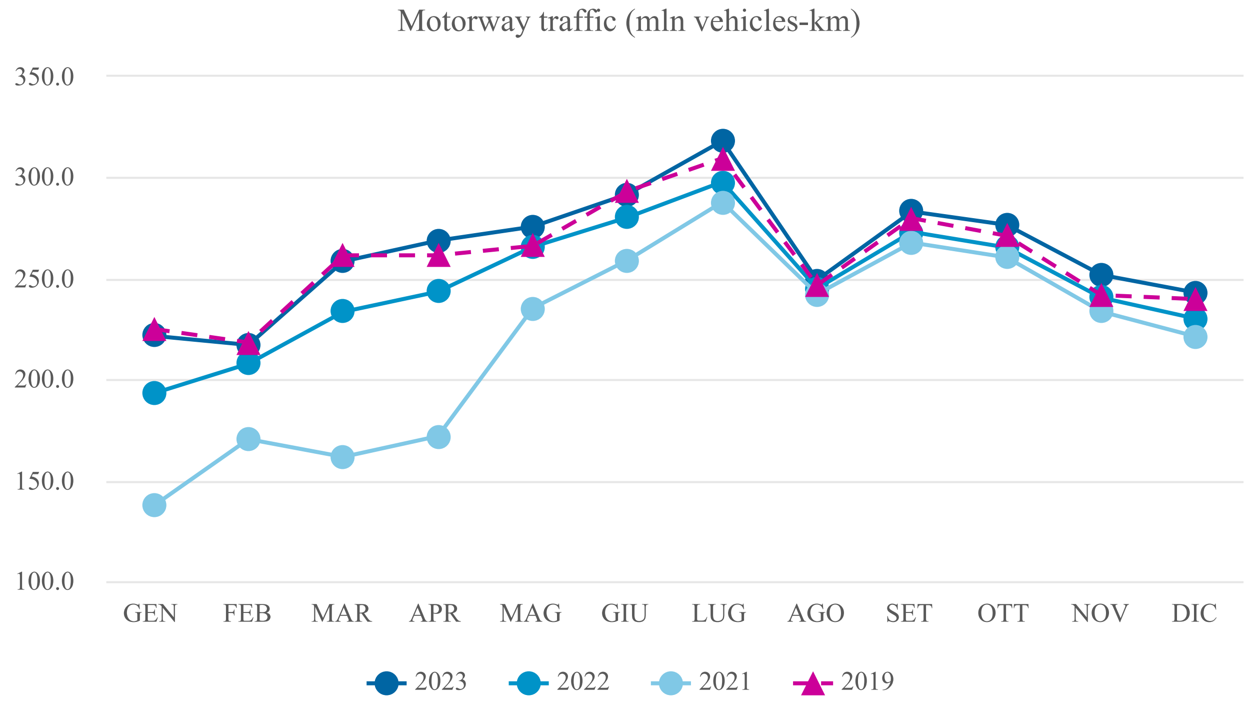
2022. On the following 6 December, MISE submitted a request, in compliance with the Agreements in force, to adjust the conventional distance travelled at the toll application points of the Tangenziale Nord (northern ring road) of Milan. On 29 December 2022, the Awarding Body acknowledged the request 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		***2023***	***2022***	***Chg %***	***2019***	***Chg %***
Light vehicles	km	2,534.5	2,354.9	7.6 %	2,511.8	*0.9 %*
Heavy vehicles	km	621.2	621.2	—%	603.0	*3.0 %*
Total	**km**	**3,155.7**	**2,976.1**	**6.0 %**	**3,114.8**	***1.3 %***

The increase in traffic recorded in 2023 solidifies the definitive recovery from the pre-pandemic period, with overall traffic volumes 6.0% higher than in 2022 and 1.3% higher than in 2019. On the other hand, when analysing "normalised" traffic trends, i.e. without the effect of the conventional route adjustment, volumes were 4.6% higher than in 2022 and just slightly below those of the pre-pandemic period (-0.11%).

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) (+18.0% compared to 2022), which reflects the effect of the change in the conventional distance travelled of two kilometres since March 2023, following the opening to traffic of the upgraded S.P. 46 Rho-Monza (+6.0% "normalised").

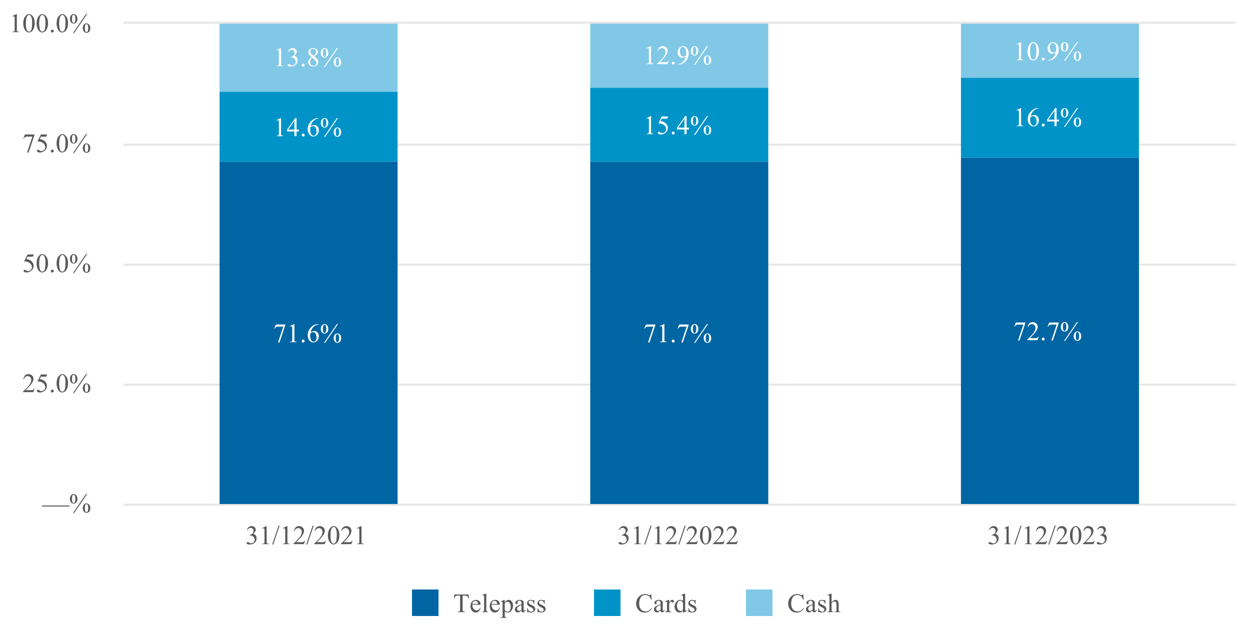
With regard to the breakdown between light and heavy vehicles, the figure for the former showed an increase of 7.6% compared to 2022, while for the latter the figure for the previous year was basically confirmed (a figure that is nevertheless 3.0% higher than the pre-pandemic figure in 2019). Analysing the "normalised" traffic trend, the breakdown between light and heavy vehicles in 2023 compared to 2022 was +6.1% for light vehicles and -1.4% 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) and the full reopening of the A7 starting from June, following the completion of structural redevelopment and seismic upgrading works on the bridge over the Po river.

In 2023, the total number of accidents recorded on the network under concession increased by 14.7% compared to 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). Fatal accidents declined from seven in 2022 to just one in 2023. The accident rate (calculated as the number of accidents per 100 million vehicle-km) at 31 December 2023 stood at 57.6 - up by 4.4 points compared to 53.2 in 2022.

The steady decrease in the use of manual (cash) lanes by users and the consequent steady increase in traffic on lanes equipped with automatic toll collection systems (telepass and cards) was confirmed. The table below shows the breakdown of the different toll payment methods:

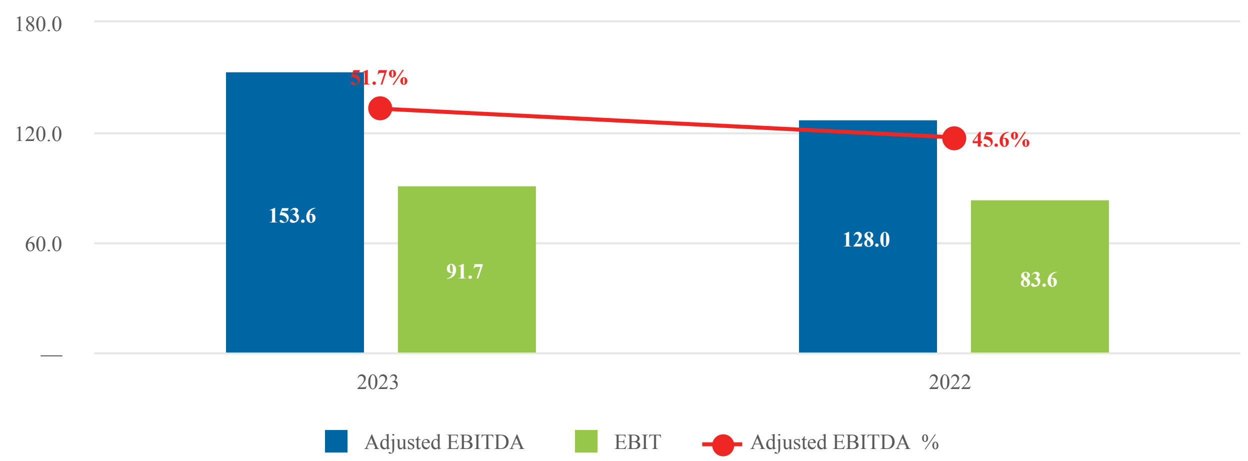


In relation to the preliminary investigation in view of the tariff adjustment for 2023, on 4 January 2023, the Awarding Body acknowledged the request formulated by MISE, pointing out that, based on Decree Law No. 198/2022, the deadline for the adjustment of motorway tariffs relating to the years 2020 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 EFPs prepared in compliance with the Resolutions adopted by Transport Regulatory Authority ("ART"). It therefore follows that motorway tariffs have not changed.

With regard to the preliminary investigation concerning the 2024 tariff adjustment, on 13 October 2023 MISE forwarded the information prepared on the basis of the ART resolution to the Awarding Body. However, the Milleproroghe Decree (Art. 8 - point 9) addressed the freezing of tariff adjustments due to administrative delays associated with the EFP updating process by establishing an increase in tariffs for motorways under concession of 2.3% as of 1 January 2024 (corresponding to the NADEF inflation index for the year 2024), also valid for MISE. Any further upward (or downward) tariff adjustments will be defined on final approval of the EFP. By virtue of the above-mentioned regulation, motorway tariffs were therefore adjusted by 2.3% effective as of 1 January 2024.

Economic performance

Amounts in EUR millions	*2023*	*2022*	*Chg*	*Chg %*
Toll revenues	271.0	255.0	16.0	*6.3 %*
Other revenues	26.2	25.7	0.5	*1.9 %*
Total revenues	**297.2**	**280.7**	**16.5**	***5.9 %***
Adj. EBITDA	**153.6**	**128.0**	**25.6**	***20.0%***
Adj. EBITDA %	**51.7%**	**45.6%**		
EBIT	**91.7**	**83.6**	**8.1**	***9.7%***



Motorway segment **revenues** amounted to EUR 297.2 million, up EUR 16.5 million compared to 2022. The improvement is mainly driven by the increase in **toll revenues** (EUR +16.0 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 0.5 million compared to 2022, mainly due to the increase in income from service area concessions (EUR +2.2 million) driven by higher royalties deriving from the increase in sales and the gradual entry into force of new agreements with sub-concessionaires, partially offset by lower design revenues on work completed by MISE Engineering as a result of the two contracts transferred to APL with the sale of the business unit.

Adjusted EBITDA for the period was EUR 153.6 million, up EUR 25.6 million compared to 2022 thanks to the combined effect of higher revenue and lower costs (EUR -9.1 million). However, the latter are the result of mixed trends among the various cost items, which are also influenced by net changes in provisions, described below.
Maintenance and restoration **costs** on the motorway infrastructure increased by EUR 4.7 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 3.9 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 21.1 million as a result of the restoration work performed and planned (higher utilisations of EUR 9.7 million and lower allocations of EUR 11.4 million, due to the revision of the future planning and the initiatives implemented), as well as by the presence in 2022 of a release of the provision for delayed maintenance.

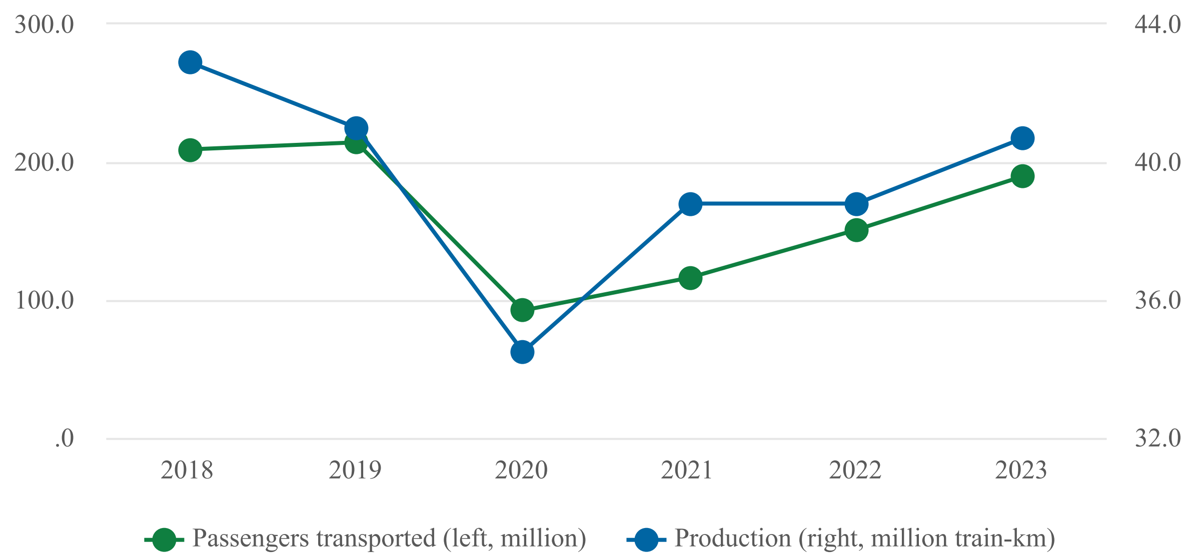
Operating costs rose by EUR 6.8 million due to the higher costs related to the resumption of traffic (including collection charges and concession fees), information systems following the introduction of the new ERP (Enterprise Resource Planning) system, and to the adjustment of the provision for risks 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-Bereguardo 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.

Personnel costs increased by EUR 0.6 million mainly due to the effect of the renewal of the National Collective Bargaining Agreement 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 - and the smaller average workforce (-9 FTE).

9.5 MAIN INVESTEE COMPANIES

TRENORD

Service performance



During 2023, growth in mobility was consolidated across all modes, including rail. In particular, Trenord recorded an increase in travellers compared to 2022 of 25.8%, but still 11.4% less than in 2019. Especially from September onwards, the number of travellers showed steady growth throughout the autumn period, reaching 750 thousand passengers on weekdays in October and November.

Also in view of the recent renewal of the Service Contract, work continued on the analysis of mobility demand, thanks to the multi-modal simulation model devised by Trenord in collaboration with the Polytechnic University of Milan, called the "*Darwin Project*". Thanks to the use of telephone data, according to a data driven logic, it was in fact possible to update the demand data used in analyses with new data supplies for the year 2022, acquired with the aim of highlighting the most significant changes in mobility habits following the pandemic period.

During 2023, surveys continued to be carried out on all 40 routes in the Regione Lombardia and in the neighbouring Canton of Ticino, where Trenord operates the cross-border service together with the Swiss Federal Railways. Taken as a whole, the surveys carried out made it possible to further define the profile of Trenord's customers and the changes in their behaviour compared to previous years. In particular, there was an increase in the average age and a high level of schooling was confirmed, together with an increasing propensity to use technological tools to purchase tickets. Customer habits have also changed, particularly in terms of travel frequency: whereas in the two years following the pandemic, train journeys were mainly low frequency during the week, 2023 saw a gradual return to frequent travel, reaching nearly 60% of customers.

In 2023, 40.7 million train-km were travelled via LPT, up by 4.9% compared to 2022, but 0.7% lower than in 2019. Service in 2023 marked an almost complete return to the levels seen in the pre-pandemic period. Indeed, the number of scheduled trains, as of June, stood at over 2,200 runs on weekdays and more than 1,650 on public holidays. The difference essentially concerns some trains that are no longer needed, due to the reduction in passenger numbers, mostly running in the late evening hours.

Also with regard to tourism products and the Malpensa Express, the year 2023 made it possible to make up for the ground lost in 2020-2021. Overall, Malpensa Express performance benefited from the full recovery of airport traffic, recording almost 5 million tickets sold, the best result in the history of the service with volumes surpassing 2019 levels every month of the year. As far as Trenord's positioning within the tourist market ("*Gite in treno*") is concerned, 2023 proved to be the year with the best result in terms of sales since the launch of the "leisure" project, with over 46,000 tourist packages sold, in addition to more than 35,000 special tickets for events.

The commissioning of new trains resulting from the investments made by the Regione Lombardia continued, with the delivery of 59 new trains in the course of 2023, including 24 Caravaggio, 14 Donizetti, 20 Colleoni trains. As a result, the retirement of older trains continued according to the plan defined in 2020, leading to the removal of Aln 668 trains at the end of 2023 (which, at over 45 years old, were the oldest vehicles in the Trenord fleet). The new trainsets bring greater comfort and improved service punctuality and reliability on the lines on which they run, especially on routes on which they make a high percentage of scheduled trips.

In terms of operational performance, the 5-minute punctuality perceived by customers (no cause excluded) stands at 82.3%, slightly down by about one percentage point compared to the 2022 figure. The railway company's punctuality index, which only takes into account trains delayed due to causes attributable to Trenord, was 91.3%, highlighting the significant role played in the loss of punctuality by causes attributable to infrastructure managers as well as external causes. The trend over the course of the year was characterised by a higher punctuality in the first half of the year, in which values of over 84% were reached, while in the last 4 months the values were lower, ranging between 76% and 78%. The primary reason for this decline in punctuality was the initiation of a large number of construction sites on railway lines, connected to works receiving NRRP investments.

With regard to customer evaluations, 96% gave a positive opinion of Trenord's service in general, with particular emphasis on offer quality (95% positive opinions), while customers were generally critical of punctuality and safety, with positive evaluations of only 82% and 75%, respectively.

Economic and financial data summary

Amounts in EUR millions	**2023**	**2022**	**Change**	***Change %***
Ticketing revenues	382.3	310.9	72.3	*23.3 %*
Service Agreement revenues	438.4	438.7	(0.3)	*(0.1) %*
Other revenues and income	75.5	82.3	(6.8)	*(8.3) %*
TOTAL REVENUES AND OTHER INCOME	***897.1***	***831.9***	***65.2***	***7.8 %***
Operating costs	(394.5)	(388.0)	(6.5)	*1.7 %*
Personnel costs	(301.8)	(284.1)	(17.7)	*6.2 %*
EBITDA	***200.8***	***159.8***	***41.0***	***25.7 %***
Depreciation, amortisation and write-downs	(165.6)	(175.0)	***9.4***	*(5.4) %*
EBIT	***35.2***	***(15.2)***	***50.4***	***n.s.***
Net financial income (loss)	(7.9)	(2.9)	(5.0)	***n.s.***
EARNINGS (LOSS) BEFORE TAX	*27.3*	*(18.1)*	*45.4*	***n.s.***
Income taxes	(8.3)	8.6	(16.9)	*n.s.*
NET COMPREHENSIVE RESULT	**19.0**	**(9.5)**	**28.5**	***n.s.***

The year 2023 recorded a net income of EUR 19.0 million, marking an improvement of EUR 28.4 million compared to the 2022 figure (EUR -9.4 million). In 2023, extraordinary positive items were recognised in connection with damages resulting from the disruption in 2013 and in the summer months of 2022 on part of the Railway Link, for a total value of approximately EUR 9 million. On the other hand, it should be noted that the 2022 result was affected by the effect of the unrecovered damages resulting from interruption during the summer months on the Railway Link, with an estimated loss of approximately EUR 10 million.

As regards Covid revenue shortfalls, the 2023 Budget includes approximately EUR 11 million in compensation for previous years (EUR 38 million in 2022), relating to adjustments calculated on the basis of the resources currently allocated amongst the regions. Compared to 2019, the pandemic had caused an overall negative impact on traffic revenues of about EUR 400 million (of which about EUR 40 million in 2022, EUR 160 million in 2021 and EUR 200 million in 2020). These lower revenues were almost completely offset by the incremental resources made available by the government through specific decrees, and are expected to be fully compensated in the course of 2024 with the definition of additional resources.

Overall, the year 2023 represents the first year of renewed normalcy, characterised, however, by a still non-linear trend in demand, which is gradually stabilising in its main components, albeit with lower average annual usage figures than in 2019. **Revenues** amounted to EUR 897.1 million, up EUR 65.2 million compared to 2022 (higher than 2019 levels). In detail:

- **ticketing revenues** amounted to EUR 383.2 million, up by EUR 72.3 million compared to 2022. The increase is substantially related to the recovery in demand, especially in the airport and leisure segment, the change in the ticket mix with a shift towards products with a higher unit value, as well as the entry into force of daily ticket validity.
- **Service Agreement revenues** amounted to EUR 438.4 million, basically stable compared to 2022[11];
- **other revenues and income** amounted to EUR 75.5 million, down by EUR 6.8 million compared to 2022. The change is mainly due to lower contributions for lost revenues due to Covid, in the year 2023 amounting to EUR 11.2 million (EUR 38.8 million in 2022), partially offset by penalties charged in 2023 to RFI for EUR 11.7 million (EUR 8.8 million relating to the anomalous wear of wheel flanges on the TSR trains used in the Milan railway link in the years 2013 and 2022 and EUR 2.8 million relating to performance on the use of the railway network), the "electricity bonus" (EUR 5.2 million in 2023) and higher penalty income of EUR 3.5 million, of which EUR 3 million relating to travel irregularities collected from customers.

Personnel costs amounted to EUR 301.8 million, an overall increase of EUR 17.7 million compared to 2022. This change is mainly related to the increase in the number of resources employed (+108 FTE), largely due to the enhancement of operating processes (train drivers, train conductors and ticketing staff) and the increase in ancillary items.

Operating costs amounted to EUR 394.5 million, up by EUR 6.5 million compared to 2022. The main cost increases relate to tolls, costs for materials required for maintenance, costs for external maintenance services, commission expenses and insurance, partially offset by significant savings on traction energy costs.

EBITDA amounted to EUR 200.8 million, up by EUR 41.0 million compared to 2022, due to the considerable increase in revenues, partly offset by the increase in labour and operating costs.

Depreciation/amortisation and **write-downs** amounted to EUR 165.6 million, a decrease of EUR 9.5 million compared to 2022 mainly due to lower depreciation/amortisation on cyclical maintenance on supplied and leased materials. Write-downs declined by EUR 1.7 million compared to 2022 and mainly refer to the release of receivables which was of 2022 are no longer considered at risk of default.

The value of **EBIT** was EUR 35.2 million, a significant improvement from the value of the previous year (EUR -15.2 million).

[11] The Service Agreement consideration for the year 2023 is defined from January to November based on the terms of the service agreement that expired on 30 November 2023, with a catalogue pricing approach. For the month of December 2023, the new 2023 - 2033 Service Agreement applies, according to which consideration is calculated for the month of December on the basis of the estimated EFP and the relative adjustments linked to the actual values of the components borne by the Lombardy Region and Trenord, respectively. The values are shown net of possible Lombardy Region penalties amounting to EUR 8.3 million in 2023 and EUR 8.6 million in 2022.

The **net financial loss** recorded a value of EUR -7.9 million, a deterioration of EUR 5.0 million compared to 2022, mainly due to higher interest expenses accrued on financial payables taken out for leased assets in application of IFRS 16.

The **profit before taxes** therefore amounted to EUR 27.3 million, an improvement from the value of 2022 (EUR -18.1 million).

Income taxes amounted to EUR 8.3 million, compared to a positive value of EUR 8.7 million in 2022, and were entirely attributable to the improvement in the result for the period.

Financial year 2023 therefore closes with a **net profit** of EUR 19.0 million, a substantial improvement over the loss of EUR 9.5 million reported in 2022.

The following table shows the reclassified **Balance Sheet** at 31 December 2023 compared to 31 December 2022:

Amounts in EUR millions	**31/12/2023**	**31/12/2022**	**Change**
Inventories	112.0	114.3	(2.3)
Trade receivables	200.4	154.1	46.3
Trade payables	(254.2)	(237.3)	(16.9)
Other net current assets	(100.8)	(83.8)	(17.0)
Net Working Capital	***(42.6)***	***(52.7)***	***10.1***
Net non-current assets	856.1	383.2	472.9
Other net non-current assets	81.3	83.8	(2.5)
Provisions for risks and charges	(43.5)	(41.3)	(2.2)
NET INVESTED CAPITAL	***851.3***	***373.0***	***478.3***
Equity	*(98.8)*	*(79.5)*	*(19.3)*
Total net financial position (Debt / -Cash)	*(752.5)*	*(293.5)*	*(459.0)*
TOTAL SOURCES	***(851.3)***	***(373.0)***	***(478.3)***

Net Working Capital was a negative EUR 42.6 million, recording an increase of EUR 10.1 million compared to 31 December 2022, consisting of the following:(*i*) increase in trade receivables of EUR 46.3 million, which mainly concerned relations with Trenitalia (EUR +41.4 million) and RFI (EUR +10.9 million); (*ii*) increase in trade payables of EUR 16.9 million, which mainly regard advances received from the Regione Lombardia with reference to Service Agreement consideration (EUR +17.1 million); and (*iii*) lower net other current assets by EUR 17.0 million essentially due to the increase in other liabilities to third parties for the chargeback of traffic revenues collected on behalf of the same Companies.

Net non-current assets amounted to EUR 856.1 million, an increase of EUR 473.0 million substantially due to the increase in rights of use of third-party assets (EUR +457.2 million) as a result of the alignment of the expiry of the majority of the lease agreements resulting from the expiry of the Service Agreement. This item includes:

- the value of rights of use on third-party assets, amounting to EUR 664.5 million, of which EUR 512.5 million referring to rolling stock and EUR 149.0 million to buildings;
- property, plant and equipment, amounting to EUR 176.5 million that include mainly the residual value of owned rolling stock in use (EUR 109.1 million);
- intangible assets, amounting to EUR 12.4 million;
- equity investments amounted to EUR 2.8 million, which refer mainly to the subsidiary Tilo S.p.A., and - to a minimal extent - to the associates Consorzio SBE and Consorzio Elio Scarl.

The amount of **net investments** for the year came to EUR 77.3 million and referred to investments in property, plant and equipment for EUR 63.7 million (mainly second-level maintenance work, of which EUR 36.1 million relating to cyclical maintenance and EUR 14.9 million extraordinary maintenance), an increase in rights of use on third-party assets of EUR 3.5 million and investments in intangible assets of EUR 10.1 million.

Other non-current net assets amounted to EUR 81.3 million and decreased by EUR 2.5 million. In particular, deferred tax assets decreased by EUR 4 million. This was partially offset by the decrease of EUR 1.5 million in payables for non-current liabilities.

The value of **provisions for risks and charges** amounted to EUR 43.5 million and rose by EUR 2.2 million compared to the value at 31 December 2022.

Net Financial Position

Overall, net financial debt at 31 December 2023 amounted - prior to the application of IFRS 16 - to EUR 36.4 million, with a reduction of EUR 11.2 million compared to 31 December 2022, essentially due to the decrease in the need to utilise the credit lines available with major banks. The residual value of IFRS 16 financial payables relating to leased assets amounted to EUR 716.0 million, with an increase of EUR 470.2 million compared to 31 December 2022 as a result of the extension to 30 November 2033 of the majority of the lease agreements whose expiry was, for the most part, aligned with that of the Service Agreement with the Regione Lombardia, thus bringing the total balance of financial debt to EUR 752.5 million, marking an increase compared to 2022 of EUR 459.1 million, as shown in the table below:

Amounts in millions of euros	31/12/2023	31/12/2022	Change
Liquidity	(35.6)	(52.6)	17.0
Current financial debt	193.1	253.4	(60.3)
Current Net Financial Position (Debt / -Cash)	***157.5***	***200.8***	***(43.3)***
Non-current financial debt	595.0	92.6	502.4
Net Financial Position (Debt / -Cash)	***752.5***	***293.4***	***459.1***

AUTOSTRADA PEDEMONTANA LOMBARDA

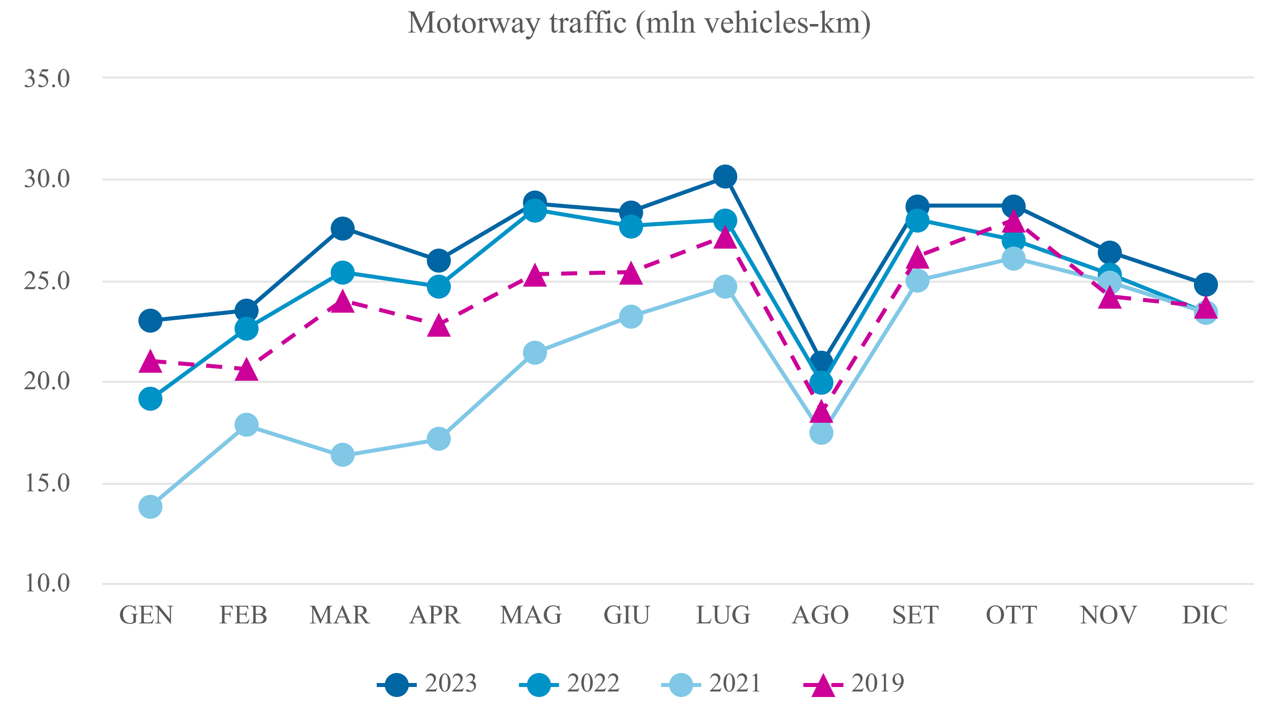
Traffic and tariff trends

Paying traffic		*2023*	*2022*	*Chg %*	*2019*	*Chg %*
Light vehicles	mln vehicle km	256.6	239.9	+7.2%	232.5	*+10.5%*
Heavy vehicles	mln vehicle km	60.0	60.6	-0.3%	54.6	*+9.9%*
Total	**mln vehicle km**	**316.6**	**299.5**	**+5.7%**	**286.8**	***+10.4%***

Also in 2023, more than 8 years after the routes began operating, there was a continuous improvement in traffic (+5.7% compared to 2022).

Once the most important sections of the A36, i.e., Sections B2, C and D, have been completed, the Brianza and Bergamo demand areas will be reached, in addition to the one intercepted by the interconnection with the main routes in the area, i.e. the SS35 Milan-Meda, which will be replaced by Section B2, the SS 36 Spluga, the A51 and the A4 motorway.

Below is a graph summarising the traffic trend on a monthly basis over the last two years, compared with the pre-COVID period:



With regard to tariffs, there were no updates for the year 2023, so the toll rates in force in 2022 remained unchanged. 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. With regard to the adjustment for the year 2024, taking into account that the conditions of the Milleproroghe Decree also apply to APL (see section 9.4), the MIT confirmed, starting from 1 January 2024, the adjustment of the average unit rate in an amount equal to 2.30%, recalling that any adjustments upward or downward compared to the specific rate increases will be decided upon when updating the EFPs (the rate increase determined by APL for the year 2024 in the EFP attached to Additional Agreement No. 4 is 3.52%).

As for the methods used to pay tolls, 2023 shows electronic toll collection accounting for 78.8%, an improvement from 2022 (77.9%). On the other hand, the percentage of tolls not paid within the 15-day deadline is 12.9%, down slightly from 13.0% in 2022, showing an improving trend - especially in view of the increase in traffic recorded in 2023 - that will bring this indicator below the target identified by the EFP after recovery actions.

Indeed, it should be noted that thanks to debt collection activities, the proportion of unpaid tolls for 2023 fell from 12.9% to 9.6% by December 2023 and is set to fall further when the debt collection process is completed, similar to what happened for 2022 and 2021.

Economic and financial data summary

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

Amounts in EUR millions	**2023**	**2022**	**Change**	***Change %***
Toll revenues	44.4	42.3	2.1	*5.0%*
Other revenues and income	5.9	4.9	1.0	*20.4%*
TOTAL REVENUES AND OTHER INCOME	***50.3***	***47.2***	***3.1***	***6.6%***
Operating costs	(17.0)	(16.6)	(0.4)	*2.4%*
Personnel costs	(10.8)	(8.2)	(2.6)	*31.7%*
EBITDA	***22.5***	***22.4***	***0.1***	***0.4%***
Depreciation, amortisation, provisions and write-downs	(5.7)	(6.3)	***0.6***	*-9.5%*
EBIT	***16.8***	***16.1***	***0.7***	***4.3%***
Net financial income (loss)	(28.0)	(21.3)	(6.7)	*31.5%*
EARNINGS (LOSS) BEFORE TAX	*(11.2)*	*(5.2)*	*(6.0)*	*n.s.*
Income taxes	(0.7)	(0.7)	-	*n.s.*
COMPREHENSIVE RESULT	**(11.9)**	**(5.9)**	**(6.0)**	***n.s.***

In 2023, APL generated **revenues** of EUR 50.3 million, up by EUR 3.1 million compared to 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 costs, mainly attributable to higher personnel costs (EUR +2.6 million) related to the increase in the headcount from 94 to 125 FTE.

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. On the other hand, operating costs rose by EUR 0.4 million due to significant savings on electricity and seconded personnel costs, offset by increased motorway maintenance activities, communication activities and other costs linked to internal reorganisation processes.

Indeed, during the period **EBITDA** was substantially in line with that of 2022, amounting to EUR 22.5 million.

EBIT is equal to EUR 16.8 million, up by EUR 0.7 million compared to 2022, benefitting from slightly lower depreciation on the motorway.

The EBIT of the sections in operation, however, does not currently make it possible to fully cover the significant load of net financial expenses, which amounted to EUR 28.0 million, an increase of EUR 6.7 million with respect to 2022 due to higher interest rates on the Bridge Loan 2 and on the variable rate Shareholder Loan, as well as due to the application of the amortised cost to accessory expenses on the Senior Loan 1 (mainly non-usage fees). In particular, the latter, in the absence of disbursements, are expensed in the income statement on a straight-line basis until 2025 (availability end date) without contributing to operating margins, but are expected to be partially capitalised in anticipation of the start of work on sections B2 and C, with a resulting effect on the Investee's net result.

The subsidiary therefore closed the year 2023 with a **net loss** of EUR 11.9 million, a deterioration compared to the loss of EUR 5.9 million recorded in 2022 as a result of the higher net financial expenses mentioned above.

Net Financial Position

As at 31 December 2023, the net financial position is positive with cash of EUR 19.4 million, up by EUR 11.9 million compared to 31 December 2022.

The table below shows an increase in cash and cash equivalents of EUR 12.4 million. This increase was mainly attributable to cash generated by operations during the year and public grants, which, together with tax exemption measures, covered outlays for the year, including financial expenses relating to the Senior Loan 1, the repayment of the Bridge Loan 2 and the associated interest.

Non-current financial debt includes the Shareholder Loan granted by MISE in previous years, which increased to EUR 189.7 million in 2023 (from EUR 180.53 million in 2022) due to interest for the year, which was not paid as it was subordinated to bank debt.

Amounts due to banks decreased by a total of EUR 8.6 million to EUR 161.9 million as at 31 December 2023, mainly as a result of the repayment of the principal of the Bridge Loan 2. The latter was taken out in February 2016 from a pool of Italian banks and supplemented with the addendum signed in November 2017, which rescheduled the repayment terms, providing for repayment in six-monthly instalments until 30 June 2034. This loan is expected to be repaid in full with the first draw-down of the Senior Loan 1.

Amounts in millions of euros	**31/12/2023**	**31/12/2022**	**Change**
Liquidity	(371.0)	(358.6)	(12.4)
Current financial debt	10.3	8.9	1.4
Current Net Financial Position (Debt / -Cash)	***(360.7)***	***(349.7)***	***(11.0)***
Non-current financial debt	341.3	342.2	(0.9)
Net Financial Position (Debt / -Cash)	***(19.4)***	***(7.5)***	***(11.9)***

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

10.1 ECONOMIC DATA SUMMARY

The reclassified income statement for the year is shown below, compared with that of 2022, with an indication of the differences in absolute and percentage terms.

Amounts in EUR millions	**2023**	**2022**	***Change***	***Change %***
Revenues from sales and services	81.5	79.3	*2.2*	*2.8 %*
Other revenues and income	4.3	4.9	*(0.6)*	*(12.2) %*
TOTAL REVENUES	*85.8*	*84.2*	*1.6*	*1.9 %*
EBITDA	*45.3*	*47.3*	*(2.0)*	*(4.2) %*
EBIT	*13.2*	*17.3*	*(4.1)*	*(23.7) %*
Net financial income (loss)	*2.5*	*(7.4)*	*9.9*	*(133.8) %*
COMPREHENSIVE INCOME	**14.2**	**8.0**	***6.2***	***77.5 %***

Revenues from sales and services rose compared to 2022 by EUR 2.2 million, primarily due to higher revenues from leases of rolling stock on TILO trains leased to Trenord, for EUR 1.5 million, and on TAF trains for EUR 1.1 million.

Other revenues and income amounted to EUR 4.3 million compared to EUR 4.9 million in 2022.

External operating costs rose by EUR 1.7 million, from EUR 20.2 million to EUR 21.9 million, primarily due to the increase in services provided of EUR 1.6 million and higher IT service costs.

Personnel costs amounted to EUR 18.6 million, up by EUR 1.9 million compared to EUR 16.7 million in 2022, mainly in relation to the different composition of the average number as well as the increase in the average workforce (+11 FTE), in addition to the recognition of the sickness allowance in the year 2022 and not in the year 2023, for EUR 0.5 thousand.

EBITDA, which fell from EUR 47.3 million to EUR 45.3 million, decreased by 4.2% due to the combined effect of an increase in revenues and an increase in operating and personnel costs.

Depreciation, amortisation and provisions increased by EUR 2.1 million compared to 2022 in connection with the completion of revamping and refurbishment activities for 11 TAF rolling stock.

EBIT, determined by the combined effect of the performance of the previously discussed revenue and cost categories, amounted to EUR 13.2 million compared to EUR 17.3 million in 2022, declining by EUR 4.1 million, or 23.7%.

The **financial management result** was positive for EUR 2.5 million, up by EUR 9.9 million compared to EUR -7.4 million in 2022, due to the combined effect of:

- positive liquidity management (EUR +0.6 million), due to both higher average availability and better rates of return;
- the capital gain from the sale of the shareholdings in La Linea and NTT (EUR 1.5 million), as well as the adjustment relating to the sale of the majority shareholding in DB Cargo (EUR +0.6 million);

- higher dividends received from subsidiaries and investee companies (EUR +27.0 million), partially offset by higher write-downs of equity investments (EUR +22.0 million).

Earnings before taxes amounted to EUR 15.7 million versus EUR 9.9 million in 2022.

Income taxes, amounting to EUR 1.5 million, decreased by EUR 0.4 million in connection with the benefit of EUR 0.6 million deriving from the refund of tax wedge deductions not deducted in 2008.

The **profit for the year** amounted to EUR 14.2 million, an increase on the EUR 8.0 million recorded for FY 2022.

10.2 RECLASSIFIED FINANCIAL POSITION AND SUMMARY INDICATORS OF RESULT

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

Amounts in EUR millions	**31/12/2023**	**31/12/2022**	***Change***
Current receivables	68.0	54.6	*13.4*
Current payables	(45.5)	(54.0)	*8.5*
Net Working Capital	*22.5*	*0.6*	*21.9*
Fixed assets	398.8	411.5	*(12.7)*
Equity investments	693.2	710.0	*(16.8)*
Non-current receivables	16.3	20.3	*(4.0)*
Non-current provisions and payables	(7.3)	(7.5)	*0.2*
NET INVESTED CAPITAL	***1,123.5***	***1,134.9***	***(11.4)***
Equity	*417.3*	*413.1*	*4.2*
Net financial position (Debt/-Cash)	*706.2*	*721.8*	*(15.6)*
TOTAL SOURCES	***1,123.5***	***1,134.9***	***(11.4)***

The net financial position decreased from EUR 721.8 million to EUR 706.2 million, mainly due to the lower investments paid during the year and the receipt of higher dividends.

The Company manages the liquidity of the other Group companies in cash pooling; therefore, in view of cash on bank deposits of EUR 269.6 million, FNM has giro account receivables of EUR 1.2 million (EUR 0.4 million at 31 December 2022) and giro account payables of EUR 298.3 million (EUR 152.8 million at 31 December 2022).

As shown in the cash flow statement, to which reference is made, operating activities generated liquidity of EUR 23.6 million, investment activities generated financial resources of EUR 7.8 million, the disposal of equity investments held for sale generated cash of EUR 5.4 million, while financing activities generated liquidity of EUR 116.5 million due to the cash flows deriving from correspondence current accounts used for cash pooling with the investees.

11 REGULATORY FRAMEWORK

11.1 RAILWAY INFRASTRUCTURE

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

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

On 17 April 2018 ANSF issued to FERROVIENORD Safety Authorisation No. IT2120180001, renewed in June 2019 until 2021 (reference No. IT2120190004 of 11/06/2019) and in June 2021 until April 2023 (reference No. IT2120210002 of 28/06/2021). The renewal procedure is ongoing.

The Decree of the Ministry of Infrastructure and Transport of 2 August 2019 identified - in accordance with Art. 2, paragraph 4, of Legislative Decree No. 50 of 14 May 2019, "*Implementing Directive 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety*" - the Brescia Iseo Edolo line (Iseo Branch) between the railway networks functionally isolated from the rest of the railway system, subject to the application of the rules defined by ANSF Decrees No. 1/2019 and No. 3/2019 with the resulting cessation of all responsibilities of the Ministry of Infrastructure and Transport.

In June 2021 FERROVIENORD obtained the **Certificate of Approval** (reference No. GI2021001 of 28/06/2021), valid until April 2023 and renewed in April 2023 until April 2028 (reference No. GI2023001 of 14/04/2023).

11.2 LOCAL PUBLIC TRANSPORT

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

During 2023, although lower than in 2022, there was a continuation in the consumer price growth triggered by the conflict between Russia and Ukraine, which broke out in February 2022 and has not yet been resolved to date.

The reference macroeconomic context is characterised by a very high degree of uncertainty, also in view of the most recent geopolitical events, most recently the Israel-Palestine conflict, which have further complicated the international situation and could lead to consequences on fuel costs similar to those of the Russia-Ukraine conflict. On the other hand, the ECB's restrictive monetary policy, which translates into high debt costs for households and businesses to discourage investment in an attempt to curb inflation, has generated a higher return on excess liquidity for the company.

In order to counter the heavy repercussions on the cost of diesel of the sanctions imposed against Russia by the European Union and the United States, Decree Law No. 21 of 21 March 2022, concerning “Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis”, had introduced from 22 March 2022 the reduction of excise duties on diesel used as motor fuel from EUR 617.40 to EUR 367.40 per thousand litres, while Decree Law No. 179 of 23 November 2022 had increased excise duties on diesel used as motor fuel from Euro 367.40 to Euro 467.40 per thousand litres from 1 December until 31 December 2022. As of 1 January 2023, the effects of the temporary measures ended and the full recovery of excise duties for Euro 5 and 6 vehicles was restored.

Also in response to rising fuel prices, Decree Law 50 of 17 May 2022 established the *transport bonus* which guaranteed a monthly discount of no more than EUR 60 on the cost of season tickets for public transport; the discount was applicable to individuals whose income in the year 2021 did not exceed EUR 35 thousand. The measure was re-proposed for 2023, with the income threshold of those eligible lowered to EUR 20 thousand.

In addition, Article 1, paragraphs 2-9 of the 2023 Budget Law called for the extension of tax credits in favour of companies for the purchase of electricity and natural gas for the first quarter of 2023 as well; the tax credits were then also confirmed for the second half of 2023.

Finally, with Regional Government Decree No. XII/ 611 of 10 July 2023, on the basis of consumer price monitoring and the results of quality indicators, the Regione Lombardia defined the amount of the tariff adjustment for the year 2023, effective as of 1 September 2023. Subsequently, with Resolution No. 19 of 25 July 2023, the Como, Lecco and Varese LPT Agency recognised a 4.81% tariff adjustment.

In order to mitigate the impact of the tariff adjustment, the Agency decided to take advantage of the transitional option introduced by Article 67 of Regional Law No. 6/2012, to allow for the introduction of new tickets, and so an initiative was launched to promote the purchase of an annual season ticket for those under 26, at a subsidised rate equal to 8 times the price of an ordinary monthly ticket.

The Veneto Region, too, has had two adjustments to the fee per kilometre recognised for authorised business: the first, amounting to approximately EUR 2,114 (Regional Government Decree 1491/2023), deriving from an extraordinary measure of the Veneto Region; the second, amounting to approximately EUR 2,053 (Regional Government Decree 1493/2023) following the adjustment of funding from the National Transport Fund.

11.3 MOTORWAY INFRASTRUCTURE

In July 2023, ART Resolution No. 130/2023 was published, announcing a public consultation on the minimum content of the specific rights, including in terms of compensation, that users may enforce with respect to motorway concessionaires and operators of services provided in motorway service areas.
The deadline for submitting any comments, in view of the complexity of the issues addressed, also taking into account the specific features and peculiar characteristics of the motorway sector, was set at 3 November 2023. By Resolution No. 200 of 21 December 2023, the Transport Regulatory Authority set 30 June 2024 as the deadline for the conclusion of the procedure.

12 MAIN RISKS AND UNCERTAINTIES

In carrying out its activities, the Group is exposed to external risks and uncertainties, deriving from external factors connected to the general macroeconomic context in addition to those specific to the operating segments in which the operations are carried out, to which the risks deriving from strategic and internal management choices are added.
FNM S.p.A. prepared and adopted, as an integral part of the Internal Control and Risk Management system, a Risk Management process aimed at identifying and managing the various types of risk to which the Company and its subsidiaries are exposed in relation to both the reference external context and the specific technical and operational characteristics of the sector in which the Group operates. The main purpose of the process is to adopt a systematic approach to the identification of priority risks, to assess potential negative effects and to take the appropriate actions to mitigate them in order to guarantee the sustainable success of the Group. To this end, the Group has adopted a risk management model based on the UNI ISO 31000:2018 standard, and a recognition methodology that assigns an index of relevance to risk based on the assessment of the overall impact, probability of occurrence and level of control. Under the coordination of the Risk Manager of FNM S.p.A., the identified Process Owners identify and assess the risks under their remit through a Risk Self-Assessment process and provide a first indication of associated mitigation actions. The risks thus identified are prioritised on the basis of the resulting scoring and aggregated to allow for the coordination of mitigation plans in an integrated risk management perspective. During the year and as part of the periodic risk assessment activities carried out by FNM S.p.A., in coordination with the Group companies, it defined risk threshold values, which are parameterised and proportionate to the activity and size of the companies, the surpassing of which is not deemed compatible with the risk appetite established by the Board of Directors of the Parent Company. The risk scenarios thus identified qualify as “priority” (also defined as “top” and “material”), against

which the Group's management has mitigation plans in place to bring risk values within limits consistent with the identified threshold values.

In addition, during 2023, the annual business risk assessment was updated and the 2023 Risk Assessment plan was approved on 19 October 2023 by the Board of Directors of FNM S.p.A. The activity concluded with a presentation to the Board of Directors of FNM S.p.A. today.

The main risk scenarios are provided below, separately identifying those common to the various operating segments and those of each sector.

Finally, in relation to specific financial risks and more detailed analyses of credit and liquidity risk, please refer to the Notes to the separate financial statements (Note 35) and the consolidated financial statements (Note 51).

12.1 MAIN RISKS

Uncertainty of the legislative and regulatory framework

The FNM Group chiefly operates in the railway and automotive local public transport (LPT) segment. This segment is characterised by considerable legislative and regulatory complexity and, for over ten years, has been the object of a deep and radical transformation process, not always without interpretative and applicative uncertainties and far from being considered stabilised. However, in the course of 2023 a number of positions were regularised.

In relation to railway transport specifically, on 23 November 2023, the Regione Lombardia and Trenord signed the new Service Agreement for regional and local public rail transport for the period from 1 December 2023 to 30 November 2033.

On the other hand, on 15 February 2016 the concession to FERROVIENORD was renewed to 31 October 2060, on 21 December 2022 the new Service Agreement was signed, with a duration from 1 January 2023 to 31 December 2027, to the same company, while on 28 July 2016 the new Programme Agreement was signed, with a term from 28 July 2016 to 31 December 2022, later extended to 31 December 2027 with Regional Government Decree of 14 December 2020, as previously described in paragraph 6.2 "Railway infrastructure".

In relation to road transport and, consequently, the LPT activities of the Group through FNM Autoservizi S.p.A. and ASF Autolinee S.r.l., despite the uncertainty deriving from the management of the concessions for the provinces of Brescia and Varese extended to 31 December 2024 and 31 December 2025, respectively, or to the date when the new operator will take over the service (only relating to FNM Autoservizi S.p.A.) and of the Service Agreement for the province of Como extended to 31 December 2025 or the date when the new operator (for both investee companies) takes over the service, the risk of non-assignment/renewal is shared by all competitors as, in this case, the Group's costs would be reduced due to the regulatory provisions for the new operator to take over the use of vehicles and personnel.

The same considerations apply in relation to road LPT activity carried out by ATV S.r.l. in Verona and province, which in December 2023 however obtained a three-year extension to 31 December 2026.

Failure to comply with the commitments to the Awarding Body

Inability to comply with contractual commitments or an impairment of the Group's image from a reduction of the service quality provided represents a significant risk for maintaining the cost-effectiveness of the Service Agreements, Programme Agreements and Concession Agreements due to the risk of contractual penalties being debited.

Faced with this risk, the Group continuously monitors the quality of the service provided to the Awarding Body (with reference to the quantitative and qualitative parameters defined in the Agreements) and to the Customer (with reference to the perceived level of satisfaction with service quality and safety), both through continuous checks on procedures and processes, carried out by the relevant internal departments and by external bodies, and through staff training activities to ensure high service standards, as well as through systematic reviews of procedures and operating processes aimed at maintaining the efficiency and effectiveness of the service provided and the safety of Group personnel.

Employee-related risks

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

From this point of view, as described in paragraph 15 below "Employees: Numbers, costs and training", the Group considers it a priority to maintain a constructive dialogue with staff and trade unions to guarantee the satisfaction of efficiency and effectiveness objectives for production processes with full assumption of social responsibility, job security and guaranteed employment even in recession periods.

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

Cyber security risk

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

Climate change risk

The assessment of the impact of the Company's and the Group's businesses on climate change is currently of priority importance, as also shown by the 2023 materiality list set forth in the Non-Financial Statement, confirmed following the performance of shareholder engagement activities in 2022. FNM attaches great importance to this issue and has put actions into place to guard against the risks and opportunities involved.

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

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

All of this translates into an investment plan of about EUR 850 million in the 2021-2025 period.

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

	2025	*2023*	*2022*
Scope 1 and Scope 2 CO2 emissions / revenues	48 ton/Co2eq/M€ (-35% vs 2020)	55.1 ton/Co2eq/ M€ (-25.5% vs 2020)	69.6 ton/Co2eq/ M€ (-5.9% vs 2020)*
Use of electricity from renewable sources for corporate consumption and services throughout the infrastructure managed by the Group	100.0 %	69.0%	64.0 %**

**The indicator was restated following a refinement in the methodology for calculating CO2 emissions*
*** The figure has been updated following a more precise calculation of energy from renewable sources*

It should be noted that in 2023 the Group further reduced its Scope 1 and Scope 2 CO2 emissions in relation to revenues, achieving a reduction of more than 25% compared to 2020 levels (equal to 74.0 tonnes of CO2eq/M€). The use of renewable energy for corporate consumption and services throughout the Group's infrastructure instead showed a gradual improvement in line with targets.

Risks associated with the COVID-19 pandemic

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

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

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

Inflation risk

The recovery in demand, in the presence of raw material and intermediate good supply chain tensions that hinder manufacturing production, and the rise in energy prices, led to an increase in inflation already in 2021. In view of the serious uncertainties linked to the conflict between Russia and Ukraine that broke out on 24 February 2022 and the economic sanctions imposed, in 2022 there was a significant increase in inflation, especially caused by rising energy and raw material prices.
The Group is also exposed to these risks.
With reference to the risk of an increase in energy costs, in particular for the fuels (diesel and methane) used for local public transport by road and for utilities (which include headquarters and railway infrastructure lighting), as well as for the costs incurred by Trenord for railway traction, mixed price (fixed and variable component) purchase contracts are assigned on the basis of auctions with a maximum duration of one year. MISE’s power purchase contracts, on the other hand, are variable price.
Regarding maintenance costs, which are exposed to increases in the prices of raw materials, as well as other production cost items, it should be noted that, in line with market trends, in all segments, suppliers are requesting a review of contract prices.
It should be noted that in order to cope with the exceptional increases in the prices of certain construction materials as well as fuels and energy products to be used in the execution of public works, Art. 26 of Decree Law No. 50 of 17 May 2022 was introduced into the legal system, containing “Urgent measures on national energy policies, business productivity and the attraction of investments, as well as on social policies and the Ukrainian crisis” (Aid Decree, converted by Law No. 91 of 15 July 2022), which provided for the performance of contracts awarded on the basis of bids covering the financial years 2021 and 2022.
With Law No. 197 of 29 December 2022 (“State Budget for the 2023 financial year and multi-year budget for 2023-2025”), the Aid Decree mechanism was substantially extended also with reference to the year 2023, subsequently extended to 2024. For 2025, the government has allocated an additional EUR 100 million to the fund but has not yet formally extended the measure.
In view of the above, operators may request extraordinary support from the authorities in order to guarantee the provision of the public service, also taking into account the principle laid out in Art. 4 of EU Regulation No. 1370/2007, which establishes that public service operators must maintain economic and financial balance.
Lastly, as already noted in previous years, in addition to price increases, production chains continue to be negatively impacted by delays in the supply of raw materials and semi-finished goods. The Group could therefore be affected by this situation, which could lead to delays in the delivery of materials, rolling stock and vehicles.

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

Risk of rising interest rates

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

The FNM Group has limited exposure to the risk of rising interest rates. Thanks to the issue of the EUR 650 million fixed-rate bond maturing in October 2026, 88% of the Group's gross debt at 31 December 2023 is represented by fixed-rate loans. The remaining 12% of debt is represented by loans held by MISE taken out at variable rates. As highlighted in chapter 51, a 125 bps increase or decrease in interest rates represents a net increase or decrease in the incidence of financial expense on the net profit of EUR 1.1 million, net of the tax effect.

The average cost of debt for the Group for 2023 is 1.89%.

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

12.2 TYPICAL RISKS OF THE RAILWAY INFRASTRUCTURE OPERATING SEGMENT

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

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

<u>Service and network security</u>

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

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

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

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

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

The safety of people and property is constantly monitored with reference to assaults, acts of vandalism and acts of terrorism, but also taking into account the perception of safety of passengers and employees.

As part of its plans for the technological evolution of its security, safety and passenger assistance systems, in 2023 FERROVIENORD continued:

- the executive phase of the "*Renewal of video surveillance systems*" in the station areas and associated sensitive areas;
- the implementation phase of the "*Integrated Supervision Software Platform (PIS) for controlling FERROVIENORD stations*";
- the development of the "*FERROVIENORD Single Operations Room*" project - in implementation of the specific "Process Digitalisation" pillar of the Business Plan - with the aim of improving the operational management processes of the railway network, making the maintenance process more efficient and the management of railway traffic more effective, also thanks to the use of innovative technologies.

<u>Risk of a reduction in resources provided by the Regione Lombardia to make the investments set forth in the Programme Agreement</u>

In 2023, the design phase of the many major initiatives financed in the years 2020 and 2021 was substantially completed. The changed macroeconomic scenario and the terms of state measures ("Aid Decree") entailed:

- an increase in work construction costs, in some cases by as much as 70%;

- difficulty in the management of the contracts currently in place, since the “Aid Decree” will erode - in the first instance - the sums available for any unforeseen events while the works are being completed;
- a resulting uncertainty as to how the price increase will be compensated from 2025 onwards (the “Aid Decree” measure is, at present, only confirmed until 2024, for 2025 the government has allocated an additional EUR 100 million to the fund but has not yet formally extended the measure).

In the intensive discussions with the Regione Lombardia, which began in April 2023 and are still ongoing, difficulties in accessing financing for the railway infrastructure sector, at both regional and national level, for the 2024-2025 two-year period, were raised.

The combination of the increase in the necessary requirements and the contraction of available resources therefore made it necessary to define an operational plan with the Regione Lombardia for the implementation of the Programme Agreement, which will be incorporated in the Programme Agreement update.

12.3 TYPICAL RISKS FOR THE ROAD PASSENGER MOBILITY OPERATING SEGMENT

Risks related to fare policies and traffic developments

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

The reduction in the demand for mobility, also in view of the evolution of the economic context and the changes in travellers’ habits resulting from the pandemic crisis, the rising cost of the main production factors and a failure to adjust tariffs could pose a risk to the continued profitability of existing service contracts.

Service scheduling management processes and careful management of cost trends enable the maintenance of income balances. The investee companies are also engaged in negotiations with the Awarding Bodies to revise tariff trends consistent with cost dynamics.

Risk of increased fuel costs

The variable “diesel and methane fuel price” significantly affects the profitability of auto mobile transport, as shown by the performance of the investee companies FNMA, ATV, La Linea and ASF

Autolinee, as fuel represents a fundamental production factor; in the context of the uncertainty set out in the previous paragraph “Main risks - Uncertainty of the legislative and regulatory framework”, the impossibility of governing this exogenous variable can only be countered with service revision proposals consistent with the dynamics of diesel and methane costs.

12.4 TYPICAL RISKS OF THE MOTORWAY OPERATING SEGMENT

Operational risk

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

Regulatory risk

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

12.5 TYPICAL RISKS FOR RAIL PASSENGER TRANSPORT

Risks related to fare policies

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

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

A significant portion of revenues in the operational segment of Passenger Transport by rail is from tickets and season tickets, even in the context of a segment strongly influenced by social needs and therefore supported by public grants. Revenues deriving from fares only cover a part of the service

management costs. The national legislator defined at least 35% of traffic revenue as an adequate level a coverage of transport management costs.
For 2019, Trenord guaranteed coverage of more than 46% of operating costs with revenues from tickets and season tickets. Restrictions imposed on the movement of people reduced that percentage to about 23% in 2020, 26% in 2021 and 39% in 2022. The strong recovery of revenues in 2023 allowed the Company to return to consistent values, settling at close to 47%, and thus recovering all of the pandemic-related disadvantage with values already surpassing those of 2019.
However, the Company continues on the path of continuously streamlining its production processes, as also set forth in the operational mechanisms of the new Service Agreement.

Risk of fare evasion

Fare evasion represents a significant risk for Trenord, given the size of the Company's business and the number of travellers who use the Trenord fleet every day to get around.
In 2023 Trenord pursued its objectives of combating fare evasion through the implementation of actions that provide for the adoption of greater supervision and controls in the stations considered most critical by hiring dedicated personnel for controls on the ground as well as on trains ("Assistance and Control" project), the adoption of ticket issuing methods capable of combating this phenomenon (e.g. implementation of STIBM and SBME, introduction of new automatic ticketing machines) and introducing daily ticket validity.

Risk of traffic evolution

Market revenues are affected by the change in demand for rail services in terms of volumes on some or all of the routes served and the type of passenger, also taking into account the evolution of the economic context and changes in traveller habits connected, in particular, to the effects of the Covid-19 pandemic such as for example the introduction and institutionalisation of smartworking policies.
Trenord pursued its continuous monitoring process in terms of traffic flow and trends during 2023, and further investments are planned to analyse market demand and as a result define an appropriate mobility offer.
Specifically, this includes initiatives such as Automatic People Counting - which makes it possible to know in real time who is on board the train, providing useful information for both the company and its passengers - as well as analysis and evaluation tools based on big data aimed at studying demand for mobility in order to ensure offer flexibility and service effectiveness.

Risk of delay in fleet renewal

In order to improve the quality of service, an investment plan was launched by the Regione Lombardia to renew the fleet of rolling stock in operation. As part of the required continuous increase in production, it is more important than ever to monitor the plan for the development and entry into operation of new rolling stock in order to avoid repercussions on service quality in the event of delays in deliveries from the manufacturers.

The company monitors the rolling stock renewal plan, compliance of new rolling stock delivery with contractual specifications and any delivery delays. During 2023, there were some delays in the new rolling stock delivery schedule.

To date, production planning is such as to use the available and maintained rolling stock with the consequent mitigation of the risk in question.

12.6 TYPICAL RISKS FOR RAIL FREIGHT TRANSPORT

Reduced traffic flow

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

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

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

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

13. MOST RELEVANT LITIGATION AND OTHER INFORMATION

The most relevant litigations for FNM and Group companies are summarised below. It should be noted that, also based on the opinion of appointed consultants, additional charges are not expected with respect to those already reflected in the separate and consolidated financial statements as at 31 December 2022.

13.1 FERROVIENORD

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

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

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

The Court of Appeal's judgement was challenged by Generali Italia S.p.A. who asked for FERROVIENORD jointly and severally with Cogel or exclusively to be ordered to repay the amount of EUR 680,406.91 plus interest and revaluation (equal to the amount already paid as a guarantee). Subsequently, Cogel also challenged the same judgement requesting the recognition of default interest pursuant to Legislative Decree No. 231/2002 for an amount of EUR 963,369 (in addition to the legal interest already recognised in the second-instance decision in its favour). FERROVIENORD defended the proceedings and in turn challenged the second-instance judgement to, among other things, the extent in which it rejected the claim for compensation for the damages quantified as EUR 3,332,154.54. On 17 June 2021, judgement No. 17453/2021 was issued in which the Court of Cassation: i) rejected the demand of Generali Italia S.p.A. seeking an order requiring FERROVIENORD to pay EUR 680,406.91; ii) rejected the cross-appeal of Cogel seeking an order requiring FERROVIENORD to pay EUR 963,638.99; iii) upheld the second grounds of FERROVIENORD's cross-appeal (relating to the damages suffered due to the higher amount paid to the new contractor for the Saronno-Seregno works); iv) referred the case back to the Milan Court of Appeal for the continuation of the proceedings between FERROVIENORD and Cogel for the damages referred to in the previous point and for legal costs; v) ordered Generali Italia S.p.A. to pay the legal fees in favour of FERROVIENORD, amounting to EUR 11,200.00 plus additional sums as required by law. With regard to the quantification of the damages suffered by FERROVIENORD for the higher amount paid to the new contractor for the Saronno-Seregno works (iii above), the case was resumed by FERROVIENORD before the Milan Court of Appeal. At the hearing on 28 September 2023, the parties filed their conclusions and the Court held the case for a decision, assigning deadlines for the filing of closing statements and reply submissions. On 10 January 2024, ruling No. 463/2024 was issued, whereby the Court of Appeal of Milan ordered Cogel to pay FERROVIENORD the sum of EUR 3,332,154.54, plus revaluation and interest, by way of damages, as well as to pay the legal expenses quantified at EUR 44,000.00 plus accessory legal fees and Euro 2,529.00 for advance payment.

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

Having declared their lack of jurisdictional competence due to the applicants' residence, the cases were sent to the various courts of the workers' places of residence. There are currently three cases pending in first instance, while twelve cases were adjudicated against FERROVIENORD jointly and severally with Lucentissima, subject to the benefit of prior enforcement against Lucentissima. FERROVIENORD has appealed to amend the ten first instance rulings. The appeals have already been concluded with rulings which, while upholding the joint and several liability of FERROVIENORD and La Lucentissima, partially reduced the amounts awarded to workers. La

Lucentissima was declared bankrupt by a judgment dated 28 April 2021 and, consequently, as the declaration of bankruptcy is brought to the attention of the Judge in accordance with procedural formalities, the proceedings still pending will be discontinued. They will therefore need to be resumed by the applicants against the bankruptcy.

FERROVIENORD did not join the list of creditors of La Lucentissima because the assets in bankruptcy are insufficient. The two proceedings still in progress were concluded in a similar manner to the others with rulings Nos. 286/2023 and 287/2023 handed down by the Court of Milan on 17.10.2023, declaring FERROVIENORD's contribution obligation and sentencing it to pay INPS by way of contributions and to pay the applicants' legal costs, plus general expenses and accessory costs established by law.

Although the proceedings have been concluded, it has been deemed appropriate to continue to restrict the amount already indicated in the previous financial statements (with reference to all proceedings commenced, including those concluded) at least until it appears that INPS has recovered its claim from the La Lucentissima bankruptcy, because, since FERROVIENORD is jointly and severally liable, if INPS does not recover the entire claim from the bankrupt company, it may recoup the cost from FERROVIENORD.

Tax inspections and assessments

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

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

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

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

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

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

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

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

Finally, in 2023 discussions continued with the State Attorney in charge of the case in order to reach an out-of-court settlement of the dispute. At present, the Agency has shown no interest in the proposal received and consequently the Company intends to continue with the litigation already initiated. The defence lawyer has submitted a request to the Court of Cassation to set a date for the hearing.

14 PROPERTY ASSETS

As at 31 December 2023, the FNM Group owned some areas in proximity to railway stations and the related construction rights, the main ones relating to the area of Milan Cadorna, Milan Bovisa, Saronno, Milan Affori and the Sacconago, Garbagnate Milanese and Novara Terminals. Information about the main initiatives pursued by the Group to valorise these areas is provided below.

FILI PROJECT

FNM, FERROVIENORD and Trenord, together with the Regione Lombardia, are committed to “FILI”, an innovative project for the redevelopment of FERROVIENORD’s main connection centres. On the Milan-Malpensa axis, the largest urban and suburban regeneration project in Europe

is planned: a corridor for the Milan-Cortina 2026 Olympics, with new green, modern and high visibility urban scenarios, which connects the stations of Milan Cadorna, Milan Bovisa, Saronno, Busto Arsizio and Malpensa with an unprecedented technological and environmental journey.
For the urban part, the creation of a “synthetic forest” of around 72,000 square metres from Milano Cadorna station to Domodossola station, which will produce oxygen for Milan thanks to the use of advanced biotechnologies, will be of fundamental importance. In 2022, a public-private partnership proposal was received from an international financial group that was positively evaluated in terms of relevance and consistency with the strategic objectives of urban redevelopment and sustainability, as included in the FNM Group’s 2021-2025 Strategic Plan. The proposal was then forwarded to the Regione Lombardia in order to complete the evaluation process.
A programme of urban and environmental redevelopment in Busto Arsizio will involve the relocation of car parks to a multi-storey building, allowing large areas of green space to be used for collective activities, thus connecting the north and south of the city. Technical discussions with the municipal administration began in 2022.
For the extra-urban part, reforestation is planned with the “Piantalalì” planting of 800,000 trees in the Lombardy industrial triangle between Milan, Varese and Como, which includes an area of about 41 thousand hectares crossing 24 municipalities in two provinces of Lombardy.
The project will not only focus on forestation work or the creation of tree and shrub belts in uncultivated areas, but will also involve nature-based work to be carried out in stations (pertinence and proximity areas) aimed at improving the comfort of railway service users, as well as more general environmental resilience, without reducing the function of modal interchange.
Furthermore, FERROVIENORD’s project to upgrade the main connection centres includes a 72.7 km super cycle track that will connect Cadorna station to Malpensa airport without interruption. In 2022, the cycle track saw the completion of both the technical and governance feasibility project.
Finally, as described in more detail below, the project includes activities by FERROVIENORD for the redevelopment of the Bovisa Node with innovative and sustainability-oriented criteria within the framework of the Reinventing Cities call for tenders and for the reorganisation of the Saronno Centro technological and maintenance infrastructure hub, with a view to achieving high standards of functionality and safety, in addition to improving accessibility and viability.
Joint working groups between the Regione Lombardia, the Municipality of Milan, FNM and FERROVIENORD were set up in 2023.

Milano Bovisa

In March 2018, FERROVIENORD, implementing the provision updating the Programme Agreement, presented the feasibility study for the modernisation and strengthening of the Bovisa Node, which envisages the installation of four new tracks and a series of activities on the plant to improve its potential and flexibility and to allow for the extension of some existing railway services and the establishment of two new suburban lines.

The Zoning Plan ("PGT"), approved with Municipal Council resolution No. 34 of 14 October 2019, placed a portion of areas of FERROVIENORD inside the perimeter of one of the "Interchange nodes", for which the Plan identified a specific set of rules because of the specific role attributed to the interchange function and of the need to promote interventions for the requalification of the system of public spaces and, in the specific case of the Bovisa Node, of the transformation areas present near the station and the railway embankment. The areas under FERROVIENORD's competence obtained a building ratio index of 0.35/sqm.

On 2 December 2019, the regulatory agreements of the partnership between FERROVIENORD and the Municipality of Milan were formalised for participation in the "Reinventing Cities" call for tenders, an infrastructure enhancement and urban redevelopment initiative promoted by C40. By decision of 18 May 2021, the Municipality of Milan appointed as winner and definitively awarded the "Bovisa Interchange Node" Site to the Mo.Le.Co.La. Team- represented by the lead company Hines Italy RE S.r.l. - the proposal of which also included the construction of the FNM Group headquarters.

FERROVIENORD announced the positive outcome of the verification of the fairness of Mo.Le.Co.La.'s economic offer, particularly with reference to the economic balance between the offer for the concession of surface rights and the costs for the construction of the headquarters. However, by note dated 27 July 2022, FERROVIENORD informed the Municipality of Milan and HINES Italy RE that it was no longer interested in the construction of the FNM Group's headquarters, which will be located in the neighbouring Bovisa-Goccia area, affected by the expansion project of the Polytechnic University of Milan Campus developed by the firm RPBW with Renzo Piano. Following HINES Italy RE's request dated 29 November 2022, on 30 November 2022 the Municipality of Milan confirmed the extension from 30 November 2022 to 30 March 2023 of the terms set forth in the call for tenders for the signing of the preliminary contract for the establishment of the surface right, while keeping the tender offer unchanged. During 2023, further requests for extensions until 28 February 2024 followed. On 27 February 2024, HINES agreed to the further extension of the preliminary contracts concerning the "Bovisa Interchange Node" areas and in any case by 28 May 2024. In the course of 2022, the final design of the railway works for the

Bovisa Node enhancement was finalised and the services conference was called for the approval of the project.

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

On 12 January 2024, the tender for the award of a Framework Agreement for the executive design and execution of works was awarded.

Saronno

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

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

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

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

On 26 January 2022, the Regione Lombardia transmitted the final report of the Services Conference and with Regional Government Decree No. XI/6340 of 2 May 2022 approved the technical and economic feasibility project.
In 2022, the final planning began with an optimisation of the planimetric/volumetric and functional layout of the project.
At the same time, dialogue continued with the owner of the adjacent Isotta Fraschini area and the municipal administration in order to coordinate the two redevelopment projects and provide a site for the relocation of the railway museum.
In March 2023, FERROVIENORD and Saronno - Città dei Beni Comuni S.r.l. submitted an initial proposal to the Municipality of Saronno for an integrated intervention programme as a variant to the Zoning Plan for Transformation Areas ATUa1, ATUa3 and ATR1 ("PII Proposal").
The final project was approved by the Regione Lombardia with Decree No. 17612 of 9 November 2023 following the services conference. The executive design is being developed.

MILAN AFFORI

Approximately 54,000 square metres are involved in the project, of which 53% is owned by FNM and 47% by FERROVIENORD. The approved *Integrated Intervention Program* ("PII") envisaged the construction of a total floor area of 27,700 square metres, of which 24,700 sqm for reception and tertiary activities and 3,000 sqm for commercial and other compatible uses.
The procedure for the selection of an operator interested in the execution of the PII resulted in the signing of a real estate purchase and sale contract for a total of EUR 14 million with the company GDF SYSTEM S.r.l. (a company of the Della Frera S.p.A. Group) with deferred payment until 2018.
Having obtained the building permit from the Municipality of Milan on 25 May 2017, FERROVIENORD proceeded with the call for tenders for joint assignment of the executive design and execution of the building works for the underground parking lot as envisaged in Art. 6 of the Recognition and Specification Act of 26 June 2014. The tender procedure for the joint award of the executive design and execution of the works ended with the tender being awarded to the company Paolo Beltrami Costruzioni S.p.A., and the relative contract was signed on 18 July 2018. In 2019, the Contractor developed the executive design and, on 15 April 2019, work started on the car park. The works under the responsibility of the company Paolo Beltrami Costruzioni S.p.A. were

completed in December 2022. The final cost of the works - taking into account the 2 Submission Documents and 1 Amicable Agreement signed as well as price revisions - amounted to EUR 7.5 million, with an increase of EUR 2.9 million compared to the contractual amount.
However, in the absence of the project for the square above the car park, intended to host the market ("Market Square"), which is the responsibility of the operator GDF SYSTEM and the Municipality of Milan, it has not been possible to definitively complete the emergency exits of the car park on the square and obtain the necessary authorisations, inevitably compromising its full usability.
Therefore, also considering the time elapsed from the stipulation of the 2014 Recognition Act, the Municipality, FNM and GDF System agreed on the need to activate a coordinating roundtable to prepare all documents directed at the stipulation of a new revision document amending and/or reformulating some conventional obligations. Furthermore, noting that the economic framework used as a reference when the Agreement was signed has changed radically, FERROVIENORD commissioned the Polytechnic University of Milan to carry out a study to assess the economic sustainability of the investment in light of all the relevant elements. The Polytechnic study showed that parking occupancy rate is a decisive variable and is considered highly volatile and uncertain. In the case of parking with rotating parking spaces at municipal rates, it is not possible to reach economic balance, as set forth in the Affori PII Recognition Act, and in case of the exclusive application of municipal rates, it is destined to be managed at a loss.
The Municipality was sent the Polytechnic study and amendments were requested to art. 6 of the Recognition Act in order to give FERROVIENORD maximum flexibility in managing the car park. The Municipality did not provide any feedback.
On the other hand, on 21 September 2021, the Municipality signed a deed with GDF SYSTEM updating the Agreement and the Recognition Act, without involving FERROVIENORD and FNM, by virtue of which GDF SYSTEM was granted a change in the functional mix, or the transformation of 5,000 square metres of floor space from hotel accommodation to residential. This deed adversely affects FERROVIENORD's position in that (i) it makes it jointly and severally liable for the obligations assumed by GDF SYSTEM and (ii) it significantly reduces the occupancy capacity of the car park, since the construction of a 5,000 sqm hotel has been eliminated.
In view of this, on 26 November 2021 FERROVIENORD, together with FNM, notified the Municipality and GDF SYSTEM of an appeal before the Milan Regional Administrative Court to annul the executive decision approving the above-mentioned deed, with the aim of inducing the Municipality to take FERROVIENORD's requests into consideration, initiating a review of art. 6 of the Recognition Act, which governs the interchange car park.

Further meetings were held with the Mobility Directorate of the Municipality of Milan in 2022 to propose and share a mechanism to ensure economic and financial balance. By note No. 10029 of 2 November 2022, FERROVIENORD wrote to the Municipality of Milan pointing out the imminent completion of works for the construction of the car park and the possible harm caused to FERROVIENORD from the delay in the opening of the car park and asking for: (i) the rapid approval of the Market Square project; (ii) the formalisation of the already agreed compensation mechanism for car park costs and revenues necessary to guarantee its economic and financial balance, as inferred from the EFP of 23 September 2022.

The works under the responsibility of the company Paolo Beltrami Costruzioni S.p.A. were completed and inspected on 11 September 2023. The final cost of the works amounts to EUR 7,594,317, an increase of EUR 2,940,926.98 compared to the contractual amount resulting from 2 Submission Documents and 1 Amicable Agreement, in addition to the price revision.

During 2023, the following were also carried out: (i) temporary emergency exit routes that will allow the car park to be used even before the work is carried out on the square above intended to host the market ("Market Square"); (ii) car park access and payment systems; (iii) video surveillance systems.

The General Management of FERROVIENORD, in note No. 63-2022, set up a working group with the aim of planning and managing the activities necessary to open the car park to the public, scheduled for the first half of 2024.

The Municipality of Milan, FNM and GDF activated a joint working group to settle all pending issues relating to PII implementation. The aim of the working group is to sign an additional agreement recognising and providing further details of the town-Programme Agreement.

SACCONAGO TERMINAL

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

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

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

The company Malpensa Intermodale S.r.l. is managing the project to upgrade the Sacconago intermodal terminal, which calls for an expansion on an area of 40,000 square metres, next to the current terminal in operation. With the expansion project, the following will be created: (i) a new buffer area (for the storage of goods and for the organisation of loading and unloading operations and interchange by road) of approximately 20,000 square metres to improve goods handling; (ii) the second module of the terminal, which will consist of a single operational track; (iii) a three-track area for parking and carriage gauge; (iv) work to widen the platforms of the two existing tracks to facilitate train loading and unloading activities. To compensate for the expansion, a green area of about 11,000 square metres will be created in the immediate vicinity of the terminal.

From the point of view of the terminal’s impact, the expansion will not affect its maximum capacity, which is currently 3 trains per day for 70 truck entries per day. Indeed, the aim is to make the currently under-utilised freight terminal more efficient. The works to be carried out, particularly the third track, will make it easier to accommodate longer trains with semitrailers and avoid queuing outside the terminal compared to the current situation.

The project Master Plan, which is broken down into three phases (0, 1 and 2), was submitted to the Municipality on 20 December 2019 and calls for the expansion of the existing Terminal by approximately 45,000 sqm by laying a third operational track as well as building a buffer area where incoming/outgoing goods can be handled. During 2020, the Company focused on the approval process for obtaining building permits, which resulted in a new version of the Master Plan being drafted, on which the Municipal Council passed a positive resolution on 11 November 2020. By virtue of this resolution, on 23 December 2020 an application was filed for an approved building permit for Phase 0.

The building permit was prepared in the course of 2021 in order to proceed to the negotiation phase with the Municipality to define the content of the Agreement, which will also govern subsequent

Master Plan developments, particularly with reference to the compensatory works in connection with Phases 1 and 2.

In the course of 2022, Malpensa Distripark completed the process of defining the Agreement, including compensatory works, to be signed with the Municipality of Busto Arsizio in order to be able to begin Phase 0 works. At the end of this procedure, the Municipality approved the final text of the Agreement. This Agreement also governed the value of the land owned by the Municipality, to be acquired by Malpensa Distripark, and the Municipality agreed to undertake to revalue residual building rights in areas adjacent to the planned development.

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

With regard to Phase 0, a contract was signed in May 2023 for the removal of piles of waste, in preparation for the start of Terminal expansion works, for which a building permit has been issued. The movement of the piles was completed on 9 August 2023.

On 4 July 2023 the call for tenders was announced for Terminal expansion works, which ended on 28 July with the submission of two bids, following which the contract was awarded and the works began on 13 December following the completion of administrative formalities: the construction project is expected to take 165 days.

With regard to Phases 1 and 2, on 12 October 2023 the design mandate for the implementation plan, i.e. SUAP procedure, was delivered.

15 EMPLOYEES: NUMBERS, COSTS AND TRAINING

15.1 NUMBERS AND COSTS

The average number of FNM Group FTE employees dropped from 2,585 in 2022 (net of the number of FTE of the subsidiaries sold during the year, i.e., 224 FTE) to 2,565 in 2023, a decrease of 0.8%.

In particular, the Parent Company FNM had an average number of FTE of 203 compared to 192 for the previous year (+5.6%).

15.2 INDUSTRIAL RELATIONS

In the course of 2023, the provisions of the national collective bargaining agreement of 10 May 2022 were applied. In January, the second and final one-off grant was disbursed (EUR 250 at the bargaining benchmark, par. 175) to cover the contractual holiday period (the previous contract expired in 2017). In June and September, the last 2 tranches of the salary increase (each tranche worth EUR 30 at par. 175). The TPL Health Fund, established in the national bargaining agreement, also started in 2023, with compulsory membership for all employees covered by the national collective labour agreement for railway-tram sector workers and an annual contribution entirely borne by the company of EUR 144 for each permanent employee not on probation.

For FNM, Ferrovienord and Nord_Ing, the second-level agreement signed on 29 September 2022 came into force, redefining certain contractual terms such as: middle manager indemnity, productivity bonus, performance bonus, meal vouchers and pension fund contribution.

In March 2023, FNM Autoservizi signed an agreement calling for the payment of a one-off company welfare contribution, to cover the amount accrued in 2022.

On 18 July 2023, the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia was renewed, introducing many improvements in the areas of environmental sustainability, continuous education, occupational health and safety and gender and inclusion policies. There was a desire to strengthen the welfare system, maternity and paternity leave and protection for workers suffering from serious illnesses, and lastly, a major boost was also given to policies to improve work-life balance. Regarding the scope of the contract, which will expire on 30 June 2025, for the first time it includes special sections for employees of companies operating in complementary, related and ancillary activities to the motorway concessions.

As regards the economic part, in a nutshell, the agreement establishes an increase over the minimum wage in the amount of EUR 210 per month with reference to level C, divided into 4 instalments starting from August 2023 and subsequent instalments in January 2024 - August 2024 - January 2025. In addition, to cover the contractual holiday period, from July 2022 to June 20223, a lump sum of EUR 700 will be paid with reference to level C, and a sum of EUR 300, not recalibrated, is to be paid in the form of company welfare.

In addition, the 2021 performance bonus was increased by EUR 10 per month, with reference to level C, which will also be fully counted for severance pay purposes.

Lastly, starting from January 2024, EUR 30 per month, not recalibrated, will be paid in the form of company welfare.

In total, therefore, the structural economic increase corresponds, when fully implemented, to EUR 250 per month with reference to level C.
Again with reference to the National Collective Bargaining Agreement for Motorway and Tunnel Companies and Consortia on 24 October 2023 the second-level supplementary agreement for the 2023-2025 three-year period was also defined.
The Parties discussed organisational issues relating to the operational areas and, in particular, retraining, as well as the resulting valuation of certain tasks performed by operational staff who have partly changed their scope of action over the last three years. In addition, the impact that the increase in automation has had on the toll booth sector was also assessed, in particular with the definition of a new organisation of work in toll booths on the A7 section during night shifts, ensuring better integration among the various parties working at barriers and toll booths. As far as headquarters personnel are concerned, the agreement defined the objectives that contribute to the determination of part of the performance bonus and introduced new initiatives aimed at supporting parenthood and promoting work-life balance. Finally, in a transversal change, the face value of meal vouchers paid to workers was raised.

15.3 TRAINING

In the course of 2023, training initiatives were carried out to enhance the role-related skills of certain company figures as well as provide updates on important transversal issues. In general, all activities have always been planned in support of the organisational changes that have taken place, as well as in accordance with the instructions received from the management.
Courses were organised in e-learning mode on topics relating to the Code of Ethics, relations with the Public Administration and the provisions of Legislative Decree No. 231/2001. Courses were also held in this mode on ESG and anti-corruption.
Lastly, all safety training and refresher courses as set forth in Legislative Decree 81/08, as amended, were provided.
All in all, a total of about fifty thousand hours of training was provided to the employees of Group companies, in full compliance with the training plan.
Furthermore, during the year the Group continued to participate in the MaaM, “Maternity as a Master” project, an innovative educational programme focused on the theme and importance of being a parent in the company.

16 RESEARCH AND DEVELOPMENT ACTIVITIES

In the course of 2023, the Framework Agreement for scientific collaboration between FERROVIENORD and the MILAN POLYTECHNIC was still in force; its goal is to develop joint training and research initiatives in areas like: securing Brescia - Iseo - Edolo line tunnels, study of staking, train spring testing in train-infrastructure interaction and work monitoring systems.

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

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

As regards Spoke 9 in March 2023, Sapienza University of Rome kicked off operational activities and, more specifically, WP2, in which Euro is involved as an industrial partner together with other Italian companies, within the “National Centre for Sustainable Mobility” project, funded by the NRRP, which will last for 36 months and in which six other FNM Group companies are involved.

Specifically, WP2 aims to identify technological barriers and opportunities to develop new concepts of multimodal, multi-service and user-oriented hubs that enable comfortable and seamless transfers from different mobility alternatives, encouraging the use of the most suitable and sustainable mode of transport for the purpose and characteristics of the place and the trip:

- creation of an indoor mobility micro-simulation model to enable dynamic operations management at the hub (University of Rome);
- development of a multimodal/multi-service hub allowing for seamless transfers between different modes (public transport, car, bicycle) and services (bike-sharing, car-sharing) in a multimodal area (Polytechnic University of Milan);
- living lab of a smart parking system with real-time occupancy monitoring, remote reservation and control, equipped with electronic charging systems to provide real-time information on the availability of parking spaces and charging facilities (University of Rome and Polytechnic University of Milan).

Lastly, in June 2023, the supply chain created by E-Vai S.r.l., in its capacity as lead partner, with 10 other companies from Lombardy was accepted and funded by Unioncamere for the “Eco-hub out of the ordinary” project as part of the Regione Lombardia’s “Process innovation and organisation of production and service chains and industrial and economic ecosystems in Lombardy” call for tenders. The project started in June 2023 and will end on 29 February 2024. This project will lead to the first installation in Italy of the multimodal mobility eco-station within the municipality of Bollate.

As far as the company MISE is concerned, in 2023, Research and Development activities were mainly focused on collaborations with universities. The company has undertaken a number of projects, linked to basic studies, in the area of research and innovation in cooperation with leading universities. It is committed to the implementation of innovative solutions for a more sustainable, efficient and integrated mobility, capable of improving people’s quality of life and the environment, leading to the preparation of the “2023-2025 Sustainability Plan of Milano Serravalle - Milano Tangenziali S.p.A.”, in alignment with the FNM Group.
In particular in 2023:

- work continued, together with the Parent Company, in the context of Spoke 7 “CCAM, *Connected Networks and Smart Infrastructures”,* of the Sustainable Mobility Research Centre, to develop solutions for sustainable mobility through digital tools oriented towards connected, automated, safe and sustainable mobility for citizens;
- activities continue with the Polytechnic University of Milan aimed at exploring the potential of artificial intelligence techniques in the processing of predictive algorithms, to monitor motorway infrastructural element conditions and manage both predictive and routine maintenance. The technological instruments that will be installed on the diagnostic van to carry out the field surveys were purchased;
- the first phase of the study of the state of the technologies currently used for road paving was concluded, with a view to environmental sustainability, with a specific focus on the road wearing surface and the possibility of using new innovative technologies and recycled and recyclable materials.

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

On 12 March 2024 the Board of Directors approved the Sustainability Report - Consolidated Non-Financial Statement (“NFS”) prepared pursuant to the Legislative Decree No. 254/2016. The NFS,

which is contained in a report separate from the Management Report, illustrates the activities of the Group, its progress, results and impact produced in relation to environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption.
The NFS of the FNM Group reports its sustainability performance in accordance with the “GRI Sustainability Reporting Standards” in its latest 2021 update. Once again for 2023, the NFS has been structured taking inspiration from the principles of the Integrated Report and describes business resources as capital (Economic-Financial Capital, Production and Intellectual Capital, Human Capital, Natural Capital and Social and Relationship Capital), i.e. tangible and intangible resources that are increased, reduced or transformed by the organisation’s activities and outputs, and that result in the creation of value in the long term. The capitals have contributed to the achievement of 10 Sustainable Development Goals (SDGs) under the 2030 Agenda.
Starting from the year 2024, with mandatory reporting effective as of 2025, the FNM Group will prepare an Integrated Report, in application of the Corporate Sustainability Directive (CSRD) published in the Official Journal on 16 December 2022. Sustainability information will therefore be included within the Management Report in order to facilitate the correlation between financial and sustainability information.

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

To be sustainable, long-term value creation must take into account the impacts of the company’s activities on society and the environment in which it operates. It is therefore important that an analysis of risks compatible with strategic objectives cannot be separated from the assessment of sustainability issues. Therefore, in line with the Corporate Governance Code and major international trends, the Risk Manager, in cooperation with the CSR-Sustainability Function, annually carries out the mapping and assessment of the main risks associated with the areas identified by Legislative Decree No. 254/2016 in order to take appropriate mitigation actions in agreement with the Risk Owners (Enterprise Risk Management - ERM).The ERM Risk Assessment activity, which covered all the pivotal companies consolidated line-by-line of the 2021-2025 Strategic Plan, has the objective of carrying out a specific assessment of transition and physical ESG risks for all business segments, with an in-depth focus on risks linked to the geopolitical context, particularly with reference to the impacts on supply chain resilience, the increase in the cost of raw materials as a result of ongoing conflicts, the exacerbation of the effects of climate change, the accessibility of the services offered and inclusion and diversity aspects. These risks are classified in an *ad hoc* category called “CSR Sustainability (Legislative Decree 254/16)” and

included in 4 areas (Environmental, Social, Personnel Issues, Combating Active and Passive Corruption).
For 2023, the list of 18 material and specific issues of FNM's business model identified and prioritised in 2022, based on the valuation of the significance of the relative impacts given by the stakeholders, was confirmed by the Committee for Social and Ethical Responsibility on 29 November 2023.

It should be noted that the top material topics include: Sustainable infrastructure management, Energy consumption, Atmospheric emissions and climate change, Service quality and customer safety in stations and on the move, Talent attraction and human capital development, Occupational health and safety, Noise and vibration management, Welfare for employees and Service and infrastructure accessibility.

Risks and material issues

The mapping of the main ESG risks made it possible to update the correlation between the most relevant issues identified with the materiality list and the other material topics required by Legislative Decree 254/2016 relating to personnel, environmental and social aspects and the main risks and how they are managed. In 2023 the Enterprise Risk Assessment strengthened the integration of the process with ESG aspects by revising the areas of application of Legislative Decree 254/2016 and introducing specific ESG material topics for the Group. Below are the main ESG risk factors that emerged for the FNM Group, as explained in more detail in the 2023 Sustainability Report in chapter 3:
Environmental area: energy consumption, atmospheric emissions and climate change; biodiversity protection, noise and vibration management, waste management and water resource management;
Social area: service quality and customer safety in stations and on the move (Security and Safety), service and infrastructure accessibility, intermodality and service integration, technological and digital innovation, sustainable infrastructure management, dialogue with stakeholders and local development, sustainable procurement;
Fight against active and passive corruption area: ethics and business integrity; systemic risk management and business resilience;
Personnel-related topics area: talent attraction and human capital development, welfare of employees, respect for diversity and inclusion; occupational health and safety.

First of all, with regard to the main ways in which risks are mitigated and managed, the Group has established a clear governance of sustainability, through the CSR-Sustainability Function and the Social Responsibility and Ethics Committee. The Group constantly monitors the evolution of applicable regulations in the various areas, organises working groups internally and with trade associations to ensure compliance, adopts regulations and procedures to manage specific risks (including the FNM Group Sustainability Policy approved on 23 February 2023) and promotes a number of initiatives to foster dialogue with the various stakeholders concerned. Again in 2023 the FNM Group voluntarily applied for an ESG rating from Morningstar Sustainalytics, which rated the ESG risk profile to which the FNM Group is exposed as negligible and gave it an ESG Risk Rating of 6.6. THE ESG rating provided by CDP, climate survey area, shows an improvement compared to the previous year in the survey areas relating to emission reduction initiatives and low-emission services, Scope 3 emissions reporting and climate risk disclosure.

In general, risk mitigation is implemented through the adoption by the most exposed companies of specific certified management systems, including environmental, occupational health and safety, service quality, energy and corruption prevention, as well as infrastructure and traffic safety (both rail and road) and information management systems. Another key tool is staff training and awareness-raising, delivered on sensitive topics such as emergency management, waste management, IT risks, occupational safety, active and passive corruption offences and sustainability issues in general. All infrastructure (railways and motorways), civil works and fleets are constantly monitored, checked and maintained in order to minimise environmental impact, in terms of both energy and water consumption as well as the generation of atmospheric emissions, waste, vibrations and noise pollution. These activities also aim to ensure high standards of safety and adaptability against extreme natural events. As part of work design activities, adaptations have been made to meet requirements of removing architectural barriers, create protected wildlife crossings to safeguard biodiversity and provide appropriately sized and maintained fire prevention systems. With particular reference to environmental risks, the Group has initiated an investment process aimed at modernising its fleet with environmentally friendly vehicles (electric and hydrogen), which will also help to introduce higher standards of comfort, safety and reliability for users. Environmental, social and anti-corruption issues have become increasingly important in the supplier qualification and management process, governed by the adoption of Sustainable Procurement Guidelines and due diligence activities to mitigate the risk of corruption. The focus on personnel should also not be overlooked, both in terms of offering technical and professional training courses and welfare programmes and introducing evaluation plans based on objectives, which also includes ESG targets (Management by Objectives and Long Term Incentives), and in terms of developing

professional succession plans and monitoring and preventing any pandemic outbreaks in the company. It is also important to attract resources with specific knowledge to ensure the development of business opportunities with the application of innovative and digital technologies capable of combining the evolving needs of the target market with the evolution of applicable regulations. The Group also considers it a priority to safeguard health and safety in the workplace. In fact, the Group's most exposed companies have adopted management systems in compliance with the UNI EN ISO 450001 standard, and therefore plan appropriate actions to manage risk factors associated with this area.
Finally, it should be noted that the Audit, Risks and Related Party Transactions Committee and the Social Responsibility and Ethics Committee in addition to the Compliance Function provide oversight for the management of corruption risk, thanks to the application of the Code of Ethics and Conduct, the adoption of a Model pursuant to Legislative Decree 231/2001, the implementation of a whistleblowing channel and the performance of regular audits.

18 FNM S.p.A. CORPORATE GOVERNANCE

FNM S.p.A. corporate governance is based on the traditional system: the corporate bodies are the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors and, as an external body, the Independent Auditor.
FNM S.p.A. has adopted a corporate governance system that complies with the legal provisions and CONSOB regulations in force, aligned with the contents of the Corporate Governance Code of listed companies of Borsa Italiana S.p.A. and national and international best practices.
In particular, FNM S.p.A. exercises management and coordination activities for some of the subsidiaries, pursuant to the provisions of current legal provisions and company agreements with partners.
FNM S.p.A. also holds equity investments in companies that guarantee the presence of the Group in activities consistent with the corporate purpose and in segments complementary to its core business.
The corporate governance system adopted by FNM S.p.A. is based on compliance with current regulations, maximising value for shareholders, controlling business risks, transparency with respect to the market and reconciling the interests of all shareholders. The in-house rules system is consistent with the principles of the FNM Group's Code of Ethics and Conduct.
The following procedures form an integral part of the corporate governance system:

- the Guidelines for the Internal Control and Risk Management System;
- the Procedure for the regulation of transactions with related parties;

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

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

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

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

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

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

The Supervisory Body has the task of constantly monitoring:

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

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

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

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

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

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

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

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

20 FINANCIAL INSTRUMENTS

It should be noted that during the year and at 31 December 2023 the Company did not use any derivative financial instruments.
Amongst the subsidiaries and investees, at 31 December 2023 MISE has outstanding derivatives referring to interest rate swap contracts entered into in order to prevent the risk of changes in interest rates, the fair value of which is negative.

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

Pursuant to and in accordance with the provisions of Art. 79 of CONSOB resolution No. 11971 of 14 May 1999 and subsequent amendments, it is specified that, from the information resulting from the shareholder's register and from the acquired notifications, the directors and auditors, as well as their spouses who are not legally separated and their minor children, do not hold equity investments in the Company and in companies under its control, neither directly nor through trust companies nor through third parties.
Furthermore, as required by the Code of Conduct on Internal Dealing approved on 13 May 2019, there were no transactions on FNM S.p.A. financial instruments by any of the relevant persons subject to the disclosure obligations.
Lastly, it should be noted that the company does not come under any of the cases indicated by Art. 2428, paragraph 3, numbers 3 and 4 of the Italian Civil Code.

22 SIGNIFICANT EVENTS DURING THE YEAR

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 Regione Lombardia 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.

ESG rating of 6.6 received: FNM confirmed among the top rated entities evaluated by Morningstar Sustainalytics worldwide

27 November 2023 - Again in 2023, Morningstar Sustainalytics rated the ESG risk profile to which the FNM Group is exposed as negligible, assigning a score of 6.6 (on a scale between 0 and > 40, where 0 indicates the best rating and >40 the worst), an improvement on 2022 (7.4).

FNM was therefore confirmed among the top 40 top-rated companies of the approximately 15,600 entities assessed worldwide by Morningstar Sustainalytics and in 5th place among the 183 companies active in the transport infrastructure sector. The rating agency assessed risk management with regard to service sustainability, community relations, occupational health and safety and anti-corruption, and found the unmanaged residual risk to be negligible. The rating was requested voluntarily by FNM.

New Service Agreement for Lombardy regional rail transport signed between Trenord and the Regione Lombardia

29 November 2023 - Trenord signed the new service agreement for regional rail transport in Lombardy with the Regione Lombardia, effective for the period from 1 December 2023 to 30 November 2033. Additional details can be found in section 6.5, in the special section dedicated to Trenord.

Second executive contract signed for the purchase of hydrogen trains as part of the H2IseO Project

22 December 2023 - FNM and Alstom Ferroviaria S.p.A. ("Alstom") signed, within the scope of the Framework Agreement entered into on 29 December 2020, a second Executive Contract for the supply of two hydrogen-powered trains - in addition to the first six for which contracts had already been entered into and which were ordered - for an amount of EUR 27.5 million. Additional details can be found in the description of the H2IseO project in section 6.1.

Purchase of a shareholding in Mbility, innovative start-up in the mobility of vulnerable or disabled people

22 December 2023 - Through the subscription and payment of a reserved share capital increase of EUR 1 million, FNM acquired a 30.77% stake in Mbility, a company that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through its proprietary digital platform.

Founded in 2020 in Milan, Mbility began operating in 2023 in Milan and Lombardy, with the aim of expanding nationwide, focusing on major cities. Due to operator fragmentation, low digitalisation and the significant growth forecasts of the reference market due to the constant ageing of the population, the company has appealing outlooks for development, operating as a system aggregator through an enabling digital platform for all equipped and medical transport operators.

The investment in Mbility is consistent with FNM's 2021-2025 Strategic Plan, as it immediately provides a service based on a platform that has already been launched and agreements signed with sector operators, capable of serving a large community that will tend towards constant growth, based on an MaaC (Mobility as a Community) approach. Additional synergies could result from opportunities for integration and complementarity with other Group companies, including BusForFun.com, E-Vai and FNMPAY.

Update of the Service Agreement between Ferrovienord and the Regione Lombardia

28 December 2023 - The Regional Council approved the contractual text for the update of the Service Agreement in force between Ferrovienord and the Regione Lombardia in force for the 1 January 2023 - 31 December 2027 period. More details concerning the contract update are provided in section 6.2.

Considering the correlation between the Regione Lombardia, the controlling shareholder of FNM, and FERROVIENORD, a company wholly owned by FNM, the proposal to update the Service Agreement falls within the scope of application of the procedure for transactions with related parties of FNM (the "RPT Procedure"), and is classified as a transactions with related parties of "lesser significance". Therefore, in accordance with the provisions of the RPT Procedure, the FNM RPT Committee evaluated the transaction and issued a prior justified opinion on the interest of Ferrovienord (and FNM) in carrying out the transaction, as well as on the cost effectiveness and substantial fairness of its conditions. Furthermore, the FNM Board of Directors also positively assessed the Service Agreement update.

23 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

With regard to significant subsequent events, reference should be made to Note 55 to the consolidated financial statements and Note 39 to the separate financial statements.

24 MANAGEMENT OUTLOOK

In 2024, the results of the motorway segment are expected to be supported by the consolidation of traffic demand, which reached pre-pandemic levels in 2023, and the tariff increase effective from 1 January 2024. In line with the stabilising trend seen in 2023, LPT passenger volumes will also continue to recover in 2024, but are expected to remain lower than in 2019.

The group's results will benefit from the effect of the acquisition of Viridis, an operator in the field of power generation from renewable sources, consolidated as of 23 February 2024.

In light of these reflections, the forecasts for the FNM Group, including the results of Viridis, are as follows in 2024:

- revenue growth of 1-5% compared to 2023 (broadly in line on a like-for-like basis)
- adjusted EBITDA up 5-10% on 2023 (broadly in line on a like-for-like basis)
- adjusted EBITDA/revenue up slightly on 2023.

Net financial debt is expected to be in the range of EUR 850 to 900 million at the end of the year. This takes account of the effects of the acquisition of Viridis and investments for the year, currently estimated at EUR 150-200 million, driven mainly by motorway capex and the development of renewable energy production activities. The adjusted NFP/EBITDA ratio is therefore expected to be in the range of 3.5x-4.0%.

For Trenord – measured according to the equity method – transport demand is also expected to recover further compared to 2023, with volumes gradually reaching pre-pandemic levels over a period of a few years. The investee company continues to constantly monitor all the main KPIs regarding the performance of the service, passengers, receipts and the cost-revenue ratio.

Milan, 12 March 2024

The Board of Directors

Il Consiglio di Amministrazione

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE INDICATORS USED

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

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

EBITDA: it represents the earnings for the year before income taxes, of the other financial income and expenses, of depreciation, amortisation and impairments of fixed assets. The Group also provides an indication of the incidence of EBITDA on net sales. The calculation of EBITDA carried out by the Group 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 non-ordinary expenses and income, such as:

1. income and expenses deriving from restructuring, reorganisation and business combinations;
1. income and expenses not directly referred to the ordinary performance of the business, clearly identified;
1. any income and expenses deriving from significant extraordinary events and transactions as defined by Consob Communication DEM6064293 of 28/07/2006.

Extraordinary expenses from development projects amounting to EUR 0.8 million were excluded from 2023 adjusted EBITDA.

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

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

Net Working Capital: it includes current assets (excluding cash and cash equivalents included in the net financial position), and current liabilities (excluding the current financial liabilities included in the net financial position).

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

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

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

Consolidated Financial Statements for the year ended 31 December 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*
- *Notes to the Consolidated Financial Statements*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2023

Amounts in thousands of euros	Notes	31/12/2023	31/12/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	484,503	480,501
Intangible assets	7	307,704	340,038
Right of use	8	16,283	20,233
Investments measured with the equity method	9	162,289	160,690
Equity investments measured at fair value through profit or loss	9	11,450	11,141
Other financial assets measured at amortised cost	10	67,172	57,316
of which: Related Parties	10	66,172	56,316
Financial Assets measured at fair value through profit or loss	11	4,454	4,324
Contractual assets	13	77,904	77,208
of which: Related Parties	13	0	0
Deferred tax assets	14	36,646	32,658
Tax receivables	18	153	17
Other Assets	17	2,955	3,542
of which: Related Parties	17	7	7
TOTAL NON-CURRENT ASSETS		**1,171,513**	**1,187,668**
CURRENT ASSETS			
Inventories	15	13,404	12,109
Trade Receivables	16	171,031	152,964
of which: Related Parties	16	86,771	70,529
Other Assets	17	136,619	149,490
of which: Related Parties	17	17,462	25,566
Current tax receivables	18	384	212
Other financial assets measured at amortised cost	10	2,743	1,174
of which: Related Parties	10	1,948	481
Financial Assets measured at fair value through profit or loss	11	562	7,709
Contractual assets	13	10,249	0
of which: Related Parties	13	10,249	0
Receivables for investments in services under concession	12	210,717	249,333
of which: Related Parties	12	208,720	247,336
Cash and cash equivalents	19	395,245	236,928
TOTAL CURRENT ASSETS		**940,954**	**809,919**
Assets held for sale	20	0	21,966
TOTAL ASSETS		**2,112,467**	**2,019,553**

Amounts in thousands of euros	Notes	31/12/2023	31/12/2022
LIABILITIES			
Share capital		230,000	230,000
Other reserves		12,052	13,335
Reserve for indivisible profit		37,796	(22,721)
Reserve for actuarial gains/(losses)		(5,647)	(5,357)
Translation reserve		278	200
Profit/(loss) for the year		80,855	68,476
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**355,334**	**283,933**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**20,826**	**22,980**
TOTAL SHAREHOLDERS' EQUITY	**21**	**376,160**	**306,913**
NON-CURRENT LIABILITIES			
Payables to banks	22	91,758	143,681
Bond Loan	23	645,848	644,398
Financial Payables	24	89	2,197
Lease liabilities	24	12,968	18,029
of which: Related Parties	24	15	20
Payables for funded investments	25	16,413	12,587
of which: Related Parties	25	10,565	6,763
Other liabilities	27	36,657	31,095
of which: Related Parties	27	10,824	10,075
Provisions for risks and charges	28	69,827	74,540
Post-employment benefits	29	18,941	20,410
TOTAL NON-CURRENT LIABILITIES		**892,501**	**946,937**
CURRENT LIABILITIES			
Payables to banks	22	56,785	55,070
Bond Loan	23	961	961
Financial Payables	24	30,071	35,679
of which: Related Parties	24	27,035	30,586
Lease liabilities	24	7,963	7,746
of which: Related Parties	24	79	115
Payables for funded investments	25	82,200	41,112
of which: Related Parties	25	75,327	41,112
Trade payables	30	513,693	470,689
of which: Related Parties	30	13,790	13,405
Payables for taxes	31	4,504	9,382
Tax payables	31	4,427	6,676
Other liabilities	32	73,938	63,722
of which: Related Parties	32	21,414	17,696
Provisions for risks and charges	28	69,264	67,641
TOTAL CURRENT LIABILITIES		**843,806**	**758,678**
Liabilities related to assets held for sale	20	0	7,025
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**2,112,467**	**2,019,553**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2023

Amounts in thousands of euros		Notes	2023	2022
Revenues from sales and services		33	564,560	543,434
	of which: Related Parties	33	199,039	188,833
Revenues from construction services - IFRIC 12		35	164,760	110,432
	of which: Related Parties	35	141,569	70,738
TOTAL REVENUES			**729,320**	**653,866**
Grants		34	15,030	23,760
	of which: Related Parties	34	7,688	8,570
Other income		36	31,656	30,328
	of which: Related Parties	36	7,906	8,502
TOTAL REVENUES AND OTHER INCOME			**776,006**	**707,954**
Raw materials, consumables and goods used		37	(31,370)	(36,519)
Service costs		38	(154,551)	(161,906)
	of which: Related Parties	38	(11,641)	(10,455)
	of which: Non Recurring	38	(761)	0
Personnel costs		39	(163,959)	(162,108)
Depreciation, amortisation and write-downs		40	(105,899)	(92,055)
Write-down of financial assets and contractual assets		41	(890)	(1,741)
Other operating costs		42	(56,725)	(50,047)
	of which: Related Parties	42	(51)	(104)
Costs of construction services - IFRIC 12		35	(157,930)	(102,518)
TOTAL COSTS			**(671,324)**	**(606,894)**
EBIT			**104,682**	**101,060**
Financial income		43	14,344	8,708
	of which: Related Parties	43	8,350	3,647
	of which: Non Recurring	43	4,493	0
Financial expenses		44	(19,869)	(12,764)
	of which: Related Parties	44	(840)	(214)
	of which: Non Recurring	44	0	0
NET FINANCIAL INCOME			**(5,525)**	**(4,056)**
Net profit of companies measured with the equity method		45	6,358	817
EARNINGS BEFORE TAX			**105,515**	**97,821**
Income taxes		46	(23,517)	(28,270)
NET PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS			**81,998**	**69,551**
NET PROFIT FROM DISCONTINUED OPERATIONS		47	0	0
PROFIT (LOSS) FOR THE FINANCIAL YEAR			**81,998**	**69,551**
Profit/(loss) attributable to NCIs			**1,143**	**1,075**
Profit/(loss) attributable to Parent Company shareholders			**80,855**	**68,476**
Profit/(loss) attributable to NCIs for discontinued operations			—	—
Profit/(loss) attributable to Parent Company shareholders for discontinued operations			—	—
Earnings per share attributable to Group shareholders				
Basic earnings per share (euro)		48	0.19	0.16
Diluted earnings per share (euro)		48	0.19	0.16
Earnings per share attributable to Group shareholders for discontinued operations				
Basic earnings per share (euro)		48	—	—
Diluted earnings per share (euro)		48	—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023

Amounts in thousands of euros	Notes	2023	2022
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**81,998**	**69,551**
Other items of companies consolidated on a line-by-line basis			
Post-employment benefit actuarial gain/(loss)	29	(601)	2,611
Tax effect	14	168	(728)
Total items that will not be reclassified in subsequently to the income statement		**(433)**	**1,883**
Fair value measurement of derivatives	24	71	3,190
Tax effect	14	(17)	(765)
Total items that may be reclassified subsequently to the income statement		**54**	**2,425**
Total items consolidated on a line-by-line basis		**(379)**	**4,308**
Other items of companies measured with the equity method			
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method		81	631
Total items that will not be reclassified subsequently to the income statement	**9**	**81**	**631**
Fair value measurement of derivatives		(1,337)	4,037
Gains/(losses) arising from the translation of financial statements of foreign companies		78	53
Total items that may be reclassified subsequently to the income statement	**9**	**(1,259)**	**4,090**
Total items of companies measured with the equity method		**(1,178)**	**4,721**
Total Other Comprehensive Income	**50**	**(1,557)**	**9,029**
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**80,441**	**78,580**
Comprehensive Profit/(Loss) attributable to non-controlling interest		**1,081**	**1,468**
Comprehensive Profit/(Loss) attributable to Parent Company shareholders		**79,360**	**77,112**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of euros	**Share capital**	**Other reserves**	**Indivisible Profits/ Losses**	**Reserve for actuarial gain/loss**	**Translation reserve**	**Profit/Loss for the year**	**Shareholders' equity attributable to the Group**	**Shareholders' equity attributable to non-controlling interests**	**Total Shareholders' Equity**
Balance as at 01.01.2022	**230,000**	**6,873**	**(63,596)**	**(7,478)**	**147**	**40,875**	**206,821**	**21,512**	**228,333**
Profit for the year						68,476	68,476	1,075	69,551
Other changes in profit or loss		6,462		2,121	53		8,636	393	9,029
Total Comprehensive Income		**6,462**		**2,121**	**53**	**68,476**	**77,112**	**1,468**	**78,580**
Allocation of 2021 profit			40,875			(40,875)	—		—
Change in the scope of consolidation		—	—	—			—	—	—
Balance as at 31.12.2022	**230,000**	**13,335**	**(22,721)**	**(5,357)**	**200**	**68,476**	**283,933**	**22,980**	**306,913**
Profit for the year						80,855	80,855	1,143	81,998
Other changes in profit or loss		(1,283)		(290)	78		(1,495)	(62)	(1,557)
Total Comprehensive Income		**(1,283)**		**(290)**	**78**	**80,855**	**79,360**	**1,081**	**80,441**
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)
Balance as at 31.12.2023	**230,000**	**12,052**	**37,796**	**(5,647)**	**278**	**80,855**	**355,334**	**20,826**	**376,160**

Notes	21	21	21	50	50	21	21	21	21

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of euros	Notes	31/12/2023	31/12/2022
Cash flow from operating activities		**Total**	**Total**
Operating result		81,998	69,551
Income taxes	46	23,517	28,270
Net profit of companies measured with the equity method	45	(6,358)	(817)
Amortisation for the period of intangible assets	7	60,211	42,586
Amortisation for the period of property, plant and equipment	6	37,695	35,866
Amortisation of right of use	8	6,725	7,651
Impairment of intangible assets and property, plant and equipment	7	1,268	5,952
Provisions for risks and charges	28	36,870	38,538
Releases of provisions for risks and charges	28	(8,428)	(11,416)
Provision for bad debts	16	890	506
Allocation to the provision for inventory obsolescence	15	—	342
Gains from disposal of property, plant and equipment	36	42	(595)
Write-down of contractual assets	13	—	1,155
Releases provision for bad debts	16	(62)	(202)
Gains from disposal of business unit	43	(443)	(874)
Capital grants for the period	34	(4,131)	(3,470)
Interest income	43	(13,712)	(8,708)
Interest expense	44	19,680	12,764
Other non-monetary income	36	—	—
Cash flow from income activities		**235,762**	**217,099**
Net change in the provision for post-employment benefit	29	(2,701)	(3,551)
Net change in provision for risks and charges	28	(25,457)	(16,006)
(Increase)/Decrease in trade receivables	16	(18,758)	(24,422)
(Increase)/Decrease in inventories	15	(1,295)	(4,341)
(Increase)/Decrease in other receivables	17	15,441	(12,671)
Increase/(Decrease) in trade payables	30	11,592	9,268
Increase/(Decrease) in other liabilities	32	(972)	(2,031)
Payment of taxes		(30,919)	(18,122)
Total cash flow from operating activities		**182,693**	**145,223**
Cash flow from/(for) investing activities			
Investments in intangible assets with own funds	7	(5,233)	(3,028)
Investments in property, plant and equipment with own funds	6	(42,938)	(84,480)
Payment of capitalised financial charges on motorway infrastructure		(300)	(1,577)
Decrease in trade payables for investments with own funds	13	(16,304)	(4,782)
Collection of grants on investments with own funds		4,579	—
Collection of motorway infrastructure investment funding	12	8,873	13,265
Gross funded investment in rolling stock		(274,196)	(342,649)
Collection of rolling stock investment funding	12	326,122	323,955
Gross funded railway infrastructure investment		(147,089)	(74,003)
Collection of railway infrastructure investment funding		221,293	58,849
Gross investments in non-compensated assets for motorway infrastructure		(37,291)	(48,255)
Disposal value of property, plant and equipment	9	871	925
Other changes from investing activities		—	4,259
Other changes in equity investments	9	(1,309)	(8,400)
Collection from the disposal of other equity investments	9	600	—
Dividends distributed by investees measured with the equity method	9	4,581	900
Other changes in financial receivables	10	148	108
Interest income collected		5,345	1,013
Loan disbursement to investee companies	10	(3,000)	(950)

Time deposit collection	10	6,767	—
Collection from the disposal of assets held for sale	20	5,500	6,313
Loan repayment by investees	19	6,938	—
Disposal of Business Unit	11	—	1,341
Total cash flow from investing activities		**63,957**	**(157,196)**
Cash flow from/(for) financing activities			
Repayment of finance lease payables	24	(7,619)	(6,991)
Loan repayment	22	(55,315)	(55,569)
New loans	22	4,740	—
Interest paid		(9,804)	(4,865)
Interest paid on bond loan	23	(4,875)	(4,875)
Non-controlling shareholder withdrawal	24	—	(21,858)
Increase/(Decrease) in other financial liabilities	24	(5,533)	(8,431)
Dividends paid out to FNM shareholders	21	(10,003)	—
Total cash flow from financing activities		**(88,409)**	**(102,589)**
Liquidity generated (+)/absorbed (-)		**158,241**	**(114,562)**
Cash and cash equivalents at start of period	19	236,928	351,832
IFRS 9 effects on cash and cash equivalents	19	76	—
IFRS 5	20	—	(342)
Cash and cash equivalents at end of period	19	395,245	236,928
Liquidity generated (+)/absorbed (-)		**158,241**	**(114,562)**

FNM S.p.A.

Registered Office in Piazzale Cadorna 14 – 20123 Milan

Share capital EUR 230,000,000.00 fully paid up

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31.12.2023

NOTA 1 GENERAL INFORMATION

GROUP OPERATIONS

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

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

These Consolidated Financial Statements were prepared on a going concern basis, as the Directors verified that no indicators of a financial, management or other nature exist indicating criticalities as to the Group's ability to meet its obligations in the foreseeable future. Business risks and uncertainties are described in relative sections in the Management Report. Note 51 "Risk Management" describes how the Group manages financial risks, including liquidity and capital risk.

The present draft financial statements were prepared and authorised for publication by the Board of Directors of the Company in the course of its meeting of 12 March 2024.

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

PRESENTATION OF THE FINANCIAL STATEMENTS

The following presentation of the financial statements was adopted:

a) in the Consolidated Statement of Financial Position, assets and liabilities are entered as current or non-current items; an asset/liability is classified as current when it meets one of the following criteria:
   - it is expected to be realised/settled or to be sold/used in the entity's normal operating cycle or
   - it is held primarily for the purpose of trading or
   - it is expected to be realised/settled within 12 months after the reporting period.
   - it is cash or cash equivalents (as defined in IAS 7) unless it is precluded from being exchanged or used to settle a liability for at least 12 months after the reporting period.

   If these four conditions are not met, the assets/liabilities are classified as non-current.

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

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

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

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

With reference to CONSOB resolution no. 15519 of 27 July 2006, related-party transactions are indicated separately in the consolidated statement of financial position and consolidated income statement, given their significance. With reference to the above resolution, income and expenses arising from non-recurrent transactions or events that are not repeated frequently during normal activities are indicated separately in the consolidated income statement; non-recurrent transactions are identified in Note 53 "Non recurring events and significant transactions", using internal

management criteria in the absence of reference standards, and this identification might differ from that adopted by other Issuers or operators in the sector.
Lastly, with reference to disclosure required by IFRS 8, main information refers to the operating segments "Ro.S.Co. & Services", "Railway infrastructure", "Road passenger mobility" (including Sustainable Mobility) and "Motorways" (Note 5 "Segment reporting").

NOTA 2 ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

In preparing these Consolidated Financial Statements, the same accounting standards and measurement criteria used to prepare the Consolidated Financial Statements at 31 December 2023 were used, supplemented as described in the section "IFRS accounting standards, amendments and interpretations adopted from 1 January 2023".

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

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

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2023

The following IFRS accounting standards, amendments and interpretations were adopted for the first time by the Group, starting from 1 January 2023:

- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts which is to replace IFRS 4 – Insurance Contracts.
  - This standard applies from 1 January 2023.
    The purpose of the new standard is to guarantee that an entity provides relative information, which faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework, in order to consider all types of insurance contract, including reinsurance contracts, held by an insurance undertaking.
    Furthermore, on 9 December 2021, the IASB published an amendment entitled "Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment was applied from 1 January 2023, together with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and to improve the usefulness of comparative information for readers of Financial Statements.
    The adoption of these amendments did not therefore have any effects on the consolidated financial statements of the Group.
  - On 7 May 2021, the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The paper clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments were applied from 1 January 2023. The

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

- On 12 February 2021, the IASB issued two amendments entitled "Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates-Amendments to IAS 8". The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments were applied from 1 January 2023. The adoption of this amendment did not have any significant effects on the Consolidated Financial Statements of the Group.
- On 23 May 2023, the IASB published an amendment entitled "Amendments to IAS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Model Rules of Pillar Two (in force in Italy as of 31 December 2023, but applicable as of 1 January 2024), and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements are only applicable to Annual Financial Statements commencing on 1 January 2023 (or after), but not to Interim Financial Statements with a closing date prior to 31 December 2023. In 2023, the Group's total revenues and income exceeded the threshold of EUR 750 million for the first year, so if it were to exceed this threshold for the second year in a row in 2024, it would be subject to the regulations as of 2025. In any case, taking into account the final tax rate for 2023 above the 15% threshold and that expected in 2024, no significant impact is expected on the Group's consolidated financial statements.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP AT 31 December 2022

- On 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current", and on 31 October 2022, it published an amendment entitled "Amendments to IAS 1 – Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the information that an entity needs to provide when its right to defer settlement of a liability for at least 12 months is subject to compliance with certain parameters (i.e. covenants). The amendments will apply as from 1 January 2024, but early adoption is permitted.

  The Directors do not expect the adoption of this amendment to have a significant effect on the Consolidated Financial Statements of the Group.

- On 22 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognise income or a loss relating to the right of use retained. The amendments will apply as from 1 January 2024, but early adoption is permitted.

The Directors do not expect the adoption of this amendment to have a significant effect on the consolidated financial statements of the Group.

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

At the end of the reporting period, competent bodies of the European Union had not completed the approval process necessary to adopt the amendments and standards described below.

- On 25 May 2023, the IASB published an amendment entitled "Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: *Disclosures:* Supplier Finance Arrangements". The document requires an entity to provide additional information on the reverse factoring arrangements that enable users of Financial Statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply as from 1 January 2024, but early adoption is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the Consolidated Financial Statements of the Group.

- On 15 August 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The amendment will apply as from 1 January 2025, but early adoption is permitted.

The Directors do not expect the adoption of this amendment to have a significant effect on the Consolidated Financial Statements of the Group.

NOTA 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

Principles of consolidation

The scope of consolidation includes the Financial Statements of FNM S.p.A. and its subsidiaries as at 31 December 2023.

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

- on 16 January 2023, the sale of the entire equity investment held by FNM in NTT S.r.l. was finalised, for the value of EUR 150 thousand;
- on 31 March 2023, the sale of the equity investment in La Linea S.p.A., also entailing the disposal of the equity investment held indirectly in Martini Bus S.r.l., was finalised. The transaction was finalised after fulfillment of the obligations set out in the preliminary contract entered into on 7 December 2022, at a sale price of EUR 5,400 thousand. 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;
- on 22 December 2023, through the subscription and payment of a reserved share capital increase of EUR 1 million, FNM acquired a 30.77% stake in Mbility, a company that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through its proprietary digital

platform. Founded in 2020 in Milan, Mbility began operating in 2023 in Milan and Lombardy, with the aim of expanding nationwide, focusing on major cities. This equity investment is measured with the equity method in the Consolidated Financial Statements of the Group.

It should be noted that, as at 31 December 2022, the equity investments in NTT and La Linea and the relevant net consolidated assets had been reclassified to assets and liabilities held for sale in accordance with IFRS 5.

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

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

The financial statements of subsidiaries were consolidated on a line-by-line basis.
With this method, the total amount of assets, liabilities, costs and revenues is recorded, (regardless of the scale of the equity investment held) and the portion of Shareholders' Equity and profit for the year are attributed to Non-Controlling Interest in specific items of the Consolidated Financial Statements.
Intergroup transactions and profit not realised between Group companies are eliminated.
Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment loss of the asset.

As regards procedures for the valuation of joint ventures, FNM S.p.A., in preparing Consolidated Financial Disclosure, measures the joint venture investees Trenord S.r.l. (and the investee company TILO S.A.), NordCom S.p.A., NORD ENERGIA S.p.A. in liquidazione, Omnibus Partecipazioni S.r.l. (and its subsidiary ASF Autolinee S.r.l.) and Mbility S.r.l. with the "Equity method".
The associated companies DB Cargo Italia S.r.l., Autostrada Pedemontana Lombarda S.p.A. (hereinafter "APL"), Tangenziali Esterne di Milano S.p.A., BusForFun.com S.r.l. and Sportit S.r.l. were also measured by applying the "equity method".

Joint ventures are investments in companies in which the Group exercises joint control with another investor. In joint ventures, activities are developed with a specialist partner, with whom financial decisions about significant operations are shared, also backed up by partner agreements and by the articles of association in which joint control of the investees is established, even when FNM holds the majority of voting rights, as in the case of the investee NordCom S.p.A. and NORD ENERGIA S.p.A.
The economic results of joint ventures or associates are therefore recognised in the consolidated income statement under the item "Net profit of companies measured with the equity method". A brief analysis of the nature of costs and revenues of joint ventures, and additional information required by IFRS 12, are given in Note 45.

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

Business combinations

Business combinations are recognised according to the acquisition method. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the transferred assets and liabilities undertaken by the Group at the acquisition date and the equity instruments issued in exchange for control of the purchased entity. Costs related to the transaction are generally recognised in the income statement when they are incurred.

At the acquisition date, identifiable acquired assets and liabilities undertaken are measured at the fair value at the acquisition date; the following items are an exception, which instead are measured according to their reference standard:

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

Goodwill is determined as the excess between the sum of amounts transferred in a business combination, the value of equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity compared to the fair value of net assets acquired and liabilities undertaken at the acquisition date. If the value of net assets acquired and liabilities undertaken at the acquisition date exceeds the sum of amounts transferred, the value of shareholders' equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity, this excess is immediately recognised in the income statement as income arising from the completed transaction.

Shareholders' equity attributable to non-controlling interest, may be measured at fair value or at the pro-quota of the value of net assets recognised for the acquired company. The measurement method is selected for each transaction.

In the case of the acquisition of a subsidiary in stages, IFRS 3 (2008) establishes that a business combination occurs only when control is acquired and, at this stage, all identifiable net assets of the acquired company must be measured at fair value.

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

PROPERTY, PLANT AND EQUIPMENT

The assets included under "Property, plant and machinery" mainly consist of:

1) land;
1) buildings;
1) plant and machinery;
1) rolling stock (trains, buses).

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

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

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

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

Useful lives are as follows:

Buildings: 50 years

Plant and machinery: 4 -16 years

Rolling stock (trains): 15 - 25 years

Rolling stock (buses): 4 - 15 years

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

PROPERTY ASSETS

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

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

IFRS 16 LEASES

IFRS 16 introduced a new definition of leases based on control of the underlying asset, i.e. the right to use an identified asset and to obtain substantially all of its economic benefits through the management of the use of the asset itself, for a period of time in exchange for consideration.

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

Accounting model for the lessee

The Group recognises in the statement of financial position the assets for the right of use and the financial liabilities for leased assets for most leases, with the exception of low value assets under lease, i.e. having a new value of less than EUR 5,000. Therefore, the Group recognises the

payments due for the leases relating to the aforesaid leases as cost with a straight line criterion throughout the duration of the lease.
On the effective date of the lease, the Group recognises the asset for the right of use and the financial liability for leased assets.
The asset for the right of use is initially measured at cost, and subsequently at cost less amortisation and impairment losses, cumulated, and adjusted to reflect the write-backs of the lease liability.
The Group measures the financial liability for leased assets at the present value of the payment due for the leases not paid as at the effective date, discounting them using the implied interest rate of the lease. Whenever it is not possible to determine this rate easily, the Group uses the marginal lending rate. Generally, the Group uses the marginal lending rate as the discounting rate. The financial liability for leased assets is subsequently increased by the interest that accrue on said liability and decreased by the payments due for the leases carried out and it is revalued in case of change in the future payments due for the lease deriving from a change in the index or rate, in case of change of the amount the Group expects to have to pay by way of guarantee on the residual value or when the Group changes its valuation with reference to whether or not a buy, extension or termination option is exercised.
In determining the lease term any extension options were considered if under the Group's control and if the Group has reasonable certainty that it will exercise them. Similarly, in cases where the extension option is under the lessor's control, the non-cancellable lease period includes the period covered by the lease termination option.

Accounting model for the lessor
The Group discloses the underlying assets subject to operating leases in the statement of financial position according to the nature of the underlying asset.
The Group recognises payments due for leasing its assets under operating lease agreements as income using an approach reflecting the use of the underlying asset by classifying them under "Revenues from sales and services".
The Group recognises the costs, including depreciation, incurred to realise lease income in the income statement.

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

INTANGIBLE ASSETS
Intangible assets refer to costs, including related charges, incurred to purchase resources without physical substance on condition that their amount can be reliably quantified, and the asset is clearly identifiable and controlled by the Group.
Intangible assets are recognised at purchase or production cost including related costs and are amortised based on their future use.
If an impairment loss is recorded, the intangible asset is written down according to criteria indicated below in the section "Impairment losses of intangible assets, property, plant and equipment and investments".
On the basis of the contractual agreements (concessions) that fall within the scope of application of IFRIC 12, the concessionaire operates as a provider of services relating to (i) the construction and/ or improvement of the infrastructure used to provide the public service and (ii) the management and

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

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

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

Non-compensated assets are depreciated throughout the duration of the relative concession, with an approach reflecting the estimated methods of consumption of the economic benefits incorporated into the right. To this end, taking into account that the concessions owned by MISE concern mature motorway infrastructures that have been in operation for many years and for which traffic variations are substantially contained within a long-term horizon, depreciation is calculated on a straight-line basis.
Depreciation starts from the moment when the non-compensated assets start producing the relative economic benefits, whether related to motorway transit or to the recognition in the tariff by the Awarding Body of the investments made by the company.
With regard to assets reversible free of charge, the amortisation provision and the provision for restoration or replacement expenses, considered as a whole, ensure adequate coverage of the following charges:

- free transfer to the Awarding Body at the expiry of the concession of reversible assets with a useful life exceeding the duration of the concession;

- restoration and replacement of components subject to wear and tear of reversible assets;
- recovery of the investment also in relation to the new works forecast in financial plans.

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

EQUITY INVESTMENTS

Joint ventures are investments in companies in which the Group exercises joint control with another investor. In joint ventures (identified in Attachment 1 to these notes), activities are developed with a specialist partner, with whom financial decisions about significant operations are shared, also backed up by partner agreements or provisions of the articles of association in which joint control of the investees is established, even when FNM holds the majority of voting rights. Section 6 of the management report "Group structure and business segments" specifically analyses the activities carried out by joint ventures.
Investments in associates are investments in which the Group has a significant influence.
Investments in joint ventures and associates are measured using the equity method and are initially recognised at cost. Investments include goodwill identified at the time of the acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include gains or losses attributable to investees measured according to the equity method, net of reclassifications necessary to align accounting standards, starting from the date when significant influence or joint control started, up to the date when said influence or control stopped.
The economic results of joint ventures or associates are therefore recognised in the consolidated income statement under the item "Net profit of companies measured with the equity method". A brief analysis of the nature of costs and revenues of joint ventures, and additional information required by IFRS 12, are given in Note 45.
Investments in other companies are classified, for measurement purposes, as financial assets at "fair value", with a contra-entry in the income statement.
Economic results and assets and liabilities of associates and joint ventures are recognised in the Consolidated Financial Statements using the equity method.

FINANCIAL ASSETS

With the exception of trade receivables, which will be discussed below, on initial recognition the Group measures the financial asset at its fair value plus or minus, in the case of an asset not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition.
After initial recognition, the Group measures the financial asset at:
a) amortised cost;
b) fair value through other comprehensive income; or
c) fair value through profit or loss.

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both of the following elements:
a) the entity's business model for the management of the financial assets and

b) the characteristics relating to the contractual cash flows of the financial asset.
A financial asset is measured at amortised cost if both of the following conditions are met:
a) the financial asset is owned as part of a business model whose objective is the possession of financial assets for the purpose of collecting contractual cash flows and
b) the contractual terms of the financial asset call for cash flows at specified dates, consisting solely of payments of principal and interest on the principal amount to be repaid.
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
a) the financial asset is owned as part of a business model whose objective is achieved through the collection of contractual cash flows and through the sale of the financial assets and
b) the contractual terms of the financial asset call for cash flows at specified dates, consisting solely of payments of principal and interest on the principal amount to be repaid.
For the purposes of the above assessments:
a) the principal is the fair value of the financial asset on initial recognition;
b) interest is the consideration for the time value of money, for the credit risk associated with the amount of principal to be repaid during a given period of time and for the other basic risks and costs associated with the loan, as well as for the profit margin.
If it is not measured at amortised cost or at fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss.
Measurement at amortised cost is based on the original effective rate of return of the financial asset.

Financial assets are eliminated from the statement of financial position when the contractual right to receive cash flows has been transferred and the entity no longer has control of said financial assets.
At the end of each reporting period, the Group assesses the possibility of recovering the receivables, taking into account expected future cash flows, as described in more detail in the paragraph below on write-downs of financial assets.

WRITE-DOWNS OF FINANCIAL ASSETS

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

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are determined based on temporary taxable differences existing between the carrying amount of assets and liabilities and their tax value and are classified as non-current assets and liabilities.
Deferred tax assets are only recognised to the extent that the existence of adequate future taxable income against which said deferred tax assets can be used is probable.
The value of deferred tax assets that may be presented in the financial statements is tested annually.
When results are directly recognised in shareholders' equity, in particular in the reserves "actuarial gains (losses)" and "gains/(losses) arising from the translation of financial statements of foreign

companies", current taxes, deferred tax assets and or deferred tax liabilities are also directly recognised in shareholders' equity.
The value of deferred tax assets and liabilities is determined based on expected tax rates for the period when the deferrals will be realised, applying the tax rates (and tax legislation) in force or substantially in force at the reporting date.
Deferred tax assets and liabilities are offset if, and only if:
a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

TRADE RECEIVABLES

As mentioned above, the Group's business model and cash flow characteristics were taken into account in determining the classification of financial assets.
Specifically, trade receivables have been classified in the category of receivables held for collection("Held-to-collect"); this business model corresponds to the intention to hold the instruments until maturity.

Trade receivables therefore measured at amortised cost are initially recorded at the fair value of the underlying asset, net of any directly attributable transaction income; valuation at amortised cost is performed using the effective interest rate method, net of the relative impairment losses with reference to amounts considered uncollectable. Amounts deemed uncollectable are estimated on the basis of the methodology set forth in the "Impairment of financial assets" section. The original value of receivables is reinstated in subsequent years to the extent to which the reasons for the adjustment no longer apply. In that case, the reversal of the impairment loss is recognised in profit and loss and may not in any event exceed the amortised cost that the loan would have had in the absence of previous adjustments.
Trade receivables with a maturity falling within normal commercial terms are not discounted.

INVENTORIES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and sight deposits and are recognised at nominal value. For an investment to qualify as cash or a cash equivalent it must be readily convertible to a known amount of cash and have an insignificant risk of change in value.
In relation to the adoption of IFRS 9, based on the expected losses model, the Group considers the expected losses along the life of the financial asset at each reference date of the financial statements.

ASSETS HELD FOR SALE

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

FINANCIAL LIABILITIES

Loans, trade payables and other financial liabilities are initially recognised at fair value net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate method. Should the estimate of expected cash flows change, the value of the liabilities is recalculated to reflect this change based on the present value of the new expected cash flows and the effective internal rate originally determined. Loans, trade payables and other financial liabilities are classified as current liabilities, except for those that have a contractual maturity of more than twelve months after the reporting date and those for which the Group has an unconditional right to defer their payment for at least twelve months after the reporting date. Loans, trade payables and other financial liabilities are removed from the financial statements when they are extinguished and when the Group has transferred all risks and charges relating to the instrument.

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

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are shown in the financial statements at their fair value, determined at year-end close. Derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, verified initially and periodically, is high.
For cash flow hedge instruments that hedge the risk of changes in cash flows of the hedged assets and liabilities (including prospective and highly probable ones), changes in fair value are recognised in other comprehensive income and any ineffective portion of the hedge is recognised in profit or loss.
For instruments that hedge the risk of changes in the fair value of hedged assets and liabilities (fair value hedges), changes in fair value are recognised in the income statement for the period. Accordingly, the related hedged assets and liabilities are also adjusted to fair value, with an impact on the income statement.
Where an instrument is entered into for the purpose of hedging the risk of changes in the fair value of an asset whose changes in fair value are recognised in other comprehensive income, changes in the fair value of the hedging instrument are also recognised in other comprehensive income. Changes in the fair value of derivatives that do not qualify for hedge accounting under IFRS 9 are recognised in the income statement.

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

In the reference year there were no transfers between the various levels of the hierarchical fair value scale used to measure the fair value of financial instruments, nor were any changes made in the classifications of the financial assets with respect to those as at 31 December 2022.

EMPLOYEE BENEFITS

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

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

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

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

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include allocations arising from current (legal or implicit) obligations resulting from a past event which, in order to be met, will probably require the use of resources, that can be reliably estimated.

If the expected use of resources goes beyond the following year, the obligation is recognised at the present value determined by discounting expected future flows by a rate that takes into account the cost of money and risk of the liability.

Instead no provision is made for risks for which the occurrence of a liability is only possible. In this case, specific disclosure is provided in the section on commitments and risks and no allocation is made.

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

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

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

- “Allocation to renewal provision”, related to the effects of the updated estimates deriving from the technical assessments (amount of the works to be carried out and their expected timing) and the change in the discount rate used compared to the previous year;
- “Financial expense from discounting”, referring to the effect of the passage of time, calculated on the basis of the value of the provision and the interest rate used to discount the provision at the previous year’s reporting date.

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

REVENUES

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

- motorway tolls: this refers to revenues from motorway tolls and income from service area concessions;
- service contracts for the automotive sector: fees for contracts are recognised in the Consolidated Income Statement on an accrual basis;

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

The Group recognises revenue in such a way that the transfer of goods and/or services to the customer is expressed in an amount that reflects the consideration to which the Group believes it is entitled as compensation for the transfer of the goods and/or services. Revenue is recognised based on the “five step model”, involving: i) the identification of the contract, ii) the identification of the performance obligations, iii) the identification of the consideration, iv) the allocation of the consideration to the performance obligations and (v) the recognition of revenue. Revenue is valued taking into account the contractual terms and business practices usually applied in relations with customers. The transaction price is the amount of the consideration (which may include fixed amounts, variable amounts, or both) deemed owed in exchange for the transfer of control of the promised goods/services. Control is broadly defined as the ability to decide on the use of the asset (good/service) and to substantially derive all remaining benefits from it. The total consideration for contracts for the provision of services is allocated to all services on the basis of the sale prices of the relevant services as if they had been sold individually. Within each contract, the reference element for revenue recognition is the individual performance obligation. For each separately identified performance obligation, the Group recognises revenue when (or as) it meets the obligation by transferring the promised good/service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it. For performance obligations met over time, revenue is recognised over time, with an assessment performed at the end of each financial year concerning the progress made towards fully meeting the obligation.

Variable consideration
If the contractual consideration includes a variable amount (e.g. as a result of reductions, discounts, refunds, credits, price concessions, incentives, performance bonuses, penalties, or because the consideration depends on the occurrence or otherwise of an uncertain future event), the amount of the consideration owed will need to be estimated. The Group companies estimate variable consideration on a consistent basis for similar cases, using the expected value or most probable amount method; they then include the estimated amount of variable consideration in the transaction price only to the extent to which this amount is highly probable.

Presence of a significant financial component

Revenues are adjusted in the presence of significant financial components, whether the companies are financed by their customer (early collection) or finance them (deferred collections). The presence of a significant financial component is identified when the contract is entered into, by comparing the expected revenues with the payments to be received. It is not recognised if the period of time between the transfer of the good/service and payment is less than 12 months.

Cost to obtain and fulfil the contract
Companies capitalise costs incurred to obtain the contract, which they would not have incurred had they not obtained it (e.g. sales commissions), when they expect to recover them. Whereas in the case of non-contractual agreements, they capitalise them only if they are explicitly chargeable to the customer. Companies capitalise the costs incurred to fulfil the contract only when they are directly correlated with the contract, provide new and increased resources for future obligations, and those costs are expected to be recovered.

With regard to Revenues from construction services, please refer to the relevant section

GOVERNMENT GRANTS
Government grants are recorded in accordance with IAS 20 when there is a reasonable certainty that they can be received and when there is a reasonable certainty that the Group has complied with the conditions for receiving them.
Government grants are recognised in accordance with the "income approach" whereby a grant is recognised in the consolidated income statement in one or more years in which the Group recognises as costs the relative expenses that the grants are intended to offset.
Government grants that are collectible as compensation for costs or losses already incurred are recognised in the consolidated income statement for the year in which they become receivable.
Grants relative to the purchase of property, plant and equipment, disbursed by the Regione Lombardia or third parties (other public bodies) are presented according to the "indirect method", with the deferred revenue component recognised in the non-current and current items of "Other liabilities" and the applicable share determined on the basis of the expected useful life of the assets they refer to credited to the income statement on a straight-line basis.

The public grants provided at national level to mitigate the loss of revenues and the increase in costs deriving from the spread of the COVID-19 virus were recorded on the basis of the resources specifically allocated.

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

REVENUES FROM CONSTRUCTION SERVICES
In accordance with IFRIC 12, the railway infrastructure management contract of the subsidiary FERROVIENORD S.p.A. was recognised in the consolidated financial statements according to the financial asset model, starting from the financial year ended 31 December 2010.
In particular, as provided for in IFRIC 12, the financial asset model may be applied as the operator FERROVIENORD S.p.A. has the unconditional right to receive contractually guaranteed cash flows from the investment guarantor - i.e. the Regione Lombardia - regardless of the actual use of the railway infrastructure. These cash flows correspond to costs incurred for contract management.

Consequently, the operator must not recognise the infrastructure in its assets, or more generally, the funded asset. Instead it must recognise costs relative to the investment in the income statement for the year, as contemplated by IFRS 15, and must recognise the amount corresponding to the investments as revenues, according to the investment completion percentage. The amount of these revenues not yet received at the reporting date is recognised as a short-term financial receivable.
Consequently, the items “Revenues from construction services - IFRIC 12” and “Costs for construction services - IFRIC 12” were recognised for amounts determined as contemplated by IFRS 15.
Specifically with reference to the management of the rolling stock purchase programme carried out by the Group through FERROVIENORD S.p.A. on behalf of the Lombardy Region under the Programme Contract signed by the parties, it should be noted that in the income statement, revenues for this service are presented net of the relative costs because, in application of paragraphs B34 *et seq.* of IFRS 15, the Directors have concluded that the Group acts as an “agent” within the scope of this contract.
As of 26 February 2021, in connection with the change in the Group’s scope, IFRIC 12 is also applied in the intangible asset model for the subsidiary MISE.
In the intangible asset model, the concessionaire, in return for the infrastructure construction and improvement services rendered, acquires the right to charge users for the use of the infrastructure. Therefore, the concessionaire’s cash flows are not guaranteed by the awarding body, but are related to the actual use of the infrastructure by users, thus entailing demand risk for the concessionaire. This is the risk that revenues from the exploitation of the right to charge users for the use of the infrastructure will not be sufficient to ensure a reasonable return on the investments made.
“Non-compensated assets” represent the Concessionaire’s right to use the asset under concession in consideration of the costs incurred to design and construct the asset. The value corresponds to the fair value of planning and construction activities and is posted to the income statement as a contra-entry to the item “Revenues from construction services - IFRIC 12”, while the costs related to the investment made are posted to the item “Costs for construction services - IFRIC 12” and are measured according to their percentage of completion.
For information about the aspects of the agreement for concession services, please refer to paragraphs 9.2 “Railway infrastructure” and 9.4 “Motorways” of the Management Report.

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

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

Impairment testing on non-current assets is carried out by comparing the carrying amount of the asset and the greater of the fair value, net of costs to sell, and the value in use of the asset. In the absence of market values considered representative of the actual value of the investment, estimate methods and valuation models are used based on data and assumptions which are sustainable and reasonable, based on historical experience and future expectations of the market and foreseeable changes in the specific legal framework. The value in use is determined based on estimates of cash flows expected from the use or sale of the asset, approved by competent bodies and based on projections that do not exceed five years and discount rates to calculate the present value, referred to market conditions.

When the carrying amount of a non-current asset is impaired, the Group records a write-down for the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to the Group's most recent plans, and recognised under “Amortisation, depreciation and write-downs”.
For assets not subject to amortisation/depreciation and intangible assets not yet available for use, impairment testing is carried out annually, regardless of whether or not specific indicators are present.
If the conditions for a previous write-down no longer apply, the carrying amount, with the exception of goodwill, is restored to the new estimated value, which will not exceed the net carrying amount the asset would have had, if it had not been written down. Reversals are recorded in the Income Statement.

INCOME AND CHARGES FROM THE SALE OF INVESTMENTS

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

DIVIDENDS

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

FINANCIAL INCOME AND FINANCIAL EXPENSES

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

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

CURRENT TAXES

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

TAX CONSOLIDATION

The Parent Company renewed the option for the National Tax Consolidation Scheme for the 2022 - 2024 three-year time interval (article 117, paragraph 1 of the Consolidated Income Tax Act), which subsidiaries of FNM are also party to, pursuant to Article 2359 of the Italian Civil Code. This provision enables FNM S.p.A. to manage all obligations to make periodic payments to the Revenue Agency and offset any credit positions of other Group companies against relative debt positions.

Subsidiaries determine taxes, and revenue payments are made exclusively by FNM S.p.A. On payment, companies transfer their IRES receivable/payable, recording the payable/receivable to the Parent Company, which in turn records the IRES receivable/payable transferred by the subsidiaries and the payable/receivable towards them, proceeding with payment or collection.

GROUP VAT

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

EARNINGS PER SHARE

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

DILUTED EARNINGS PER SHARE

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

TRANSLATION OF FOREIGN CURRENCY ITEMS

Functional currency

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

Transactions and accounting records

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

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

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in effect at the transaction date.

Non-monetary items recognised at fair value are translated using the exchange rate in effect at the date when the value was determined.

NOTA 4 ITEMS SUBJECT TO SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the Consolidated Financial Statements and notes requires Management to use estimates and assumptions that have an effect on financial statement assets and liabilities and on the disclosure of potential assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered material. Final results could differ from these estimates. Estimates and assumptions are revised periodically and the effects of all changes

are reflected in the Consolidated Income Statement in the year when the estimate is revised if the revision only impacts that year, or also in subsequent years, if the revision has effects on the current year as well as on future years.
There were no changes in estimates during the current year.
The main critical measurement processes and key assumptions used by Management in adopting accounting standards, concerning the future and which may have significant effects on figures in the Consolidated Financial Statements or for which there is a risk that value adjustments to the carrying amount of assets and liabilities in the year following the reporting period in question may be identified, are summarised below.

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

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

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

- the identification of each component with a relevant cost in relation to the total cost of the item to be depreciated/amortised separately ("component approach") as well as the estimate of the relative useful life;
- the estimate of the residual value. According to the provisions of IAS 16 and 38, the depreciable cost of tangible assets is determined by deducting their residual value. Residual value is determined as the estimated value that the entity could receive on disposal, less the estimated costs to sell, if it were already at the time and in the condition expected at the end of the concession or the use of the asset. Companies periodically review the residual value and assess its recoverability based on the best information available at the date. This periodic update could lead to a change in the depreciation rate for future years;
- impacts of any changes in the regulatory framework.

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

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

Non-current assets include land, property, plant and machinery and other assets and intangible assets, as well as investments. As stated in the accounting standard “Impairment of intangible assets, property, plant and equipment and investments in other companies”, management periodically revises the carrying amount of non-current assets held and used and of assets to be disposed of, as required by facts and circumstances.
In assessing whether there is an indication that an asset may be impaired, the Group considers available internal and external information sources.
With regard to the process of identifying impairment for the purposes of the Group’s consolidated financial statements at 31 December 2023, the documents issued by ESMA and summarised below were also taken into consideration:

- ESMA Public Statement of 25 October 2023 entitled “European common enforcement priorities for 2023 annual financial reports”;
- ESMA Public Statement of 28 October 2022 entitled “European common enforcement priorities for 2022 annual financial reports”;
- ESMA Public Statement of 13 May 2022 entitled “Implications of Russia’s Invasion of Ukraine on half-yearly financial reports”;
- Consob Warning Notice No. 3/22 of 19 May 2022 relating to the “Conflict in Ukraine - Warning notice for supervised issuers on financial reporting and obligations linked to compliance with the restrictive measures adopted by the European Union with regard to Russia”;
- Consob Warning Notice No. 1/21 of 16 February 2021, concerning “COVID 19 - measures to support the economy - Warning Notice on the disclosure to be provided by supervised issuers (...) in relation to the 2020 financial statements prepared in accordance with international accounting standards (...)”;
- ESMA Public Statement of 28 October 2020 entitled “European common enforcement priorities for 2020 annual financial reports”;
- OIV Discussion paper No. 1/2022 entitled: “Impairment Test of Non-Financial Assets (IAS 36) following the war in Ukraine” of 29 June 2022 and the Discussion Paper entitled: “Guidelines for the impairment test after the effects of the Covid 19 pandemic” of 10 July 2020.

In particular the ESMA Public Statement of 25 October 2023 draws attention to both physical and transition risks connected to climate change in performing the impairment test, with particular regard to the effects on: cash flows beyond the plan period, the discount rate and the long-term growth rate.
The assumptions underlying budgets and business plans were then analysed to check for any trigger events.In this regard, no structural external factors were identified relating to changes in market conditions or competitive profiles in the markets in which the investee companies operate such so as to give rise to indicators of impairment.
The analysis of business plans and the analysis of deviations (in terms of revenue, EBITDA, EBIT and net profit) between the actual results for 2023 and the 2023 budget, as well as the assessment of significant events occurring during the year, revealed the need to proceed with an impairment test of the investee companies Busforfun and SportIT, as described in more detail in Note 9 Equity investments of these notes.
This impairment test was carried out using estimates of expected cash flows and adequate discount rates to calculate the present value and is therefore based on a set of assumptions relative to future events and the actions of administrative bodies of the Group that might not necessarily occur according to expected times and procedures.
The Cash Generating Units (CGUs) identified by the Group, corresponding to the individual legal entities, constitute the smallest group of assets that generate incoming cash flows largely independent of the incoming cash flows from other assets or groups of assets.

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

Defined benefit plans
Post-employment benefit may be classified as a defined benefit plan for the portion accrued up to 31 December 2006. Management uses various statistical assumptions and valuation factors with the aim of anticipating future events to calculate expenses, liabilities and assets relative to such plans. The assumptions concern the discount rate and rates of future salary increases. Moreover, actuaries acting as consultants for the Group use subjective factors, such as mortality and resignation rates.
Potential liabilities and provisions for risks
The Group may be involved in legal, and tax litigation, arising from complex and difficult issues, with varying degrees of uncertainty, including factors and circumstances inherent to each case, jurisdiction and different applicable laws.
Given the uncertainties of these issues, it is difficult to predict outflows that could arise from these disputes, with certainty.
Consequently, Management, after consulting with its legal and tax advisors, recognises a liability for these disputes when a financial outflow is likely and when the amount of resulting losses can be reasonably estimated. If a financial outflow becomes possible but the amount cannot be determined, the situation is reported in the notes to the financial statements.

NOTA 5 SEGMENT REPORTING

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

- lease of rolling stock and management of the centralised services (Ro.S.Co & Services): the Parent Company FNM is active in (i) the hire of rolling stock with an owned fleet of 77 trains and 31 locomotives, to investees operating in the local public transport and freight transport sectors, (ii) the provision of administration services to own investees and (iii) management of the Group’s property portfolio. This segment also comprises the business sectors of the investees (joint ventures and associates), valued at “equity”, contributing to net profit for the year under “Net profit of companies measured with the equity method”, the most significant of which relates to the “Passenger rail transport” activities as part of Local Public Transport carried out by the joint venture Trenord S.r.l. in the Regione Lombardia. As part of this activity, the Group indirectly realised revenues from the Public Service Contract stipulated with the Regione Lombardia for provision of the transport service, and revenues from the sale of tickets.
- railway infrastructure: this includes management, maintenance, design and construction of new facilities carried out on the railway infrastructure obtained under concession from the Regione Lombardia, expiring on 31 October 2060. The consideration for carrying out this activity is defined in the “Public Service Contract” while the “Programme Agreement”

regulates the investments directed at modernising and enhancing the network, both stipulated with the Regione Lombardia. The Public Service Contract was renewed on 21 December 2022 for the years 2023 - 2028. The Programme Agreement signed in 2016 expires on 31 December 2027. From 2019, the segment also includes the terminal management activity;

- passenger road mobility: it refers to the Local Public Transport service performed with owned bus fleets in three provinces in Lombardy (Varese, Como and Brescia), of Veneto and in the city of Verona, in addition to the electric car sharing services in Lombardy. As part of these activities, the Group realised revenues from the sale of tickets, payments for sub-contracts, regiona
- l grants for activities carried out in the provinces of Varese and Brescia and payments for the service contract in the city and province of Verona, and in the province of Como, and from agreements with municipal administrations and private enterprises with regard to the car-sharing business;
- motorways: it refers to the activity carried out by the subsidiary MISE, which is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads (for a total of 179 km in length) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the awarding body. MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital. Among its investee companies, the subsidiary also includes a 36.7% equity investment in its associate Autostrada Pedemontana Lombarda, the concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL is measured with the equity method.

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

2023	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Eliminations	Total from continuing operations
Revenues from third parties	66,714	143,052	106,638	294,843		**611,247**
Intersegment sales	16,484	7,041	924	2,369	(26,818)	—
Revenues from construction services - IFRIC 12		141,569		23,190		**164,759**
Segment revenues	83,198	291,662	107,562	320,402	(26,818)	**776,006**
Costs to third parties	(71,924)	(136,755)	(105,874)	(198,842)		**(513,395)**
Intersegment purchases	(1,089)	(16,548)	(2,535)	(6,646)	26,818	—
Costs of construction services - IFRIC 12		(134,739)		(23,190)		**(157,929)**
Segment costs	(73,013)	(288,042)	(108,409)	(228,678)	26,818	**(671,324)**
EBIT	**10,185**	**3,620**	**(847)**	**91,724**		**104,682**
Net financial income	(7,750)	2,502	57	(334)		**(5,525)**
Net profit of companies measured with the equity method	11,380			(5,022)		**6,358**
Earnings before tax	13,815	6,122	(790)	86,368		**105,515**
Taxes						**(23,517)**
Result for the year from continuing operations						**81,998**
Result from discontinued operations						
Operating result						**81,998**

31/12/2023	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Others	Total
Segment assets	714,239	509,763	125,472	563,521		1,912,995
Investments measured with the equity method	92,414		266	69,609		162,289
Assets held for sale						
Income tax assets					37,183	37,183
Total unallocated group assets					**37,183**	**37,183**
Total assets	**806,653**	**509,763**	**125,738**	**633,130**	**37,183**	**2,112,467**
Segment liabilities	751,981	634,098	69,333	276,391		1,731,803
Liabilities held for sale						
Income tax liabilities					4,504	4,504
Other unallocated liabilities					376,160	376,160
Total unallocated group liabilities					**380,664**	**380,664**
Total liabilities	**751,981**	**634,098**	**69,333**	**276,391**	**380,664**	**2,112,467**

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

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

Revenues from the Regione Lombardia and Trenord accounted for 29% and 14%, respectively, and thus exceeded 10% of the Group's consolidated revenues.

In particular, revenues from the Regione Lombardia, amounting to EUR 221,342 thousand, are broken down by sector as follows:

- Railway infrastructure for EUR 213,645 thousand;
- Ro.S.Co. & Services for EUR 436 thousand;
- Road passenger mobility for EUR 7,261 thousand.

Revenues from Trenord, amounting to EUR 110,521 thousand, are broken down into the various sectors as follows:

- Railway infrastructure for EUR 52,105 thousand;
- Ro.S.Co. & Services for EUR 58,013 thousand;
- Road passenger mobility for EUR 403 thousand.

The analysis by nature of revenues and costs, income and charges, concerning sectors whose contribution to the consolidated result is recognised in "Net profit of companies measured with the equity method", is presented in Note 45, to which reference is made.
Please see section 9. "Operating performance of Business segments" of the Management Report for the detailed analysis of the revenues and cost trends of the Group's segments.

Transactions between sectors take place at arm's length.

STATEMENT OF FINANCIAL POSITION

NOTA 6 PROPERTY, PLANT AND EQUIPMENT

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

	01.01.2022		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	52,651	(19,222)	33,429
Plant and equipment	194,591	(158,969)	35,622
Industrial and commercial equipment	13,617	(11,816)	1,801
Other assets	648,205	(312,870)	335,335
Assets in the course of construction and advances	41,356		41,356
Total Property, plant and machinery	**950,420**	**(502,877)**	**447,543**

Changes for 2022 are shown below:

Description	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Assets in the course of construction and advances**	**Total**
Net Value as at 01.01.2022	**33,429**	**35,622**	**1,801**	**335,335**	**41,356**	**447,543**
Investments financed with own funds	1,794	22,695	957	41,278	17,756	**84,480**
Transfers gross value	84	1,256		5,995	(7,335)	—
Divestments: Gross disposals	(181)	(16,997)	(791)	(791)	(21)	**(18,781)**
Divestments: Use of Accumulated Depreciation		16,960	784	706		**18,450**
Depreciation Rates	(992)	(7,427)	(446)	(27,001)		**(35,866)**
IFRS 5 reclassification: historical cost	(6,248)	(15,984)	(48)	(394)	(35)	**(22,709)**
IFRS 5 reclassification: provision	1,866	5,385	41	325		**7,617**
Write-down of property, plant and equipment				(233)		**(233)**
Net Value as at 31.12.2022	**29,752**	**41,510**	**2,298**	**355,220**	**51,721**	**480,501**

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

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

Changes for 2023 are shown below:

Description	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets in the course of construction and advances	Total
Net Value as at 01.01.2023	**29,752**	**41,510**	**2,298**	**355,220**	**51,721**	**480,501**
Investments financed with own funds	202	18,319	1,206	15,314	7,897	**42,938**
Transfers gross value	113	2,717	34	6,045	(8,736)	**173**
Divestments: Gross disposals	(34)	(12,765)	(14)	(174)	(16)	**(13,003)**
Divestments: Use of Accumulated Depreciation		12,628	14	162		**12,804**
Depreciation Rates	(857)	(8,126)	(520)	(28,192)		**(37,695)**
Change in the scope of consolidation	6	46		1		**53**
Write-down of property, plant and equipment				(826)	(442)	**(1,268)**
Net Value as at 31.12.2023	**29,182**	**54,329**	**3,018**	**347,550**	**50,424**	**484,503**

As at 31 December 2023, property, plant and equipment, net of relative accumulated depreciation and provisions for loans, comprised the following:

	31.12.2023		
Description	**Historical cost**	**Accumulated depreciation**	**Book value**
Land and buildings	48,387	(19,205)	29,182
Plant and equipment	193,878	(139,549)	54,329
Industrial and commercial equipment	14,961	(11,943)	3,018
Other assets	713,140	(365,590)	347,550
Assets in the course of construction and advances	50,424		50,424
Total Property, plant and machinery	**1,020,790**	**(536,287)**	**484,503**

Land and buildings

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

- EUR 7,880 thousand for property related to the Cadorna station in Milan;
- EUR 6,642 thousand for land situated in the municipality of Saronno;
- EUR 4,197 thousand for Sacconago Terminal;
- EUR 2,802 thousand for property situated in the municipality of Saronno;
- EUR 1,437 thousand for land and property situated in the municipality of Tradate;
- EUR 1,587 thousand for land situated in the municipality of Garbagnate Milanese;
- EUR 654 thousand for garages situated in the municipality of Milan;
- EUR 625 thousand for property situated in the municipality of Iseo.
–

The increases for the year are attributable to the investments made for the acquisition of land from private parties for the development of the Sacconago Terminal expansion project, for EUR 183 thousand, extraordinary maintenance capitalised in the previous and current year carried out at the Saronno and Tradate depots and the refurbishment of the façade of the Piazzale Cadorna (MI) property.

Plant and equipment

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

- EUR 52,170 thousand for buses;
- EUR 1,923 thousand for plant and machinery used for railway and motorway infrastructure maintenance.

Main increases in the item “Plant and machinery”(EUR 18,319 thousand) chiefly concern:

- 11 MAN diesel articulated buses, for EUR 3,982 thousand;
- 15 Iveco Crossway low entry 12mt CNG buses for extra-urban transport, for EUR 2,907 thousand;
- 7 MAN CNG articulated buses for urban transport, for EUR 2,650 thousand;
- 6 BYD 12 mt electric buses for urban transport, for EUR 2,578 thousand;
- 11 used Otokar Kent C12 buses, for EUR 2,016 thousand;
- 5 Karsan urban electric buses, for EUR 1,509 thousand;
- 6 used Mercedes Benz EVOBUS Citaro model buses, for EUR 481 thousand;
- 1 Iveco CBLE4 bus, for EUR 195 thousand; following registration, advances paid over the years for 5 Iveco CBLE4 buses, in the amount of EUR 975 thousand, were also transferred from “Assets in the course of construction and advances”;
- extraordinary maintenance of engines and gearboxes, amounting to EUR 392 thousand;
- 7 salt spreaders, for EUR 220 thousand;
- 15 snow ploughs, for EUR 203 thousand;
- 1 Karsan diesel urban bus, for EUR 186 thousand.

Following registration, advances paid in previous years were also transferred from “Assets in the course of construction and advances” for:

- 5 Iveco Crossway CNG buses for extra-urban transport and associated equipment, for EUR 1,287 thousand;
- 4 Iveco Crossway LE buses, for EUR 456 thousand.

Disposals for the year are mainly attributable to buses, for EUR 11,568 thousand, and winter vehicles to be disposed of used for motorway infrastructure maintenance, for EUR 1,187 thousand, no longer usable and fully depreciated.

Other changes refer to depreciation charges for the year.

Industrial and commercial equipment

The item “Industrial and commercial equipment”, increased mainly due to the purchase of equipment used for railway infrastructure maintenance, for EUR 968 thousand.

Other assets

Other assets mainly refer to rolling stock (for EUR 343,886 thousand), vehicles, furnishings and leased assets (operating leases).
The investment for the year, equal to EUR 15,314 thousand, concerns primarily:

- revamping and refurbishment activities on 10 TAF trains leased to Trenord, for EUR 11,401 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 5,411 thousand, were transferred from “Assets in the course of construction and advances” to the category in question;

- for EUR 1,135 thousand, cyclical maintenance on 2 CSA rolling stock;
- for EUR 422 thousand, cyclical maintenance on 1 TSR 5-body rolling stock;
- the modernisation of 2 DE520 locomotives leased to DB Cargo Italia and to Trenord, for EUR 354 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 501 thousand, were transferred from "Assets in the course of construction and advances" to the category in question;

Write-downs for the year relate to the adjustment of the ES64 F4 locomotive appraisal value.

Other increases mainly refer to furniture and furnishings of Group company offices and for stations of the entire company network. In particular, EUR 767 thousand is attributable to the modernisation and refurbishment of new rooms (refreshment area, meeting rooms, auditorium) and the upgrading of the furniture of the company headquarters located in Assago, under a real estate lease.

For the disclosures required by paragraph 97 of IFRS 16, concerning rental income, please refer to Note 33.

Assets in the course of construction and advances

The investments under item "Assets in the course of construction and advances", amounting to EUR 7,897 thousand, are mainly due to the following investments:

- costs for the construction of new railway maintenance equipment (EUR 2,030 thousand);
- advances paid for design activities for the Company headquarters located in the Bovisa area of Milan (EUR 1,435 thousand);
- advances paid for the acquisition of 4 Mercedes Benz EVOBUS Citaro model buses and 2 MAN articulated buses for the extra-urban service, not yet in service (EUR 656 thousand) as at 31 December 2023;
- costs incurred for the construction of the underground car park in Affori (Euro 894 thousand);
- advances paid for TAF rolling stock revamping activities (EUR 681 thousand);
- executive design costs incurred for the expansion and adaptation of the Sacconago Terminal, as well as preliminary deeds signed and legal expenses incurred for the acquisition of new areas (EUR 600 thousand).

Transfers concern the items referred to above.

If property, plant and equipment had been recognised net of relative capital grants, under the items "Other non-current liabilities" (Note 27) and "Other current liabilities" (Note 32) respectively, the effect on the financial statements at 31 December 2023 would have been the following:

31/12/2023	Book value	Grant	Net value less the grant
Land and buildings	29,182	(4,986)	24,196
Plant and machinery	54,329	(29,484)	24,845
Industrial and commercial equipment	3,018		3,018
Other assets	347,550		347,550
Assets in the course of construction and advances	50,424		50,424
Total property, plant and equipment	**484,503**	**(34,470)**	**450,033**

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of property, plant and equipment, as these are assets mainly intended for use in local public transport services provided by Trenord S.r.l. through leasing contracts in force (rolling stock) or directly used by the Group as part of local public transport services by road (buses).

As at the date of preparation of these financial statements, there are no restrictions on the title and ownership of property, plant and equipment pledged as security for liabilities.

Costs of construction services

The adoption of IFRIC 12 meant that investments made in railway and motorway infrastructure and rolling stock, as part of the Concessions, are not shown among property, plant and equipment, but, as required by IFRIC 12 and IFRS 15, in costs for the year. For comments on this item, please refer to Note 35.

It should be noted that the item “Property, plant and equipment” includes investment property in the amount of EUR 2,769 thousand, which, in accordance with IAS 40, due to its limited significance with respect to the total item, is not shown on a separate line under assets.

NOTA 7 INTANGIBLE ASSETS

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

	01.01.2022		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Assets in the course of construction and advances	1,876		1,876
Other	34,299	(30,060)	4,239
Assets freely revertible - Railway infrastructure	46,140	(46,030)	110
Assets freely revertible - Motorway infrastructure	297,313	(33,965)	263,348
Total intangible assets	**379,628**	**(110,055)**	**269,573**

Changes for 2022 are shown below:

Description	Assets in the course of construction and advances	Other	Assets freely revertible - Railway infrastructure	Assets freely revertible - Motorway infrastructure	Total
Net Value as at 01.01.2022	**1,876**	**4,239**	**110**	**263,348**	**269,573**
Acquisitions	2,212	816		2,273	**5,301**
Transfers	(781)	781			**—**
Transfers from contractual assets				134,491	**134,491**
Transfers from contractual assets - consideration				(24,143)	**(24,143)**
Amortisation rates		(1,804)	(2)	(40,780)	**(42,586)**
Consideration for construction services				(2,000)	**(2,000)**
Change in the scope of consolidation		(20)			**(20)**
Divestments	(45)			(533)	**(578)**
Net Value as at 31.12.2022	**3,262**	**4,012**	**108**	**332,656**	**340,038**

Therefore, as at 31 December 2022 intangible assets comprised the following:

	31.12.2022		
Description	**Historical cost**	**Accumulated amortisation**	**Book value**
Assets in the course of construction and advances	3,262		3,262
Other	35,876	(31,864)	4,012
Assets freely revertible - Railway infrastructure	46,140	(46,032)	108
Assets freely revertible - Motorway infrastructure	409,401	(76,745)	332,656
Total intangible assets	**494,679**	**(154,641)**	**340,038**

Changes for 2023 are shown below:

Description	Assets in the course of construction and advances	Other	Assets freely revertible - Railway infrastructure	Assets freely revertible - Motorway infrastructure	Total
Net Value as at 01.01.2023	**3,262**	**4,012**	**108**	**332,656**	**340,038**
Acquisitions	1,934	3,299		12,391	**17,624**
Transfers	(1,987)	1,814			**(173)**
Transfers from contractual assets				11,140	**11,140**
Amortisation rates		(2,167)	(2)	(58,042)	**(60,211)**
Divestments		(83)		(631)	**(714)**
Net Value as at 31.12.2023	**3,209**	**6,875**	**106**	**297,514**	**307,704**

As at 31 December 2023, intangible assets therefore comprised the following:

Description	31.12.2023 Historical cost	Accumulated amortisation	Net Value
Assets in the course of construction and advances	3,262		3,209
Other	40,906	(34,031)	6,875
Assets freely revertible - Railway infrastructure	46,140	(46,034)	106
Assets freely revertible - Motorway infrastructure	432,301	(134,787)	297,514
Total intangible assets	**522,556**	**(214,852)**	**307,704**

Assets in the course of construction and advances

Increases in the item "Assets in the course of construction and advances", equal to EUR 1,934 thousand, refer to the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 530 thousand, the upgrade of the SAP PM modules, managed by FNM and used by FERROVIENORD, for EUR 505 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 224 thousand, development of the application used by the FNM Pension Fund, for EUR 60 thousand, the upgrade of the SAP management software, managed by FNM and used by Trenord, for EUR 55 thousand and the upgrade of SAP modules managed by FNM and used by MISE for EUR 34 thousand. In addition, EUR 111 thousand refers to the creation of the "real route" within the AISCAT Central System, still to be implemented and created.

Moreover, during the year, as the project activities were completed and the implemented modules were made available, the costs incurred in the year 2022 in relation to the extension of the SAP application system managed by FNM to the subsidiaries MISE and MISE Engineering, in the amount of EUR 868 thousand, the upgrade of the SAP 4/HANA platform, for EUR 438 thousand, the upgrade of the SAP module, managed by FNM and used by Trenord, for EUR 169 thousand, the implementation of additional SAP modules that FNM uses as part of the administrative service, for EUR 141 thousand and the implementation of whistleblowing monitoring software pursuant to Law 231/2001, for EUR 19 thousand, were transferred from the category under consideration to the item "Other".

During the year, the costs incurred for the development of the hydrogen production system, amounting to EUR 303 thousand, were also transferred to assets in the course of construction and advances.

Overall, at 31 December 2023, assets in the course of construction and advances referred to the upgrade of SAP PM modules, managed by FNM and used by FERROVIENORD, for EUR 785 thousand, the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 535 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 320 thousand, development of the application used by the FNM Pension Fund, for EUR 60 thousand, the upgrade of the SAP management software, managed by FNM and used by Trenord, for EUR 58 thousand and the upgrade of SAP modules managed by FNM and used by MISE for EUR 34 thousand.

Other

The increases for the year (EUR 3,299 thousand) are mainly attributable to the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 547 thousand, the additional modules of the SAP management software, managed by FNM and used by Trenord S.r.l., for EUR 184 thousand, additional SAP modules that FNM uses in the administrative service for EUR 180 thousand, the upgrade of the SAP management software managed by FNM and used by FERROVIENORD, for EUR 104 thousand and the extension of the SAP application system to Group companies for EUR 41 thousand.

The item other also includes costs incurred for customisations concerning the "Salesforce" project to support the road sector (EUR 436 thousand).

Transfers concern items referred to in "Assets in the course of construction and advances".

Assets freely revertible - Railway infrastructure

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

Amortisation rate, equal to EUR 2 thousand, is calculated based on the duration of the Concession, renewed in 2016 up to 31 October 2060.

Assets freely revertible - Motorway infrastructure

The motorway infrastructure of the subsidiary MISE, as an asset freely revertible, is also classified under "Intangible assets".
The portion of the motorway infrastructure for which the Group is not yet entitled to recognition of the investment when determining the tariff to be applied to end users is classified under "Contractual assets".
In application of IFRIC 12, this item also includes investments to be made, based on the new proposed Additional Agreement, for which the form of remuneration is currently suspended and consequently considered investments for which no additional economic benefits are expected. These values will be amortised on a straight-line basis until the end of the Concession currently scheduled for 31 October 2028.

The most significant increases in this item are attributable to the completion of the SP 46 Rho-Monza redevelopment works for EUR 10,429 million, including the investment deduction effects of the penalty applied to the contractor for the construction works, in accordance with the deeds signed during the year.

The most significant transfers from "Contractual assets" to "Intangible assets" for the motorway infrastructure "in operation", amounting to EUR 11,140 thousand, mainly refer to:

- the completion of the extraordinary maintenance works and structural upgrading on the Po Viaduct;
- the installation works on the Via Corelli integrated barrier on Milan's East Outer Bypass.

Amortisation rate, equal to EUR 58,042 thousand, is calculated based on the duration of the Infrastructure Concession, expiring on 31 October 2028.

There are no intangible assets with restricted title or which are pledged as security for liabilities.
There are no internally constructed intangible assets.
As at 31 December 2023, there were no intangible assets with an indefinite useful life.

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of intangible assets.

NOTA 8 RIGHT OF USE

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

	01.01.2022		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Right of use - software	285	(91)	194
Right of use - buildings	25,122	(8,397)	16,725
Right of use - plant and equipment	5,467	(2,237)	3,230
Right of use - other assets	11,625	(3,964)	7,661
Total right of use	**42,499**	**(14,689)**	**27,810**

Changes for 2022 are shown below:

Description	**Right of use - software**	**Right of use - buildings**	**Right of use - plant and equipment**	**Right of use - other assets**	**Total**
Net Value as at 01.01.2022	**194**	**16,725**	**3,230**	**7,661**	**27,810**
Acquisitions	60	1,135	2,081	362	3,638
Amortisation rates	(99)	(3,808)	(1,589)	(2,155)	(7,651)
Closing of contracts Historical Cost	(112)	(39)	(345)	(361)	(857)
Closing of contracts Fund	91	39	160	350	640
Write-down of rights of use		(98)	(2,815)	(44)	(2,957)
IFRS 5 reclassification: historical cost		(484)		(89)	(573)
IFRS 5 reclassification: accumulated depreciation		142		41	183
Net Value as at 31.12.2022	**134**	**13,612**	**722**	**5,765**	**20,233**

Therefore, at 31 December 2022 "Right of use" comprised the following:

	31.12.2022		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Right of use - software	233	(99)	134
Right of use - buildings	25,734	(12,122)	13,612
Right of use - plant and equipment	7,203	(6,481)	722
Right of use - other assets	11,537	(5,772)	5,765
Total right of use	**44,707**	**(24,474)**	**20,233**

Changes for 2023 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - plant and equipment	Right of use - other assets	Total
Net Value as at 01.01.2023	**134**	**13,612**	**722**	**5,765**	**20,233**
Acquisitions	41	805	174	1,788	2,808
Closing of contracts Historical Cost	(22)	(129)		(439)	(590)
Closing of contracts Fund	22	127		408	557
Amortisation Rates	(92)	(3,766)	(328)	(2,539)	(6,725)
Net Value as at 31.12.2023	**83**	**10,649**	**568**	**4,983**	**16,283**

Therefore, at 31 December 2022 "Right of use" comprised the following:

	31.12.2023		
Description	**Historical cost**	**Accumulated amortisation**	**Net Value**
Right of use - software	252	(169)	83
Right of use - buildings	26,410	(15,761)	10,649
Right of use - plant and equipment	7,377	(6,809)	568
Right of use - other assets	12,886	(7,903)	4,983
Total right of use	**46,925**	**(30,642)**	**16,283**

The item "Right of use – buildings" is mainly attributable to the premises leased by the subsidiaries MISE and ATV to carry out their operations.
The increase for the year is attributable to contractual renewals, for which at the date on which the right of use was recognised, there was no reasonable certainty of exercising them, on certain operating headquarters of the company ATV, for EUR 631 thousand.

The increase in the item "Right of use - Plant and equipment" is mainly attributable to vehicles rented for the performance of railway infrastructure maintenance activities.

The item "Right of use – other assets" includes the lease of 4 Bombardier E494 TRAXX DC locomotives, leased to DB Cargo, which is due to expire on 31 December 2025, as well as company cars.
The increase for the year is attributable, for EUR 1,227 thousand, to the change in the contractual fee for the 4 Bombardier locomotives, in addition to the new contracts signed for the vehicles used by the Group as operating cars or as fringe benefits.

NOTA 9 EQUITY INVESTMENTS

Changes in 2023 and 2022 relative to investments are presented below:

Description	01.01.2023 Book Value	Changes				31.12.2023 Book Value
		Increases Decreases	Operating result	Translation reserve	Other changes in Comprehensive Income	
Equity investments in joint ventures:						
Trenord Srl	36,738		8,336	78	91	45,243
NordCom SpA	8,490		580		(5)	**9,065**
Nord Energia SpA in liquidazione	12,927	(2,761)	563			10,729
Omnibus Partecipazioni Srl	8,143	(900)	1,332			8,575
Mbility S.r.l.		1,000				1,000
Total equity investments in joint ventures	**66,298**	**(2,661)**	**10,811**	**78**	**86**	**74,612**
Equity investments in associates:						
Autostrada Pedemontana Lombarda	38,923		(2,895)			36,028
Tangenziali Esterne Milano	37,045		(2,127)		(1,337)	33,581
DB Cargo Italia S.r.l.	15,481	(920)	1,360		(5)	15,916
Sportit S.r.l.	2,229		(343)			1,886
Busforfun.com S.r.l.	448		(448)			
Autotrasporti Pasqualini S.r.l.	181					181
Servizi Trasporti Interregionali S.p.A.	85					85
Total equity investments in associates	**94,392**	**(920)**	**(4,453)**	**—**	**(1,342)**	**87,677**
Total investments measured with the equity method	**160,690**	**(3,581)**	**6,358**	**78**	**(1,256)**	**162,289**
Other equity investments:						
Azienda Trasporti Veneto Orientale S.p.A.	5,272					5,272
S.A.Bro.M. S.p.A.	3,198					3,198
Tangenziale Esterna S.p.A.	1,797					1,797
CIV S.p.A.	673					673
CDP INFRATECH		309				309
Fondazione ATV	99					99
Aeroporto Valerio Catullo di Verona Villafranca	50					50
Fap SpA	39					39
Confed.Autostrade Ital.Energia	—					—
Cosmo Scarl	—					—
Consorzio ELIO	4					4
Trasporti Brescia Nord	3					3
Cons.Autostr.Italiane Energia	2					2
Consorzio Tangenziale Engineering	2					2
ATAP	—					—
STECAV	2					2
Sviluppo Artigiano	—					—
Imprese Artigiane Soc. Coop.	—					—
Total equity investments in other companies	**11,141**	**309**	**—**	**—**		**11,450**
Total equity investments	**171,831**	**(3,272)**	**6,358**	**78**	**(1,256)**	**173,739**

Description	01.01.2022 Book Value	Changes				31.12.2022 Book Value
		Increases Decreases	Operating result	Translation reserve	Other changes in Comprehensive Income	
Equity investments in joint ventures:						
Trenord Srl	39,604		(3,553)	53	634	36,738
NordCom SpA	8,243		231		16	8,490
Nord Energia SpA	11,222		1,705			12,927
Omnibus Partecipazioni Srl	7,332	(900)	1,711			8,143
Total equity investments in joint ventures	**66,401**	**(900)**	**94**	**53**	**650**	**66,298**
Equity investments in associates:						
Autostrada Pedemontana Lombarda	39,325		(402)			38,923
Tangenziali Esterne Milano	25,982	8,400	(1,383)		4,046	37,045
DB Cargo Italia S.r.l.	12,660		2,774		47	15,481
Sportit S.r.l.	2,491		(262)			2,229
Busforfun.com S.r.l.	452		(4)			448
Autotrasporti Pasqualini S.r.l.	181					181
Servizi Trasporti Interregionali S.p.A.	85					85
Total equity investments in associates	**81,176**	**8,400**	**723**	**—**	**4,093**	**94,392**
Total investments measured with the equity method	**147,577**	**7,500**	**817**	**53**	**4,743**	**160,690**
Other equity investments:						
S.p.A.	5,272					5,272
S.A.Bro.M. S.p.A.	3,198					3,198
Tangenziale Esterna S.p.A.	1,706	161			(70)	1,797
CIV S.p.A.	673					673
Fondazione ATV	99					99
Villafranca	50					50
Fap SpA	39					39
Confed.Autostrade Ital.Energia	13	(13)				—
Cosmo Scarl	7	(7)				—
Consorzio ELIO	4					4
Trasporti Brescia Nord	3					3
Cons.Autostr.Italiane Energia	2					2
Consorzio Tangenziale Engineering	2					2
ATAP	2	(2)				—
STECAV	2					2
Sviluppo Artigiano	—	—				—
Imprese Artigiane Soc. Coop.	2	(2)				—
Total equity investments in other companies	**11,074**	**137**	**—**	**—**	**(70)**	**11,141**
Total equity investments	**158,651**	**7,637**	**817**	**53**	**4,673**	**171,831**

Changes in the year relative to the "Other changes in Comprehensive Income" refer to the effect of measurement using the equity method on the change in actuarial gains and losses recognised, in the financial statements of investees, directly in the Statement of Comprehensive Income, in accordance with IAS 19 and IFRS 9 (Note 50).

The item “increases/decreases” includes amounts relating to increases for the purchase of shares and/or any recapitalisation payments and decreases for dividends distributed during the year.
Comments are provided below on the principal assessments made on the recoverability of the amounts and the principal changes during the year, shown in the item “increases/decreases” and “translation reserve”, other than recognition of the contribution to the Consolidated Financial Statements determined by the realisation of the net profit for the year and “Other changes in Comprehensive Income”:

Trenord S.r.l.
The item “Translation reserve”, positive for EUR 78 thousand, is due to the translation into EUR of the financial statements of the investee TILO SA, which prepares its financial statements using the Swiss franc as the money of account.
The translation was carried out, adopting an average exchange rate for 2023 (equal to 0.9718) to income statement items, and the spot exchange rate at 31 December 2023 (0.9260) to assets and liabilities.
On 23 November 2023, Trenord signed the new Service Agreement for regional rail transport in Lombardy with the Regione Lombardia for the period from 1 December 2023 to 30 November 2033.
Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of the equity investment held in Trenord S.r.l., both in consideration of the positive trend observed during 2023 and in relation to the signing of the service agreement for regional railway transport. For more details on the performance of the investee, please refer to section 9.5 of the Management Report.

NORD ENERGIA S.p.A. in liquidation
On 10 January 2023, the liquidator appointment was filed with the register of companies and the first liquidation period began. On 11 September 2023, the activity of the subsidiary CMC Mesta SA was definitively discontinued and the company was removed from the Swiss Register of Companies. After being struck off, the liquidation capital was paid out for a total of EUR 8,215,570, of which EUR 3,566,560 was recognised as dividends and EUR 4,649,010 as full reimbursement of the value of the shareholding.

The decrease in the equity investment, equal to EUR 2,761 thousand, is determined by the distribution of the dividend, carried out in 2023, as approved by the Shareholders’ Meeting of the investee, based on the result of 2022.
The financial statements prepared as at 31 December 2023 represent the first interim liquidation financial statements of the investee.

Omnibus Partecipazioni S.r.l.
The Group holds 50% of Omnibus Partecipazioni, which in turn holds approximately 49% of ASF Autolinee. The decrease in the equity investment, equal to EUR 900 thousand, is determined by the distribution of the dividend, carried out in 2023, as approved by the Shareholders’ Meeting of the investee, based on the result of 2022.

Mbility

On 22 December 2023, FNM acquired a 30.77% stake in Mbility S.r.l. ("Mbility"), a company that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through its proprietary digital platform.
The Mbility equity investment was made by subscribing and paying in a share capital increase reserved to FNM in the amount of EUR 1 million.
Founded in 2020 in Milan, Mbility began operating in 2023 in Milan and Lombardy, with the aim of expanding nationwide, focusing on major cities. Due to operator fragmentation, low digitalisation and the significant growth forecasts of the reference market due to the constant ageing of the population, the company has appealing outlooks for development, operating as a system aggregator through an enabling digital platform for all equipped and medical transport operators.

DB Cargo Italia S.r.l.
On 21 December 2023, through the Proposed Shareholder Decision by means of written consent, the Shareholders of DB Cargo Italia S.r.l. approved the distribution of a total dividend of EUR 2,300,000; the amount due to the Company totals EUR 920,000.

Sportit S.r.l.
FNM holds a 33% equity investment in Sportit S.r.l.(Sportit), a company active under the Snowit brand and the main marketplace for the integrated online sale of ski passes, ski-related services and experiences relating to the mountain world in the main European skiing destinations. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved by the investee company's Board of Directors on 27 February 2024, for the 23/24 - 28/29 period in its inertial version, which therefore does not consider development initiatives, and rather only takes into account existing projects and services.

Considering the company start-up phase, a time horizon of 5 years was chosen in order to allow it to become fully operational with reference to its existing business activities/offering.
The rate used to discount cash flows determined as above is equal to 12.41% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. No execution premium was considered, as the impairment test is based on an inertial plan that expresses current income capacity and excludes any potential provided by development initiatives.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.
The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:Changes in the year relative to the "Other changes in Comprehensive Income" refer to the effect of measurement using the equity method on the change in actuarial gains and losses recognised, in the financial statements of

investees, directly in the Statement of Comprehensive Income, in accordance with IAS 19 and IFRS 9 (Note 50).

The item “increases/decreases” includes amounts relating to increases for the purchase of shares and/or any recapitalisation payments and decreases for dividends distributed during the year.
Comments are provided below on the principal assessments made on the recoverability of the amounts and the principal changes during the year, shown in the item “increases/decreases” and “translation reserve”, other than recognition of the contribution to the Consolidated Financial Statements determined by the realisation of the net profit for the year and “Other changes in Comprehensive Income”:

Trenord S.r.l.
The item “Translation reserve”, positive for EUR 78 thousand, is due to the translation into EUR of the financial statements of the investee TILO SA, which prepares its financial statements using the Swiss franc as the money of account.
The translation was carried out, adopting an average exchange rate for 2023 (equal to 0.9718) to income statement items, and the spot exchange rate at 31 December 2023 (0.9260) to assets and liabilities.
On 23 November 2023, Trenord signed the new Service Agreement for regional rail transport in Lombardy with the Regione Lombardia for the period from 1 December 2023 to 30 November 2033.
Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of the equity investment held in Trenord S.r.l., both in consideration of the positive trend observed during 2023 and in relation to the signing of the service agreement for regional railway transport. For more details on the performance of the investee, please refer to section 9.5 of the Management Report.

NORD ENERGIA S.p.A. in liquidation
On 10 January 2023, the liquidator appointment was filed with the register of companies and the first liquidation period began. On 11 September 2023, the activity of the subsidiary CMC Mesta SA was definitively discontinued and the company was removed from the Swiss Register of Companies. After being struck off, the liquidation capital was paid out for a total of EUR 8,215,570, of which EUR 3,566,560 was recognised as dividends and EUR 4,649,010 as full reimbursement of the value of the shareholding.

The decrease in the equity investment, equal to EUR 2,761 thousand, is determined by the distribution of the dividend, carried out in 2023, as approved by the Shareholders’ Meeting of the investee, based on the result of 2022.
The financial statements prepared as at 31 December 2023 represent the first interim liquidation financial statements of the investee.

Omnibus Partecipazioni S.r.l.
The Group holds 50% of Omnibus Partecipazioni, which in turn holds approximately 49% of ASF Autolinee. The decrease in the equity investment, equal to EUR 900 thousand, is determined by the distribution of the dividend, carried out in 2023, as approved by the Shareholders’ Meeting of the investee, based on the result of 2022.

Mbility

On 22 December 2023, FNM acquired a 30.77% stake in Mbility S.r.l. (“Mbility”), a company that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through its proprietary digital platform.
The Mbility equity investment was made by subscribing and paying in a share capital increase reserved to FNM in the amount of EUR 1 million.
Founded in 2020 in Milan, Mbility began operating in 2023 in Milan and Lombardy, with the aim of expanding nationwide, focusing on major cities. Due to operator fragmentation, low digitalisation and the significant growth forecasts of the reference market due to the constant ageing of the population, the company has appealing outlooks for development, operating as a system aggregator through an enabling digital platform for all equipped and medical transport operators.

DB Cargo Italia S.r.l.
On 21 December 2023, through the Proposed Shareholder Decision by means of written consent, the Shareholders of DB Cargo Italia S.r.l. approved the distribution of a total dividend of EUR 2,300,000; the amount due to the Company totals EUR 920,000.

Sportit S.r.l.
FNM holds a 33% equity investment in Sportit S.r.l.(Sportit), a company active under the Snowit brand and the main marketplace for the integrated online sale of ski passes, ski-related services and experiences relating to the mountain world in the main European skiing destinations. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved by the investee company’s Board of Directors on 27 February 2024, for the 23/24 - 28/29 period in its inertial version, which therefore does not consider development initiatives, and rather only takes into account existing projects and services.

Considering the company start-up phase, a time horizon of 5 years was chosen in order to allow it to become fully operational with reference to its existing business activities/offering.
The rate used to discount cash flows determined as above is equal to 12.41% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. No execution premium was considered, as the impairment test is based on an inertial plan that expresses current income capacity and excludes any potential provided by development initiatives.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.
The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis on WACC and g rate in the impairment test of TRENORD						
		WACC				
		11.41 %	11.91 %	12.41 %	12.91 %	13.41 %
g rate	-1.0 %	0.09	0.03	-0.02	-0.07	-0.12
	-0.5 %	0.13	0.07	0.01	-0.05	-0.10
	0.0 %	0.17	0.10	0.04	-0.01	-0.07
	0.5 %	0.21	0.14	0.08	0.02	-0.04
	1.0 %	0.26	0.19	0.12	0.05	-0.01

The break-even WACC that leads to a cover value of zero is 12.81% and a g rate lower than 30.11%.

APL

Following the approval of the new Economic and Financial Plan ("EFP"), approved by the Board of Directors on 25 July 2023 of the associate Autostrada Pedemontana Lombarda S.p.A., which modified previous projections, the Directors tested the equity investment for impairment.
This EFP annexed to Additional Agreement IV, was transmitted to the Ministry of Infrastructure and Transport on 6 December 2023 and incorporates the observations made by the Transport Regulatory Authority in its opinion issued on 15 November 2023.
The recoverable amount of the equity investment, considered using the fair value income approach, was determined by discounting the cash flows determined as described above at a rate of 6.37% (after tax) and reflects an unlevered beta equal to the value set forth in ART Resolution 139/2023, in order to maintain the same operational systemic risk estimated by the Authority for motorway concessions.
Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

A sensitivity analysis was carried out considering a change in the WACC discount rate. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis at WACC and at g rate of the impairment of APL				
WACC				
5.37%	5.87%	6.37%	6.87%	7.37%
179.78	100.12	30.60	-30.12	-83.22

NOTA 10 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

This item is broken down as follows:

Description	31.12.2023		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		561	561
Other		234	234
Other financial assets measured at amortised cost	**1,000**	**795**	**1,795**
APL interest-bearing loan	59,118		59,118
Sabrom interest-bearing loan	2,835		2,835
TE interest-bearing loan	894		894
Busforfun interest-bearing loan	2,400	1,849	4,249
SportIT interest-bearing loan	925	98	1,023
Financial receivables for interest to related parties		47	47
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Other financial assets measured at amortised cost with related parties (Note 49)	**66,172**	**1,948**	**68,120**
Total	**67,172**	**2,743**	**69,915**

Description	31.12.2022		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		693	693
Other financial assets measured at amortised cost	**1,000**	**693**	**1,693**
APL interest-bearing loan	51,109		51,109
Sabrom interest-bearing loan	2,767		2,767
TE interest-bearing loan	840		840
Busforfun interest-bearing loan	1,600	480	2,080
Financial receivables for interest to related parties		47	47
(LESS) IFRS 9 Impairment Provision		(46)	(46)
Other financial assets measured at amortised cost with related parties (Note 49)	**56,316**	**481**	**56,797**
Total	**57,316**	**1,174**	**58,490**

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

The item "Collection of tolls in transit" is attributable to the receivable from electronic card operators for the collection of motorway tolls.

The item “Other” is entirely attributable to FNMPAY’s receivable from the principal acquirer in relation to transacted sums waiting to be transferred to the escrow account of the investee.

The item “APL interest-bearing loan” refers to the two interest-bearing loans granted to the associated company Autostrada Pedemontana Lombarda S.p.A. for a total nominal amount of EUR 150 million; a first loan of EUR 100 million granted in 2014 and a second loan of EUR 50 million granted in February 2016.
Following the signing of the addendum of the loan agreement by Autostrada Pedemontana Lombarda S.p.A., with the same Lenders of the Bridge 2 loan, the repayment terms of which were rescheduled, on 2 December 2017 MISE signed a “subordination agreement” with the associate, by which it undertook, in its capacity as Controlling Shareholder, with respect to the Associate, not to ask for repayment - for any reason whatsoever of interest or subordinated debt - until the complete extinction of the Bridge 2 loan and not to withdraw from the existing Shareholders’ loan contracts in favour of the associate. This subordination provision is still in place, also in light of the fact that the project financing was taken out.
This loan, measured at amortised cost in accordance with IFRS 9, was recorded on the initial consolidation of MISE in continuity of values with respect to MISE’s separate financial statements in accordance with the provisions of IFRS 1, i.e. at its present value determined on the basis of a discount rate, equal to 6.89%, which reflects the characteristics of the loan and which differs from the contractual interest rate (equal to the 3-month Euribor plus a spread of 357 bps stating from 1 January 2021).
In 2023, following the approval of a new Economic and Financial Plan for the Associate, the expected shareholder loan repayment date was brought forward to 31 December 2050, compared to the previous forecast. Therefore, the carrying amount of the financial asset was recalculated on the basis of IFRS 9, recognising financial income from remeasurement in the amount of EUR 4,494 thousand, in addition to interest income of EUR 3,515 thousand accrued during the year.

The interest-bearing loan to S.A.Bro.M. S.p.A. refers to two interest-bearing loans: a first for EUR 2,336 thousand maturing on 31 October 2019 with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 October 2024; a second for EUR 156 thousand, maturing on 31 December 2021 and with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 December 2025. The total amount of EUR 2,835 thousand also includes the interest accrued at 31 December 2023, calculated at an interest rate of 2.75%, as provided for in the agreement.

The Interest-bearing loan to Tangenziale Esterna S.p.A. refers to the interest-bearing loan, as provided for in the contribution agreement to the project loan - Equity Contribution and Subordination Agreement - renewed by MISE on 2 August 2018, under the same economic conditions as the previous one, following the signing of the new loan agreement of the investee. The total amount of EUR 894 thousand also includes the interest accrued from the date on which the quotas were called up to 31 December 2023, calculated at an interest rate of 12.06%, as provided for in the agreement.

On 30 July 2021, FNM signed a loan agreement with the associate Busforfun.com in order to provide it with the necessary funding to strengthen its positioning as a Mobility Partner for large projects, businesses, communities and events.
The loan, for a total of EUR 2,000 thousand, with a term of 6 years from the date on which it was taken out, bore interest at a variable rate equal to the 6-month Euribor + 100 bps per annum (revised from the previous 6-month Euribor + 165 bps by resolution of the FNM Board of Directors of 2

August 2023) and provided for repayment in 5 annual instalments with the first instalment due on 31 December 2022.
In order to support the strategic development of the investee, on 2 December 2022 the FNM Board of Directors approved, among other things:*(i)* taking out of an additional loan in favour of Busforfun, to be disbursed in the year 2023, at an interest rate equal to the 6-month Euribor plus a spread of 4% (changed to the 6-month Euribor + 100 bps by FNM Board of Directors resolution of 2 August 2023), for EUR 2,000 thousand, repayable in 5 equal principal instalments, with the first instalment commencing on 31 December 2024; *(ii)* the postponement of the start date of the first instalment for the repayment of the outstanding loan from 31 December 2022 to 31 December 2023, with all other conditions remaining the same, without prejudice to the recalculation of financial expenses.
The additional loan was taken out on 25 January 2023 and disbursed in full for EUR 2,000 thousand.
The item "Busforfun interest-bearing loan" includes interest accrued and not yet collected in the amount of EUR 249 thousand.
Lastly, on 30 January 2024, the FNM Board of Directors, having acknowledged the 2023-2026 Business Plan approved by the Busforfun Board of Directors on 29 January 2024, approved extinguishing the two loans described above in advance and the approval of a new loan of EUR 6,000 thousand, with a residual amount to be disbursed of EUR 2,000 thousand in consideration of the disbursements already made with the two extinguished loans equal to EUR 4,000 thousand.
The loan, potentially convertible and maturing on 31 December 2033, has an interest rate equal to 6-month Euribor as of 31 January 2024 of 3.835% plus a margin of 1.5%, a 4-year pre-amortisation period with the first repayment instalment on 31 December 2028 and subsequent maturities on 31 December of each year. The interest expenses accrued on the two extinguished loans must be settled by 31 December 2026.

On 11 May 2023, the FNM Board of Directors approved a loan to the associate SportIT to support its development plan.
The loan, totalling EUR 3,000 thousand, matures 10 years after the stipulation date. The credit facility bears interest at a floating rate of 1-month Euribor + 75 bps per annum. The agreement signed provides for 4 tranches and a repayment in quarterly instalments, with the first instalment falling due one year after the date of disbursement of each tranche.
The loan was signed on 26 May 2023 and disbursed for EUR 1,000 thousand on 12 June 2023.
The item "SportIT interest-bearing loan" includes interest accrued and not yet collected in the amount of EUR 23 thousand.

NOTA 11 CURRENT AND NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Description	31.12.2023		
	Non-Current	Current	Total
Post-employment benefit provision policies	4,454	562	5,016
Financial assets measured at fair value through profit or loss	**4,454**	**562**	**5,016**

Description	31.12.2022		
	Non-Current	Current	Total
Severance indemnities provision policies	4,324	942	5,266
Investments - Fideuram funds		6,767	6,767
Financial assets measured at fair value through profit or loss	**4,324**	**7,709**	**12,033**

The item "Severance indemnities provision policies" concerns the policies taken out by the subsidiary MISE for the "Employee severance indemnities". The carrying amount represents the total receivable as at 31 December 2023 from the insurance companies Allianz (formerly Ras) and Assicurazioni Generali (formerly Ina Assitalia).

The item "Investments – Fideuram funds", present as at 31 December 2022, was entirely attributable to investments subscribed by the subsidiary ATV:

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

In June 2023, given the liquidity needs of ATV resulting from planned investments, the position was entirely liquidated, realising a capital gain of EUR 86 thousand.

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

NOTA 12 RECEIVABLES FOR INVESTMENTS IN SERVICES UNDER CONCESSION

In accordance with IFRIC 12, this item includes the portion of accrued revenues recognised, corresponding to investments made according to the completion percentage, not yet collected at the end of the reporting period.
At 31 December 2022 and 2023, the item is broken down as follows:

Description	31.12.2023	31.12.2022
Credit for costs incurred in the period and not collected - Funded investments	49,081	47,665
Credit for costs incurred in the period and not collected - Rolling Stock "2017 - 2032"	161,636	201,668
Receivables for funded investments	**210,717**	**249,333**

The item "Receivables for costs incurred in the year and not collected – Rolling Stock Programme 2017-2032" is entirely attributable to costs relating to orders under the "Programme for the purchase of Rolling Stock for the regional railway service for the years 2017-2032".

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

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

Description	Funded investments	“Rolling Stock Programme 2017 - 2032”	Total
Receivables for funded investments 01.01.2023	**47,665**	**201,668**	**249,333**
Receivables collected during the year	(169,818)	(326,122)	(495,940)
Use of advances	(12,797)	(720)	(13,517)
Write-downs carried out	(265)		(265)
Receivables for costs incurred in the period and not collected - Infrastructure (Note 35)	195,313	287,248	482,561
Reclassifications Contractual assets	(10,249)		(10,249)
Receivable for general expenses	(768)	(438)	(1,206)
Receivables for funded investments 31.12.2023	**49,081**	**161,636**	**210,717**

The item “Use of advances” refers to utilisations during the year, based on progress made, of funds received in previous years.
The item “Reclassifications Contractual assets” is attributable to costs not yet reported to the Regione Lombardia for which the respective milestone has not been met and therefore for which there is no unconditional right to collect. This reclassification was applied following the change made by the Programme Contract update (RL Resolution 1098 of 9 October 2023) concerning the method of reimbursement of costs incurred, from WIP reporting to milestone reporting.

NOTA 13 CURRENT AND NON-CURRENT CONTRACTUAL ASSETS

The item “Non-current contractual assets”, amounting to EUR 77,904 thousand, includes the balance of the investments made until 31 December 2023 by the subsidiary MISE within the scope of the existing concession agreement with ANAS S.p.A. These amounts will be reclassified to “Intangible assets – Motorway infrastructure” when the Group is entitled to recognise the investment when determining the tariff to be applied to end users.

Changes in 2023 and 2022 are presented below:

Description	01/01/2023	Changes in 2023			31.12.2023
		Increases	Reclassification	Decreases	
Historical cost	79,196	11,539	(10,655)	(3)	80,077
Financial expenses	2,543	300	(485)		2,358
Awarding Body fees	(4,531)				(4,531)
Total Contractual assets	**77,208**	**11,839**	**(11,140)**	**(3)**	**77,904**

Description	01/01/2022	Changes in 2022			31.12.2022
		Increases	Reclassification	Decreases	
Historical cost	155,392	55,660	(130,352)	(1,504)	79,196
Financial expenses	5,105	1,577	(4,139)		2,543
Awarding Body fees	(15,409)	(13,265)	24,143		(4,531)
Total Contractual assets	**145,088**	**43,972**	**(110,348)**	**(1,504)**	**77,208**

The increase in the year for investments made was EUR 11,839 thousand.

The most significant changes relate to:
- dynamic structure monitoring for EUR 4,401 thousand;
- extraordinary maintenance on the Po bridge viaduct amounting to EUR 3,180 thousand, subsequently reclassified to motorway infrastructure in operation, inclusive of costs incurred in previous years;
- the installation works on the Via Corelli integrated barrier on Milan’s East Outer Bypass, for EUR 2,257 thousand, subsequently reclassified to motorway infrastructure in operation;
- the construction of hydrogen distribution systems, for EUR 910 thousand;
- works to modify the A4-A52-SS36 “2026 Olympics” junction branch, for EUR 417 thousand; for this contract, EUR 925 thousand was transferred to non-compensated motorway infrastructure;
- completion of the access road to the intermodal centre of Segrate for EUR 224 thousand;
- the start of works to upgrade the safety and lighting barriers on the A52, amounting to EUR 201 thousand.

Financial expenses of EUR 300 thousand refer to interest expenses accrued on loans for motorway infrastructure works.

The item “Current Contractual Assets” is entirely attributable to funded investments made on railway infrastructure. During the year, following the change made by the Programme Contract update (RL Resolution 1098 of 9 October 2023) concerning the method of reimbursement of costs incurred, from WIP reporting to milestone reporting, costs not yet reported to the Regione Lombardia for which the respective milestone has not been met and therefore for which there is no unconditional right to collect have been reclassified to this item.

NOTA 14 DEFERRED TAX ASSETS AND LIABILITIES

Description	31.12.2023	31.12.2022	Change
Deferred tax assets	46,673	44,774	1,899
Deferred tax liabilities	(10,027)	(12,116)	2,089
Balance	**36,646**	**32,658**	**3,988**

Changes in net deferred tax assets are shown below:

Description	31.12.2023	31.12.2022	Change
Balance at the start of the year	**32,658**	**35,773**	**(3,115)**
Allocated to income statement	3,837	(1,612)	5,449
Allocated to capital	151	(1,493)	1,644
IFRS 5 reclassification		(10)	(10)
Balance at the end of the year	**36,646**	**32,658**	**3,988**

Deferred tax assets and liabilities are mainly generated from temporary differences on income components with a future deductibility or taxability and on other adjustments for the adoption of international accounting standards to the financial statements of investees.

The nature of temporary differences generating deferred tax assets and liabilities is summarised below:

2021 Deferred tax assets	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2022
Capital gains	320	55			375
Temporary non-deductible amortisation, depreciation and provisions	32,521	(1,982)		(53)	30,486
Intangible assets	(53)	447		—	394
Post-employment benefit	855	(356)	(728)	(2)	(231)
Impairment of receivables	827	23		(14)	836
Property, plant and equipment impairment and depreciation	7,005	2,008			9,013
Leases	512	1,054		(3)	1,563
Tax losses	2,290	(2)		—	2,288
Derivative financial instruments	815	—	(765)	—	50
Total	**45,092**	**1,247**	**(1,493)**	**(72)**	**44,774**

2022 Deferred tax assets	Balance as at 01.01.2023	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2023
Capital gains	375	—	—	—	375
Temporary non-deductible amortisation, depreciation and provisions	30,486	(14)	—	—	30,472
Intangible assets	394	563	—	—	957
Post-employment benefit	(231)	67	168	—	4
Impairment of receivables	836	42	—	—	878
Property, plant and equipment impairment and depreciation	9,013	1,274	—	—	10,287
Leases	1,563	(184)	—	—	1,379
Tax losses	2,288	—	—	—	2,288
Derivative financial instruments	50	—	(17)	—	33
Total	**44,774**	**1,748**	**151**	**0**	**46,673**

2021 Deferred tax liabilities	Balance as at 01.01.2022	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2022
Capital gains	2	—			2
Fixed assets	1,299	(41)		(62)	1,196
Assets under concession	8,018	2,900		—	10,918
Total	**9,319**	**2,859**	**—**	**(62)**	**12,116**

2022 Deferred tax liabilities	Balance as at 01.01.2023	Allocated to income statement	Allocated to capital	IFRS 5 reclassification	Balance as at 31.12.2023
Capital gains	2	—	—	—	2
Fixed assets	1,196	(33)	—	—	1,163
Assets under concession	10,918	(2,056)	—	—	8,862
Total	**12,116**	**(2,089)**	**—**	**—**	**10,027**

The recognition of deferred tax assets in shareholders' equity is related to the recognition of actuarial gains and losses in a specific reserve of shareholders' equity regarding the post-employment benefit of companies valued on a line-by-line basis and companies measured using the equity method (Note 9), for which the change in actuarial gain/loss is a change in the carrying amount of the investment other than the contribution to the Consolidated Income Statement.

There are no unutilised tax losses at the reporting date on which deferred tax liabilities have not been recognised.

Considerations on estimates on which the recognition of deferred taxes depends are made in Note 4 "Items subject to significant assumptions and estimates". Specifically, based on historical results and expectations of taxability, the Group is expected to reasonably realise the deferred tax assets at 31 December 2023.

NOTA 15 INVENTORIES

The next table shows how this item is broken down:

Description	31.12.2023	31.12.2022
Permanent way material	7,350	7,064
Bus Spare Parts	3,165	3,133
Motorway infrastructure maintenance material	2,199	2,573
Spare parts for contact lines, apparatuses, control units and telephones	2,359	1,747
Gasoil and lubricants	527	486
Other auxiliary materials	604	557
(LESS: Provision for stock obsolescence)	(2,800)	(3,451)
Total	**13,404**	**12,109**

This item increased by EUR 1,295 thousand compared to the previous year, mainly due to the increase in materials used to carry out maintenance work on railway infrastructure (EUR 898 thousand), partially offset by lower inventories of materials for maintenance work on motorway infrastructure (EUR 374 thousand).

During the year in question, as a result of scrapping, the provision for stock obsolescence for obsolete material was utilised in the amount of EUR 411 thousand.
Following a specific analysis of the rotation indexes of materials, EUR 240 thousand was released from this provision.

NOTA 16 TRADE RECEIVABLES

Description	Current	
	31.12.2023	31.12.2022
Receivables from third parties- gross	88,435	86,559
(LESS) Provision for bad debts	(4,175)	(4,124)
Trade receivables from third parties	**84,260**	**82,435**
Receivables from related parties - gross	86,950	70,598
(LESS) IFRS 9 Impairment Provision	(179)	(69)
Trade receivables from related parties (Note 49)	**86,771**	**70,529**
Total	**171,031**	**152,964**

Trade receivables from third parties

The change in trade receivables, amounting to EUR 1,825 thousand, is mainly attributable to:

- receivables from the Province of Verona for the Service Contract in place for the city and Province of Verona, amounting to EUR 8,083 thousand (EUR 4,916 thousand at 31 December 2022), including, in addition to invoices to be issued for the current year, also the balance of the adjustment for the years 2021 and 2022, paid by the Government Body in February 2024;

- receivables for interconnection relationships with interconnected motorway companies – equal to EUR 58,394 thousand (EUR 59,491 thousand at 31 December 2022) –, the main one being Autostrade per l'Italia S.p.A. This amount represents the receivable from users for tolls paid on a deferred basis. The decrease from the previous year is justified by the lower advance payments recognised by Autostrade per l'Italia S.p.A. in 2022;
- receivables for the recovery of management costs relating to the Agrate and Terrazzano tollgates, which decreased during the year by EUR 1,021 thousand, in relation to lower costs for extraordinary works in the year 2023.

The fair value of receivables approximates the carrying amount at 31 December 2023 and 31 December 2022.

With reference to IFRS 9, it is pointed out that the risk of default on the receivables was estimated, as in previous years, taking into account the generic risk of non-collectability of the receivables not due at the reference date, which can be derived from historical experience.

Trade receivables from related parties

The item mainly includes receivables due from the Regione Lombardia for the Service Contract and the Programme Contract on railway infrastructure for the portion relating to the invoicing of planning, project management and site safety expenses, as well as from the investee Trenord.

The increase in gross trade receivables from related parties, equal to EUR 16,242 thousand compared to 31 December 2022, was mainly due to higher receivables for fees invoiced to Trenord for network access and locomotive rental revenues (for EUR 18,931 thousand), and higher receivables due from Consorzio Elio for bus replacement services (for EUR 2,060 thousand), partially offset by lower receivables for the provision of design services, for EUR 5,224 thousand compared to 31 December 2022, for railway infrastructure maintenance to be charged back to the Regione Lombardia.

NOTA 17 OTHER CURRENT AND NON-CURRENT ASSETS

This item is broken down as follows:

Description	31.12.2023		
	Non-Current	Current	Total
Receivables for advances to suppliers on work in progress (SAL) on Financed Trains		41,195	41,195
Receivables for advances to suppliers on work in progress (SAL) on Funded Investments		42,216	42,216
Receivables for grants from other public bodies		12,198	12,198
Receivables for advances to suppliers on work in progress (SAL) on Other Rolling Stock		6,531	6,531
Tax receivables		6,185	6,185
Receivables for advances to suppliers on work in progress (SAL) on Motorway infrastructure		3,752	3,752
Receivables from INPS illness costs		230	230
Receivables for Government grants		893	893
Sundry assets	2,948	6,180	9,128
(LESS) Provision for bad debts		(223)	(223)
Other assets from third parties	**2,948**	**119,157**	**122,105**
Receivables from related parties	7	17,499	17,506
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other assets from related parties (Note 49)	**7**	**17,462**	**17,469**
Total	**2,955**	**136,619**	**139,574**

Description	31.12.2022		
	Non-Current	Current	Total
Receivables for advances to suppliers on work in progress (SAL) on Financed Trains		63,967	63,967
Receivables for advances to suppliers on work in progress (SAL) on Funded Investments		14,488	14,488
Receivables for advances to suppliers on work in progress (SAL) on Other Rolling Stock		12,500	12,500
Receivables for grants from other public bodies		11,630	11,630
Tax receivables		9,829	9,829
Receivables for advances to suppliers on work in progress (SAL) on Motorway infrastructure		3,725	3,725
Receivables from INPS illness costs		358	358
Receivables for Government grants		839	839
Sundry assets	3,535	6,811	10,346
(LESS) Provision for bad debts		(223)	(223)
Other assets from third parties	**3,535**	**123,924**	**127,459**
Receivables from related parties	7	25,603	25,610
(LESS) IFRS 9 Impairment Provision		(37)	(37)
Other assets from related parties (Note 49)	**7**	**25,566**	**25,573**
Total	**3,542**	**149,490**	**153,032**

Other assets - third parties

The item “Receivables for advances to suppliers on work in progress (SAL) on Financed Trains”, amounting to EUR 41,195 thousand, is entirely due to the advance portion on the progress (SAL) of the orders relating to the “Programme for the purchase of Rolling Stock for the regional railway service for the years 2017-2032”.
The decrease in the year, amounting to EUR 22,772 thousand, relates to the utilisations in the year following progress on work orders.
The percentage of progress on work orders accrued in relation to the percentage of completion during the year was EUR 287,248 thousand (compared to the total value of EUR 1,637 million).

“Receivables for advances to suppliers on work in progress (SAL) on Funded Investments”, amounting to EUR 42,216 thousand, are entirely due to the advance portion on the progress (SAL) of the orders relating to the maintenance of the Railway infrastructure under Concession. The increase in the year mainly related to the recognition of the advance on the “T2 - Sempione” contract, amounting to EUR 28,392 thousand, and on Seveso node upgrade contracts, amounting to EUR 8,653 thousand. These effects are offset by utilisations relating to WIP during the year.

The item “Receivables for advances to suppliers on work in progress (SAL) on Other Rolling Stock” is attributable to advance payments on the progress (SAL) of the orders for the procurement of rolling stock not included in the “Purchase Programme 2017-2032”. This item decreased by EUR 5,969 thousand in relation to utilisations in the year following the progress of work orders. The percentage of progress on work orders accrued in relation to the percentage of completion in the year was EUR 60,574 thousand.

Receivables for grants from other public bodies other than the State and the Regione Lombardia, which increased by EUR 568 thousand, relate to receivables claimed from:

- the Awarding Body of the Service Agreement by the subsidiary ATV for the additional services performed, for EUR 175 thousand (EUR 3,997 thousand at 31 December 2022);
- the Awarding Body of the Service Agreement by the subsidiary ATV for contributions to be collected to cover the loss of traffic revenues resulting from the COVID-19 pandemic by the subsidiary ATV, in the amount of EUR 600 thousand (EUR 3,317 thousand at 31 December 2022);
- the Province and Municipality of Verona for contributions to be received on purchases of new buses, also carried out by ATV, in the amount of EUR 9,723 thousand (EUR 2,615 thousand at 31 December 2022);
- the Awarding Body of the Service Agreement by the subsidiary ATV for the contributions allocated by Legislative Decrees Nos. 115, 144 and 179/2022 to cover the increase in fuel costs as a result of the Russia-Ukraine conflict, benefiting Local Public Transport companies, valid for the second and third four-month periods of 2022, in the amount of EUR 1,700 thousand (EUR 1,700 thousand at 31 December 2022).

Current tax receivables refer primarily to VAT receivables arising from the monthly settlement for EUR 4,630 thousand (EUR 7,610 thousand at 31 December 2022), VAT receivables for which a refund has already been requested for EUR 513 thousand (EUR 513 thousand at 31 December 2022), receivables claimed from the Revenue Agency for the reimbursement of excise duty on diesel fuels for EUR 770 thousand (EUR 972 thousand at 31 December 2022), receivables claimed from the Revenue Agency for the tax credits deriving from the “energy tax credit” (EUR 62 thousand) and the “facades bonus” (EUR 206 thousand).

As regards the VAT receivable for which a refund has already been requested, please note that it refers to receivables recognised by the subsidiary MISE for VAT refund applications for the years 2003, 2004, 2005 and 2006, following notification by the Supreme Court of Cassation of the orders sentencing the Revenue Agency to make payments on those applications.

The item “Receivables for advances to suppliers on work in progress (SAL) on Motorway infrastructure” mainly refers to contractual advances granted to contractors pursuant to Law No. 11/2015 converting Decree Law No. 210 of 30/12/2015, Art. 7.

Receivables for Government grants regard:

- EUR 791 thousand receivable from the State for the portion of grants relating to the “increase in raw materials”, established by the Aid Decree, recognised by MIT but not yet collected for the third quarter of 2023;
- EUR 102 thousand (EUR 737 thousand as at 31 December 2022) receivable from the State for the “transport bonus”; Decree Law No. 50/2022 “Aid Decree” and subsequent refinancing through Decree Laws 5/2023, 131/2023 and 145/2023 (“Advances Decree”) established the transport bonus as a measure in favour of the use of public transport for commuters. The bonus provided a discount of EUR 60 on passes purchased by users who applied through a ministerial portal.

Sundry assets

The item “Current sundry assets” for the most part includes EUR 2,070 thousand (EUR 2,076 thousand at 31 December 2022) in advances to suppliers and EUR 2,263 thousand (EUR 2,520 thousand at 31 December 2022) in prepayments for insurance premiums.

Specifically, prepayments include:

- deferrals for Warranty & Indemnity (W&I) insurance policies taken out to cover the Representations & Warranties contained in the sale and purchase agreement signed with the Regione Lombardian for the acquisition of MISE, amounting to EUR 511 thousand (EUR 728 thousand at 31 December 2022);
- “Green maintenance agreements”, or the contribution paid to the Municipalities of Corana (PV) and Silvano Pietra (PV) for the maintenance of areas intended for environmental mitigation. Costs are allocated pro rata to each reporting period until 31 October 2028;
- “Multihole duct agreement”, referring to the agreement renewed during the year with Telecom Italia S.p.A. for the use of optical fibres, expiring on 31 October 2028, charged to the Income Statement on an accrual basis.

Other assets – related parties

Receivables from related parties refer mainly to amounts for services provided to joint venture investees and associates, down by EUR 3,897 thousand in relation to the higher amounts collected, as well as tax receivables, in particular items related to Group VAT for EUR 168 thousand (EUR 1,167 thousand as at 31 December 2022). In the previous year, the item also included receivables for tax consolidation for EUR 507 thousand.

The fair value of receivables approximates the carrying amount at 31 December 2023 and 31 December 2022.

NOTA 18 CURRENT AND NON-CURRENT TAX RECEIVABLES

Description	31.12.2023		
	Non-Current	Current	Total
IRES (CORPORATE INCOME TAX)	153	37	190
IRAP (REGIONAL BUSINESS TAX)		347	347
Tax receivables	**153**	**384**	**537**

Description	31.12.2022		
	Non-Current	Current	Total
IRES (CORPORATE INCOME TAX)	17	88	105
IRAP (REGIONAL BUSINESS TAX)		124	124
Tax receivables	**17**	**212**	**229**

This item includes amounts due from the tax authorities for IRES and IRAP, which increased with respect to the previous year due to higher IRAP advances paid, for EUR 1,204 thousand, compared to the expense attributable to the year of EUR 856 thousand.

NOTA 19 CASH AND CASH EQUIVALENTS

The next table shows how this item is broken down.

Description	31.12.2023	31.12.2022
Bank and postal deposits	394,271	235,885
(LESS) Impairment IFRS 9	(617)	(693)
Cash on hand	1,591	1,736
Total	**395,245**	**236,928**

The breakdown of bank and postal deposits is shown below:

Bank and postal deposits	31.12.2023	31.12.2022	Changes
Bank and postal deposits in cash pooling	270,392	116,469	153,923
ATV (and its subsidiary La Linea 80)	13,630	10,474	3,156
MISE (and its subsidiary Milano Serravalle Engineering)	17,259	26,544	(9,285)
Ferrovienord (accounts dedicated to RL investments)	92,990	82,398	10,592
Total	**394,271**	**235,885**	**158,386**

The FNM Group manages cash and cash equivalents through cash pooling. On a daily basis the balances of bank current accounts of individual companies are transferred to the current accounts of the Parent Company, which concurrently credits/debits the giro account of individual subsidiaries. At 31 December 2023, the Group companies that did not participate in cash pooling were ATV and its subsidiary La Linea 80.

MISE and its subsidiary Milano Serravalle Engineering adhere to the Group's centralised Treasury management agreement only for the current accounts opened at Unicredit and BPER, which are unrelated to funds dedicated to the payment of the investments planned in the concession.

On that basis, in view of cash on bank deposits of EUR 394,271 thousand, of current payables to banks of EUR 56,785 thousand and non-current payables to banks of EUR 91,758 thousand (Note 22), the Group has payables in giro accounts – inclusive of interest – of EUR 30,024 thousand (EUR 35,555 thousand at 31 December 2022), as represented below:

Payables in giro account	31.12.2023	31.12.2022	Change
Nord Energia	19,378	20,381	(1,003)
NordCom	7,155	8,258	(1,103)
Corporate bodies	3,491	6,916	(3,425)
Total (Note 24)	**30,024**	**35,555**	**(5,531)**

On these giro accounts, interest income and expenses are paid at market rates (Note 24).
The item "FERROVIENORD (accounts dedicated to RL investments)" includes the balance of the dedicated account "Programme for the purchase of Rolling Stock for the regional railway service 2017-2032". The balance of this current account at 31 December 2023 amounted to EUR 92,990 thousand (EUR 42,279 thousand at 31 December 2022).
As at 31 December 2022, the item also included the balance of the account amounting to EUR 40,119 thousand related to the reimbursement obtained from the "CONFEMI" consortium. These sums were used by the Group in April 2023, subject to authorisation by the Regione Lombardia, to make specific investments to modernise the railway infrastructure.

The change in the item is analysed in more detail by nature of component in the Statement of Cash Flows.

In relation to the adoption of IFRS 9, based on the expected losses model, the Group considers the expected losses along the life of the financial asset at each reference date of the Financial Statements. Following an update of the valuations conducted during the year, the provision of EUR 76 thousand was released.

NOTA 20 ASSETS AND LIABILITIES HELD FOR SALE

On 31 March 2023, the sale of the equity investment in La Linea S.p.A., also entailing the disposal of the equity investment held indirectly in Martini Bus S.r.l., was finalised. 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.
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.

On 16 January 2023, the transaction for the sale of the entire equity investment held by FNM in NTT S.r.l., for the value of EUR 150 thousand, was also finalised.

NOTA 21 SHAREHOLDERS' EQUITY

Description	Shareholders' Equity attributable to Majority Shareholders							Total Shareholders' Equity attributable to the Group	Shareholders' Equity attributable to Non-Controlling Interests	Total Shareholders' Equity
	Share capital	Other reserves	Reserve for fair value changes in derivatives	Indivisible Profits/ Losses	Reserve for actuarial gains/ losses	Translation reserve	Profit/ Loss for the year			
Balance as at 01.01.2022	**230,000**	**6,873**	**—**	**(63,596)**	**(7,478)**	**147**	**40,875**	**206,821**	**21,512**	**228,333**
Total Comprehensive Income			**6,462**		**2,121**	**53**	**68,476**	**77,112**	**1,468**	**78,580**
Allocation of 2021 profit				40,875			(40,875)	—		—
Distribution of dividends				—				—	—	—
Change in the scope of consolidation			—	—	—			—	—	—
Balance as at 31.12.2022	**230,000**	**6,873**	**6,462**	**(22,721)**	**(5,357)**	**200**	**68,476**	**283,933**	**22,980**	**306,913**
Total Comprehensive Income			**(1,283)**	**—**	**(290)**	**78**	**80,855**	**79,360**	**1,081**	**80,441**
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)
Balance as at 31.12.2023	**230,000**	**6,873**	**5,179**	**37,796**	**(5,647)**	**278**	**80,855**	**355,334**	**20,826**	**376,160**

At 31 December 2023 and 31 December 2022, fully paid-up share capital amounted to EUR 230,000 thousand, comprising 434,902,568 ordinary shares, with no par value.
On 21 April 2023, the Shareholders' Meeting approved the Separate Financial Statements of the Parent Company for the year 2022 and resolved to allocate profit for the year of the Parent Company as follows:

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

Furthermore, in order to guarantee remuneration of EUR 0.0230 for each ordinary share outstanding, the Shareholders' Meeting resolved to add EUR 2,374 thousand to the dividend by using the retained earnings reserves. Including this amount distributed, the total dividend amounted to EUR 10,003 thousand.

The item "change in the scope of consolidation" in 2023 is attributable to the sale of the equity investment in La Linea S.p.A. and of the indirect interest in its subsidiary Martini Bus S.r.l. completed on 31 March 2023.

Changes in Shareholders' Equity attributable to non-controlling interest are presented below:

	La Linea	ATV	La Linea 80	Total
Share held by non-controlling shareholders	*49%*	*50.00%*	*35.00%*	
Balance as at 01.01.2023	**4,695**	**18,286**	**8**	**22,989**
Operating result	130	1,020	(18)	1,132
Change in the scope of consolidation	(4,825)	—	1,591	(3,234)
Reserve for Actuarial Gains/(Losses)	—	(61)	—	(61)
Balance as at 31.12.2023	**—**	**19,245**	**1,581**	**20,826**

To complete the disclosure relating to non-controlling interests, the following table shows the non-controlling interests in the Group's assets and cash flows relating to the material shareholding in ATV:

ATV non-controlling interests	31/12/2023
Total non-current assets	24,889
Total current assets	19,667
of which Cash and cash equivalents	6,832
Total non-current liabilities	12,306
Total current liabilities	13,005
Revenues	38,671
Operating result	1,020

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

Amounts in thousands of euros	Shareholders' equity 01.01.23	2023 Profit	Other result components transited directly to Shareholders' Equity	Other changes	Shareholders' equity 31.12.23
Financial Statements of FNM S.p.A.	413,127	14,237	(16)	(10,003)	417,345
Derecognition of equity investments	(655,039)	—	—	(386)	(655,425)
Shareholders' equity contributed by the consolidated companies	528,275	66,618	(1,479)	—	593,414
Put option recognition	(2,430)	—	—	(2,430)	—
FNM Group shareholders' equity	**283,933**	**80,855**	**(1,495)**	**(7,959)**	**355,334**

The reasons underlying the difference between market capitalisation (equal to EUR 196.6 million at 31 December 2023) and Group shareholders' equity (equal to EUR 355.4 million at 31 December 2023) are to be found in a combination of factors that can be summarised as follows:

1. the Group is listed in the Standard segment of the MTA of Borsa Italiana, a segment that penalises the stock in terms of daily trading volumes;
2. the market free float is limited as 72.3% of the shareholding structure is stable shareholders: the Regione Lombardia holds 57.6% of the capital and Ferrovie dello Stato owns the remaining 14.74%. The free float is therefore less than 30% and market transactions relate to minority shareholdings, which reflect information asymmetries with respect to controlling shareholders;
3. minority shareholders could apply a significant discount to the value of unconsolidated equity investments recorded in the Group's financial statements, as they do not distribute

dividends and therefore represent surplus assets which do not offer remuneration to non-controlling shareholders.

In light of these considerations, the Directors believe that the existing difference between market capitalisation and Group shareholders' equity cannot be considered an indicator of impairment as market capitalisation is not considered representative of the Group's recoverable amount.

NOTA 22 CURRENT AND NON-CURRENT PAYABLES TO BANKS

Payables to banks at 31 December 2023 and 31 December 2022 are broken down as follows:

Description	31.12.2023		
	Non-Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	49,855	24,878	74,733
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	12,480	12,466	24,946
BEI Funding	16,793	8,388	25,181
Intesa-Banco BPM 2010	7,493	7,490	14,983
Banca BPER (BEI intermediation) 2012	1,983	1,961	3,944
2023 Agreement - Hydrogen Loan	3,154	1,573	4,727
Other payables to banks for loans	—	29	29
Payables to banks	**91,758**	**56,785**	**148,543**

Description	31.12.2022		
	Non-Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	74,697	24,813	99,510
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	24,934	12,440	37,374
BEI Funding	25,131	8,364	33,495
Intesa-Banco BPM 2010	14,974	7,479	22,453
Banca BPER (BEI intermediation) 2012	3,945	1,941	5,886
Other payables to banks for loans	—	33	33
Payables to banks	**143,681**	**55,070**	**198,751**

The items "Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019", "Banca Nazionale del Lavoro/ Monte Paschi di Siena 2010", "UBI Banca-Banco BPM 2010" and "Banca BPER (EIB intermediation) 2012" represent the bank debt of the subsidiary MISE, already present at 31 December 2022, recognised at amortised cost. All instalments due in the year were duly repaid, totalling EUR 47,000 thousand.

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

Funding	Residual Nominal Amount	Expiration	Interest rate	Covenants
INTESA (formerly UBI) - BANCO BPM	22,500	31/12/2025	6-month Euribor (no floor) + margin 2%	NFP/EBITDA ≤ 5 NFP/SE< 2
MPS - BNL	37,500	31/12/2025	6-month Euribor (no floor) + margin 2.25%	NFP/EBITDA ≤ 5 NFP/SE< 2
CARIGE	6,000	31/12/2025	Fixed rate 3.617%	N/A
INTESA - BANCO BPM-UNICREDIT-BNL-INTESA (formerly UBI)	100,000	31/12/2026	6-month Euribor (no floor) + margin 1.80%	NFP/EBITDA ≤ 4 NFP/SE< 2

As at the closing date of 31 December 2023, based on available data, these covenants have been met.

On 2 December 2022, a bilateral loan was taken out from Intesa Sanpaolo in the amount of EUR 4,740 thousand, aimed at supporting the project to build 5 hydrogen fuelling stations on motorway sections under concession.
The underwriting of the new funding became necessary because in order for the underlying project to access the grant from the European Commission, it must be co-financed by a loan from a Financial Intermediary for at least 10% of the total amount of the initiative.
The loan agreement entered into provides for a six-monthly straight-line principal amortisation period starting on 30 June 2024 and ending on 31 December 2026, the final repayment date of the loan. The loan was fully drawn down on 20 November 2023 and its interest rate is equal to the 6-month Euribor (without floor) plus a margin of 2.35%.
It has no financial covenants.

The item “EIB Funding” is entirely attributable to the disbursement of the loan taken out by the Parent Company from the European Investment Bank on 21 December 2017, for a total maximum amount of EUR 50 million. The purpose of the loan is to guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel.
The loan was fully disbursed in the course of 2020. In particular, on 20 March 2020, the first tranche of EUR 10 million was disbursed, and on 12 October 2020 the second tranche of EUR 40 million. The first tranche of the loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021. The second tranche of the loan has a fixed rate of 0.446%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 12 October 2021.
Both instalments falling due during the year, amounting to EUR 8,315 thousand, were repaid.

The contract establishes financial covenants calculated on the consolidated financial statements of the Group (annual and half-yearly):

- NFP/Shareholders’ Equity ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

As at the closing date of 31 December 2023, based on available data, these covenants have been met.

With regard to the new loans taken out after the end of the financial year as part of the Viridis acquisition transaction, please refer to the section on subsequent events below.
Reference is made to section 8.2 of the management report for detailed information about the Company's financial structure.

Please also note that, aside from the above-mentioned refinancing, the Parent Company has liquidity headroom of around EUR 120 million in uncommitted lines, thereby offering sufficient financial flexibility.

NOTA 23 BOND LOAN

Description	31.12.2023		
	Non-Current	Current	Total
Payables to bondholders	645,848	961	646,809
Bond Loan	**645,848**	**961**	**646,809**

Description	31.12.2022		
	Non-Current	Current	Total
Payables to bondholders	644,398	961	645,359
Bond Loan	**644,398**	**961**	**645,359**

On 13 October 2021, the Parent Company completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of five years. The bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the "EMTN Programme") of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021.
The bond is listed on the regulated market of the Irish Stock Exchange - Euronext Dublin. The issue was settled on 20 October 2021.
The securities were placed at an issue price of 99.824% with a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points with respect to the mid-swap reference rate. The securities representing the bond have been assigned a Baa3 rating by Moody's and a BBB rating by Fitch, in line with those of the issuer. There are no financial covenants on the bond.

The proceeds of the bond were used for the early repayment of the debt assumed in connection with the acquisition of MISE and, for the remaining part, to maintain adequate levels of liquidity to meet operating and investment needs.
The fair value of the Bond was approximately EUR 600 million at 31 December 2023.

NOTA 24 CURRENT AND NON-CURRENT FINANCIAL PAYABLES AND LEASE LIABILITIES

Other financial liabilities are described below:

Description	31.12.2023		
	Non-Current	Current	Total
Giro account		2,989	2,989
Derivative instruments payable	89	47	136
Financial Payables	**89**	**3,036**	**3,125**
Giro account		27,035	37,035
Financial payables to related parties (Note 49)	**—**	**27,035**	**27,035**
Total	**89**	**30,071**	**30,160**

Description	31.12.2022		
	Non-Current	Current	Total
Giro account		4,969	4,969
Derivative instruments payable	85	124	209
Financial Payable Put Option - La Linea	2,112		2,112
Financial Payables	**2,197**	**5,093**	**7,290**
Giro account		30,586	30,586
Financial payables to related parties (Note 49)	**—**	**30,586**	**30,586**
Total	**2,197**	**35,679**	**37,876**

The item “Giro account” with third parties refers to the cash pooling with the various Corporate Bodies: FNM Supplementary Fund for EUR 2,900 thousand (EUR 4,811 thousand as of 31 December 2022) and the FNM Company Recreational Club for EUR 89 thousand (EUR 158 thousand as of 31 December 2022).

The item “Derivative instruments payable” represents the derivatives in place at 31 December 2023 relating to interest rate swap hedging contracts entered into by the subsidiary MISE during 2011 with Banco BPM, Banca Intesa (formerly UBI Banca), Banca Nazionale del Lavoro and Monte dei Paschi di Siena in order to prevent the risk of changes in interest rates, the fair value of which is negative. The total notional value amounted to EUR 120,000 thousand. The qualitative analysis has shown an exact correspondence between the supporting elements of the loan and those of the IRS and furthermore, no particular problems are identified regarding the creditworthiness of the counterparty of the hedging instrument and therefore they were accounted for under hedge accounting.

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

With reference to the item "Financial Payable – La Linea Put Option", it is highlighted that, when acquiring the equity investment in La Linea, FNM signed an agreement with the seller, granting the latter the right to sell FNM shares held in the company La Linea (28.73%). This option was exercisable from 1 January 2024 for the payment of a consideration to be determined on the basis of the market value of the shares to sell. The liability recognised at 31 December 2022 at the present value of the expected payout when the put option could be exercised by the seller, recorded with a contra entry as a reduction of the Group's Shareholders' Equity in consideration of the way in which the option was determined, was totally reversed following the sale of the equity investment in La Linea on 31 March 2023 with a contra entry in the Group's Shareholders' Equity.

The item "Giro accounts with related parties" refers to the balance payable of the cash pooling between FNM and the joint venture investees; specifically, with NORD ENERGIA, for EUR 19,377 thousand (EUR 20,381 thousand at 31 December 2022), with NordCom, for EUR 7,155 thousand (EUR 8,258 thousand at 31 December 2022); and with the FNM pension fund for EUR 503 (EUR 1,946 thousand at 31 December 2022).

Lease liabilities relate to the application of IFRS 16 and are broken down as follows:

Description	31.12.2023		
	Non-Current	Current	Total
Lease liabilities	12,953	7,884	20,837
Lease liabilities	**12,953**	**7,884**	**20,837**
Lease liabilities	15	79	94
Lease liabilities to related parties (Note 49)	**15**	**79**	**94**
Total	**12,968**	**7,963**	**20,931**

Description	31.12.2022		
	Non-Current	Current	Total
Lease liabilities	18,009	7,631	25,640
Lease liabilities	**18,009**	**7,631**	**25,640**
Lease liabilities	20	115	135
Lease liabilities to related parties (Note 49)	**20**	**115**	**135**
Total	**18,029**	**7,746**	**25,775**

The value of fees recorded in the income statement for low value and short term contracts amounts to EUR 1,741 thousand and EUR 531 thousand, respectively.
The Group is not exposed to significant future increases in the variable lease payment, as the lease agreements do not establish significant variable components.

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

Minimum future lease payments	**31.12.2023**	**31.12.2022**
Less than 1 year	8,637	8,246
2 - 5 years	13,653	17,864
Over 5 years	162	107
Total	**22,452**	**26,217**
Future interest expense	(1,521)	(442)
Present value of payables related to finance leases	**20,931**	**25,775**

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

Present value of payables related to finance leases	**31.12.2023**	**31.12.2022**
Less than 1 year	7,963	7,734
2 - 5 years	12,835	17,941
Over 5 years	133	100
Total	**20,931**	**25,775**

The maturity of the non-current portion of financial liabilities, including the bond, is shown below:

Description	**31.12.2023**	**31.12.2022**
Between 1 and 2 years	7,963	7,746
Between 2 and 5 years	650,842	656,778
Over 5 years	100	100
Total	**658,905**	**664,624**

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

Description	**31.12.2023**	**31.12.2022**
Payables to Bondholders	0.982 %	0.982 %
Payables for leases IFRS 16	0.982% - 5.23%	0.982% - 2.18%
Payables for cash pooling	1.391 %	0.090 %

The rates for lease liabilities were determined on the basis of the marginal financing rates of the Group companies.

For the sake of full disclosure, it should be noted that during the year, "non-cash transaction" investments were made that did not require the use of cash or cash equivalents, mainly relating to the acquisition of assets by means of lease transactions in the amount of EUR 2,808 thousand. During the previous year, the value of non-cash transactions relating to the acquisition of assets by means of lease transactions amounted to EUR 3,638 thousand.
For the purposes of the disclosure required by IAS 7 (44A-44E), the change in liabilities shown in the cash flow statement in financing activities, whether arising from changes in cash flows or otherwise, is shown below:

	2023
Changes from cash flows from financing activities	(88,409)
Changes in fair value	(71)
Other changes	2,808
Total	**(85,672)**

NOTA 25 CURRENT AND NON-CURRENT PAYABLES FOR FUNDED INVESTMENTS

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

Payables for funded investments	**31.12.2023**	**31.12.2022**
Payables to the Ministry of Transport	6,873	0
Payables for funded investments	**6,873**	
Payables to Regione Lombardia - Programme Agreement	72,161	41,112
Payables to Regione Lombardia - Other rolling stock	3,166	
Payables for funded investments to related parties (Note 49)	**75,327**	**41,112**
Total payables for funded investments	**82,200**	**41,112**

The item refers mainly to the surplus collections obtained from the Regione Lombardia and other lenders for investments made by the Group, for the portion already allocated to investments and not yet paid to suppliers.
The increase with respect to 31 December 2022 is mainly connected to the higher collections for the year with respect to the uses made for the progress of work orders relating to the Programme Contract, rolling stock, as well as the advance collected as part of the investments on the motorway infrastructure equal to EUR 6,873 thousand.

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

Payables for funded investments	31.12.2023	31.12.2022
Payables to the Ministry of Transport	5,848	5,824
Payables for funded investments	**5,848**	**5,824**
Payables to the Regione Lombardia	10,565	6,763
Payables for funded investments to related parties (Note 49)	**10,565**	**6,763**
Total payables for funded investments	**16,413**	**12,587**

The items "Payables to the Ministry of Transport" and "Payables to the Regione Lombardia" mainly refer to the portion of collections of fees relating to advances on investments made and refunded by the Ministry of Transport and the Regione Lombardia. The Group recognises this amount as suspended under financial liabilities, pending the cash in of notice from the counterparties of use of the advance received.

During the year, the payable to the Regione Lombardia increased due to the sums recovered by the Group and then made available to the lender, relating to insurance reimbursements on two accidents occurring on funded rolling stock (amounting to EUR 1,456 thousand) and the proceeds from the sale of two funded PESA locomotives (amounting to EUR 2,286 thousand).

NOTA 26 NET FINANCIAL POSITION

The item net financial position is broken down below, according to CONSOB information notice 5/21 of 29 April 2021, which replaces CONSOB notice no. 6064293 of July 2006 and related notices which refer data in the table to data in the Statement of Financial Position:

Description	31.12.2023	of which related parties	31.12.2022	of which related parties	Notes
A. Cash and cash equivalents	395,245	—	236,928	—	19
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	**395,245**	—	**236,928**	—	
E. Current financial payables	(112,332)	(102,362)	(76,667)	(71,698)	22 - 23 - 24
F. Current portion of non-current financial payables	(65,648)	(79)	(63,901)	(115)	22 - 23 - 24
G. Current financial debt (E+F)	**(177,980)**	**(102,441)**	**(140,568)**	**(71,813)**	
H. Net current financial debt (G -D)	**217,265**	**(102,441)**	**96,360**	**(71,813)**	
I. Non-current financial payables	(121,228)	(10,580)	(176,494)	(6,783)	22 - 23 - 24
J. Debt instruments	(645,848)	—	(644,398)	—	20 - 21 - 22
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(767,076)**	**(10,580)**	**(820,892)**	**(6,783)**	
M. Total financial debt (H+L)	**(549,811)**	**(113,021)**	**(724,532)**	**(78,596)**	

Since the Net Financial Position is not a value the calculation of which is governed by the Group's accounting standards, the criteria applied by the Group for determining it may not be consistent with those adopted by other groups, and therefore it may not be comparable.

Current financial payables include current payables to banks, in the amount of EUR 56,785 thousand (EUR 55,070 thousand as at 31 December 2022) (Note 22), and to other lenders. More specifically: the payables arising from advances paid by the Regione Lombardia for funded investments relating to the modernisation of railway infrastructure, amounting to EUR 82,200 thousand (EUR 41,112 thousand at 31 December 2022) (Note 24), the balance of the cash pooling giro accounts with joint ventures and Corporate Bodies for a total of EUR 30,024 thousand (EUR 35,555 thousand at 31 December 2022), the lease liabilities of EUR 7,963 thousand (EUR 7,746 thousand at 31 December 2022) (Note 24), as well as the portion of interest expenses accrued on the bond to be paid within 12 months of the date of these Financial Statements (Note 23).

Non-current financial payables mainly include the payable for the bond issued on 20 October 2021, amounting to EUR 645,848 thousand (EUR 644,398 thousand at 31 December 2022) (Note 23), non-current payables to banks of EUR 91,758 (EUR 143,681 thousand at 31 December 2022) (Note 22) and lease liabilities of EUR 12,968 thousand (EUR 18,029 thousand at 31 December 2022) (Note 24).

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

Description	31.12.2023	of which related parties	31.12.2022	of which related parties	Notes
A. Cash and cash equivalents	302,255	—	194,649	—	19
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	**302,255**	**—**	**194,649**	**—**	
E. Current financial payables	(112,332)	(102,362)	(76,667)	(71,698)	22 - 23 - 24
F. Current portion of non-current financial payables	(65,648)	(79)	(63,901)	(115)	22 - 23 - 24
G. Current financial debt (E+F)	**(177,980)**	**(102,441)**	**(140,568)**	**(71,813)**	
H. Net current financial debt (G -D)	**124,275**	**(102,441)**	**54,081**	**(71,813)**	
I. Non-current financial payables	(121,228)	(10,580)	(176,494)	(6,783)	22 - 23 - 24
J. Debt instruments	(645,848)	—	(644,398)	—	20 - 21 - 22
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(767,076)**	**(10,580)**	**(820,892)**	**(6,783)**	
M. Total financial debt (H+L) adjusted	**(642,801)**	**(113,021)**	**(766,811)**	**(78,596)**	

IFRIC 12 Impacts					
of which - D. Liquidity	92,990		42,279		19
N. Total IFRIC 12 financial debt	**92,990**	**—**	**42,279**	**—**	
Net financial debt (M+N)	**(549,811)**	**(113,021)**	**(724,532)**	**(78,596)**	

In order to determine the adjusted NFP, the effects of the application of IFRIC 12 corresponding to the bank balances resulting from the crediting of consideration received from the Regione Lombardia only for the regional train purchase programme were excluded (Note 19).
In fact, as already mentioned in the Management Report, in order to improve the representation of balance sheet trends, as from the first quarter of 2022, the “IFRIC 12 Impacts”, calculated to determine the adjusted Net Financial Position, include only the funded investment items (cash and financial payables) relating to the “Programme for the purchase of Rolling Stock for the regional railway service for the years 2017-2032 and integration of supplies of the Programme of purchase of Rolling Stock as per Regional Government Decree No. X/4177 of 16/10/2015” (hereinafter, the “Rolling Stock Programme 2017-2032”).

In addition to financial debt, as concerns indirect financial debt, reference should be made to Note 28 for the provisions recognised in the Financial Statements, and the final commitments at 31 December 2023 that oblige the Group to acquire or construct an asset in the next 12 months are shown below:

Description	Amount
Investments in funded rolling stock	262,493
Funded railway infrastructure investments	176,096
Motorway infrastructure investments	47,303
Investments in rolling stock with own funds	96,874
Investments in buses	16,969
Other investments	20,622
Total	620,357

NOTA 27 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are broken down as follows:

Description	31.12.2023	31.12.2022
Capital grants	19,778	13,237
Other liabilities	6,055	7,783
Non-current liabilities	**25,833**	**21,020**
Capital grants from the Regione Lombardia	10,824	10,075
Other non-current liabilities to related parties (Note 49)	**10,824**	**10,075**
Total	**36,657**	**31,095**

The item “Capital grants” concerns the non-current portion of public grants received by the subsidiary ATV from the Veneto Region and the subsidiary FNMA from the Ministry of Environment, for the purchase of new buses for urban and extra-urban transport, amounting to EUR 18,471 thousand and EUR 119 thousand, respectively, besides loans received in 2001 pursuant to Law No. 270/97 from the Ministry of Public Works to redevelop the Cadorna Station in Milan equal to EUR 981 thousand and public grants received to purchase TILO trains for EUR 207 thousand. The change during the year relates to grants received from the subsidiary ATV for the purchase of new rolling stock, net of the recognition of the grant in the Consolidated Income Statement in the manner set forth in the accounting standard.
Contributions received during year for capital grants, classified in the Statement of Cash Flows under item “Collection of grants on investments with own funds”, amounted to EUR 4,579 thousand.

The item “Other liabilities” mainly includes the non-current portion, amounting to EUR 3,806 thousand (EUR 4,602 thousand at 31 December 2022) relating to:

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

The item “Other liabilities” includes the deferred income relative to future maintenance costs for own rolling stock, with advances received from the lessees in the year 2017, amounting to EUR 1088 thousand.

“Capital grants from the Regione Lombardia” mainly refer to grants from the Regione Lombardia for the renovation of the property in Milan, Piazza Cadorna, for EUR 3,699 thousand, and for the purchase of buses for EUR 7,085 thousand. The change during the year relates to higher grants disbursed to support investments in buses, net of the recognition of the grant in the Consolidated Income Statement in the manner set forth in the accounting standard.

NOTA 28 CURRENT AND NON-CURRENT PROVISIONS FOR RISKS AND CHARGES

This item is broken down as follows:

Description	Cyclical maintenance	Motorway Infrastructure Renewal provisions	Provision for Commitments relating to non-compensated assets	Personnel	Ancillary charges for the Affori Redevelopment Programme	Other risks	Total
Balance as at 01.01.2023	**53,639**	**57,895**	**8,912**	**529**	**1,313**	**19,893**	**142,181**
Increases	21,399	8,363	303	183		6,621	**36,869**
Uses	(8,461)	(23,775)	(77)	(228)		(1,375)	**(33,916)**
Other changes	131	1,952	303				**2,386**
Releases			(300)			(8,129)	**(8,429)**
Balance as at 31.12.2023	**66,708**	**44,435**	**9,141**	**484**	**1,313**	**17,010**	**139,091**

Provisions for risks and charges have the following dates:

Description	31.12.2023	31.12.2022
Current	69,264	67,641
Non-current	69,827	74,540
Total	**139,091**	**142,181**

Cyclical maintenance

With reference to rolling stock, owned by the Regione Lombardia, the subsidiary FERROVIENORD is the operator of the work order for the purchase of rolling stock, and is also responsible for maintenance of equipment in order to guarantee the effective operation of the service, with particular reference to cyclical maintenance. As regards this maintenance, which is scheduled based on years of use and kilometres travelled, the Group allocated provisions to cyclical maintenance of EUR 21,399 thousand, with use in the year amounting to EUR 8,461 thousand. The

provision as at 31 December 2022 was discounted to present value on the basis of future use forecasts for EUR 2,492 thousand; the change during the year, included in the item "Other changes", was EUR 131 thousand.
Following the updating on 28 December 2023 of the Service Agreement, in force for the 1 January 2023 - 31 December 2027 period, between FERROVIENORD and the Regione Lombardia, as of 1 January 2024 the cyclical rolling stock maintenance will be funded directly by the Regione Lombardia, which will pay FERROVIENORD the amount established for each year on the basis of the multi-year planning of maintenance costs defined by Trenord.
Therefore, as of 2024 FERROVIENORD will use the available funds set aside with the cyclical maintenance fund, which will then be gradually used "by fleet" until it has run out.
In addition, for the financing of planned cyclical maintenance, taking into account the resources already in the cyclical maintenance fund, Regional Law No. 34/2022 allocated amounts of EUR 15 million per year in 2024 and 2025, EUR 47 million per year from 2026 to 2032 and EUR 20 million in 2033, which will be disbursed in twelfths, at the same time as the monthly consideration instalments.

Motorway infrastructure renewal provision

The value of the renewal provision, equal to EUR 44,435 thousand (provision for restoration or replacement of assets freely revertible), refers to the coverage of costs for future restoration of the motorway infrastructure and has the function of maintaining and/or restoring the original production capacity of the "assets freely revertible to the Awarding Body" both to maintain unchanged the production capacity and to transfer them, on expiry of the Concession, to the Awarding Body in good working order, in view of the contractual obligations set out in the Consolidated Agreement signed by MISE with ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Sustainable Mobility).

Provision for Commitments relating to non-compensated assets freely revertible

The item includes the provision equal to the present value of planned investments, for which no tariff increases are expected. The amount of EUR 9,141 thousand was estimated on the basis of information from the MISE Economic and Financial Plan available at the date on which these Consolidated Financial Statements were drafted. The provision for risks and charges will be used to offset the cash outlays that the Group will incur to finance these investments.

Personnel

On 1 March 2023, a second-level agreement was signed by the subsidiary FNMA, which provided for the payment of a one-off contribution to compensate for the results achieved in the year 2022. The application of National Collective Bargaining Agreement provisions concerning the equalisation allowance was also set out in the same agreement.

As a result of this agreement, the provision was utilised for the amounts relating to the one-off contribution for EUR 228 thousand.

Expenses for Plan of Integrated Intervention (PII) Affori

As regards the sale of areas next to the Affori Station in Milan, the FNM Group undertook to carry out activities related to the redevelopment programme (clean-up of land, development of urban infrastructure works, movement of the electric power unit); the original estimate of these futures costs payable by the Group was equal to EUR 2,640 thousand. During 2016, following the completion of clean-up works for EUR 819 thousand, the provision was used for the previously allocated amount of EUR 700 thousand. In 2021, a portion of the provision in the amount of EUR 797 thousand was released as a result of the restatement of assets. Lastly, during the previous year, adjustment provisions of EUR 170 thousand were recognised; the residual provision therefore amounts to EUR 1,313 thousand.

Other risks

The provision for Other risks at 31 December 2023 included:

- EUR 6,315 thousand, relating to the difference between expenses for maintenance carried out with respect to the corresponding provisions of the current MISE Economic and Financial Plan;
- EUR 939 thousand, as an estimate of the risk arising from expropriation disputes;
- EUR 142 thousand as the risk estimate from the dispute with the Customs Agency described in the Management Report, in section 13 “Most relevant litigation and other information”;
- EUR 9,614 thousand, of which EUR 6,621 thousand allocated in the year, as a risk estimate of losing litigation ongoing with third parties; EUR 1,375 thousand of the fund was used in the year, and EUR 2,526 thousand was released due to litigation that had been settled.

Considerations on the estimates used in assessing litigation and potential liabilities are made in Note 4 “Items subject to significant assumptions and estimates”.

NOTA 29 POST-EMPLOYMENT BENEFITS

Description	**31.12.2023**	**31.12.2022**
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial assumptions	18,941	20,410
Total	**18,941**	**20,410**

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

Description	**31.12.2023**	**31.12.2022**
Service costs	11	273
Interest (Note 44)	638	259
Total	**649**	**532**

Actuarial gains and losses arising from changes in assumptions and changes in final and hypothesized data, starting from the year ended 31 December 2011, are recognised in the Statement of Comprehensive Income in a specific reserve of Shareholders’ Equity called “Reserve for actuarial gains/losses” (Note 45).

The change in the liability relative to post-employment benefits is shown below:

Description	31.12.2023	31.12.2022
Debt at the start of the year	**20,410**	**28,011**
Service costs	11	273
Actuarial loss/(gain)	601	(2,611)
Interest cost	638	259
Uses	(2,739)	(3,870)
Transfers	20	(18)
IFRS 5 Reclassification		(1634)
Change in scope of consolidation		
Debt at the end of the year	**18,941**	**20,410**

The following main actuarial assumptions were used:

Description	31.12.2023	31.12.2022
Discount rate	3.10	3.70
Annual rate of compensation increase	1.00	1.00
Annual rate of inflation	2.50	2.50
Annual rate of post-employment benefit increase	3.38	3.38

Assumptions concerning mortality are based on the probability of death of the Italian population identified by ISTAT in 2000, by gender. This probability is reduced by 25% to take into account the average of active workers' characteristics and the decrease in mortality registered in recent years.

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx Eurozone Corporate AAA index, according to ESMA provisions.

Below is provided the sensitivity analysis carried out on the average annual discount rate entered in the calculation model, considering the scenario described above as the base scenario and increasing or reducing the average annual discount rate by half a percentage point. The results obtained are summarised in the following table:

Annual discount rate	1.25 %	(1.25 %)
Post-employment benefits	17,379	20,335

NOTA 30 TRADE PAYABLES

Trade payables are broken down as follows:

Description	31.12.2023	31.12.2022
Payables for invoices received	199,222	132,074
Payables for invoices to be received	300,681	325,210
Trade payables	**499,903**	**457,284**
Trade payables to related parties	13,790	13,405
Trade payables to related parties (Note 49)	**13,790**	**13,405**
Total	**513,693**	**470,689**

Trade payables increased by EUR 43,004 thousand mainly due to the combined effect of the following:

- trade payables for investments to renew rolling stock and modernise funded railway infrastructure increased by EUR 69,216 thousand;
- trade payables for funded rolling stock renewal orders decreased by EUR 10,158 thousand;
- trade payables for investments with own funds, including investments in cyclical maintenance, decreased by EUR 7,917 thousand;
- trade payables for motorway infrastructure investments decreased by EUR 13,294 thousand.

In particular, concerning the renewal of funded rolling stock, the balance included payables for invoices received for EUR 112,905 thousand (EUR 77,949 thousand at 31 December 2022) and payables for invoices to be received for EUR 181,332 thousand (EUR 226,447 thousand at 31 December 2022). As concerns the railway infrastructure and rolling stock modernisation projects not included in the “Programme 2017-2032”, the balance included payables for invoices received for EUR 41,038 thousand (EUR 14,445 thousand at 31 December 2022) and payables for invoices to be received for EUR 54,454 thousand (EUR 20,705 thousand at 31 December 2022).

Trade payables include the payable to Cogel S.p.A. (equal to EUR 1,697 thousand), in relation to which there is a pending dispute, from whose outcome no additional liabilities from those already allocated are expected.

NOTA 31 PAYABLES FOR TAXES AND DUTIES

Payables are broken down as follows:

Description	31.12.2023	31.12.2022
IRES (CORPORATE INCOME TAX)	3,539	8,126
IRAP (REGIONAL BUSINESS TAX)	965	1,256
Payables for taxes	**4,504**	**9,382**
IRPEF and withholdings	4,376	4,913
VAT	51	1,751
Other	0	12
Tax payables	**4,427**	**6,676**

The decrease in the item “IRES”, attributable to the balance of the payable to the tax authorities for the Group Tax Consolidation, relates to the higher advance payments made by the Group compared to the previous year.

NOTA 32 OTHER CURRENT LIABILITIES

Other current liabilities are broken down as follows:

Description	31.12.2023	31.12.2022
Payables to personnel	18,376	17,788
Deferred income	6,302	6,288
Payables to social security agencies	9,888	8,994
Concession fee payable	5,950	5,593
Capital grants	2,861	1,967
Advances from customers	285	242
Agencies	129	96
Payables to the Ministry of Infrastructures and Transport		85
Other liabilities	8,733	4,973
Current liabilities	**52,524**	**46,026**
Payables to Joint Ventures/Associates	8,532	13,905
Capital grants from the Regione Lombardia	1,021	1,202
Payable to the Pension Fund	965	1,011
Other Liabilities – Group VAT transfer	21	
Payables to the Regione Lombardia	10,875	1,578
Current liabilities to related parties (Note 49)	**21,414**	**17,696**
Total	**73,938**	**63,722**

The item “Payables to personnel” refers to amounts at December 2023 paid in January 2024 and to bonuses and holidays accrued but not taken.

The item “Deferred income” includes the current portion of deferrals related to:

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

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

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

The item “Payables to joint ventures” refers to payables for services provided to the Group and to corporate income tax advances paid to the Parent by investees in joint ventures (NordCom, Nord Energia and Omnibus).

The item “Capital grants from the Regione Lombardia” mainly refers to grants from the Regione Lombardia for the renovation of the property in Milan, Piazza Cadorna, for EUR 266 thousand and for the purchase of buses for EUR 755 thousand.

The item “Payables to the Regione Lombardia” mainly refers to the amounts advanced by the Regione Lombardia for project management, site safety, design and general expenses, inherent in railway infrastructure modernisation projects, with respect to the execution of the respective activities.

INCOME STATEMENT

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

NOTA 33 REVENUES FROM SALES AND SERVICES

The next table shows the breakdown of this item:

Description	2023	2022
Income from motorway tolls	270,971	254,989
Revenues from Public Service Contract for automotive sector	41,572	42,457
Products of automotive traffic	36,206	38,951
Income from Service Areas concessions	9,957	7,723
Terminal movements revenues	1,164	1,084
Car sharing revenues	2,149	1,920
Property income	395	574
Motorway maintenance services invoiced	2,328	2,547
Services invoiced	779	4,356
Revenues from sales and services	**365,521**	**354,601**
Hire of rolling stock	76,567	67,917
Railway infrastructure management Public Service Contract	62,538	63,691
Revenues from network access	25,777	23,633
Services invoiced	9,016	12,845
Train replacements	9,848	7,761
Design services and railway infrastructure project management	14,167	8,799
Car sharing contribution	0	1,800
Motorway maintenance services invoiced	531	489
Property income	216	3,615
Car sharing revenues	379	381
Revenues from sales and services to related parties (Note 49)	**199,039**	**188,833**
Total	**564,560**	**543,434**

Revenues from sales and services - third parties

Revenues from sales and services to third parties increased by EUR 10,920 thousand due to the following changes:

Income from motorway tolls

Toll revenues, shown gross of the additional concession fee and net of the discounts applied to users, increased by 6.27% due to the traffic trend (+6% compared to 2022) and to the adjustment of the conventional distance at the toll application points of Tangenziale Nord (northern ring road) of Milan, which took place as of 1 March 2023, following the opening to traffic of the upgraded S.P. 46 Rho-Monza. The change in tolls is also affected by the breakdown of traffic between light and heavy vehicles.

The discounts applied to users amounted to EUR 869 thousand (EUR 639 thousand in 2022) corresponding to:

- EUR 776 thousand for trade discounts;
- EUR 93 thousand for motorcycle discounts at the initiative of the Awarding Body.

Revenues from Public Service Contract for automotive sector
Revenues posted a net decline of EUR 885 thousand (-2.08%) in connection:

- for EUR 697 thousand, with the deconsolidation of La Linea;
- for EUR 425 thousand, with the reduction in the urban service in the city of Verona, partially offset by higher revenues due to the allocation of additional resources by the State to the National Transport Fund (about EUR 100 million/year for the LPT sector from 2022 to 2025), equal to roughly EUR 2,100 thousand;
- these effects were partially offset by the increase in the service agreement consideration in the province of Como, by EUR 237 thousand.

Products of automotive traffic
Revenues from road public transport services increased by EUR 5,572 thousand, net of the change deriving from the deconsolidation of La Linea and its subsidiary Martini Bus (EUR -8,317 thousand), due to higher sales consistent with the growing trend in demand resulting from the recovery in the use of public transport by users, which went from EUR 30,365 thousand in 2022 to EUR 35,937 thousand in the current year. It should also be noted that the increase, especially from ticket sales, is also the effect of the tariff manoeuvre granted by the government body for LPT in the municipality and province of Verona, which allowed for an average fare adjustment of 15%.

Income from Service Area concessions
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 2,234 thousand, marking 28.93% growth compared to 2022.

Terminal Movements Revenues
Terminal handling revenues relate to the subsidiary Malpensa Intermodale and are substantially unchanged compared to 2022.

Car sharing revenues
Mobility sharing service revenues registered an increase of EUR 229 thousand (+11.9%), primarily reflecting a rise in turnover in the B2B segment.

Services invoiced
Services invoiced decreased in relation to road passenger transport services; in particular, revenues from sub-contracted services decreased due to the removal of La Linea and its subsidiary Martini Bus from the scope of consolidation, amounting to EUR -3,786 thousand.

Revenues from sales and services - related parties

Revenues from sales to related parties increased by EUR 10,206 thousand over the previous year; the most significant changes are reported below.

Lease of rolling stock
Revenues from the lease of rolling stock increased by EUR 8,650 thousand primarily following the changes commented on below:
- higher revenues on ROCK, POP, Caravaggio, Donizetti and Colleoni trains, in the amount of EUR 5,972 thousand, gradually put into service in 2023;
- higher revenues for the rental to Trenord of 9 FLIRT TILO trains, gradually placed in service from December 2020 to August 2022, for EUR 1,473 thousand;
- higher revenues for the rental to Trenord for the 25 TAF trains, for which revamping was carried out for EUR 1,065 thousand.

Revenue from the rental of rolling stock includes revenue from sub-leasing of E494 locomotives amounting to EUR 1,891 thousand.

Railway infrastructure management Public Service Contract
The consideration for the Service Contract for railway infrastructure management with the Regione Lombardia decreased by EUR 1,153 thousand compared to the previous year in relation to the different composition of the catalogue of the New Service Agreement with the Regione Lombardia. In addition, higher penalties of EUR 497 thousand were recognised compared to the previous year.

Revenues from network access
The amount refers to the contract with Trenord for access to the railway network managed by FERROVIENORD. Under Regional Government Decree No. X/56356 of 30 November 2021, the Service Contract was actually adjusted to bring it into line with the provisions of the ART regarding the “toll” access fee for trains running on the Milan Branch. These changes mean that the access fee will be collected directly from the Railway companies and no longer as consideration for the Service Agreement from the infrastructure operator. The increase in revenues from network access in the year resulted from the increase in km production of the Milan Branch and the adjustment of toll rates (increase 2022-2023, according to ANSFISA regulations with planned inflation).

Services invoiced
The item includes revenues for the performance of services rendered to investees of the Parent Company, which decreased mainly due to lower revenues from Trenord, by EUR 855 thousand.

Rail-replacement service
The item refers to the fee invoiced to Consorzio Elio for buses provided for rail-replacement service; income from rail-replacement service amounted to EUR 9,848 thousand compared to EUR 7,761 thousand in 2022, due to increased extraordinary transit.

Design services and railway infrastructure project management
This item increased from EUR 8,799 thousand to EUR 14,167 thousand, and includes charge-backs to the Regione Lombardia for design and project management services relating to railway infrastructure maintenance. The increase in the year relates to the higher number of projects managed during the year and increased design activity for works on the railway network.

Car sharing
The item “Car sharing contribution” was reduced to zero, due to the amendment to the FERROVIENORD Service Agreement, as of 1 January 2023, which no longer provides for the annual contribution for the development of car sharing.

Motorway maintenance services invoiced
This item relates to design and project management activities relating to the maintenance of motorway infrastructure carried out in favour of the associated company APL.

Services rendered that generated revenue were all performed in Italy.

Details are given of future minimum payments of operating leases relating to rolling stock by due date:

Description	2023	2022
Within 1 year	55,299	55,875
Between 2 and 5 years	77,048	49,512
Over 5 years	96,441	10,380
Total	**228,788**	**115,767**

For a more detailed analysis of revenues by business segment, please refer to section 9 “Operating performance of business segments” of the Management Report.

NOTA 34 GRANTS

The next table shows the breakdown of this item:

Description	2023	2022
Compensatory measures for loss of traffic revenues	9	7,717
Grants for current expenses	684	1,782
Contributions to cover raw material price increases	3,764	3,542
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	48	90
Other grants	2,837	2,059
Grants	**7,342**	**15,190**
Capital grants Regione Lombardia	5,216	4,574
Grants for the renewal of the National Collective Bargaining Agreement, Regione Lombardia	1,178	1,644
Compensatory measures for loss of traffic revenues	0	530
Other grants, Regione Lombardia	1,294	1,822
Grants to related parties (Note 49)	**7,688**	**8,570**
Total	**15,030**	**23,760**

Contributions to cover raw material price increases
This item includes:

- contributions from the methane tax credit in the amount of EUR 626 thousand (EUR 1,404 thousand in 2022);
- contributions from the tax credit for higher electricity costs incurred during the year in the amount of EUR 434 thousand (EUR 438 thousand in 2022);
- grants arising from the Aid Decree Law to support the increase in raw materials for EUR 2,704 thousand recognised in the current year and relating to the second half of 2021 and the first, second and third quarters of 2023 (not present in the previous year);

- in the previous year, there was also EUR 1,700 thousand for “LPT fuel fund” contributions allocated by Decree Laws 115, 144 and 179 of 2022 to cover the increase in fuel costs due to the crisis in the energy sector in the wake of the Russia-Ukraine conflict, benefitting local public transport companies, valid for the second and third four-month periods of 2022.

Compensatory measures for loss of traffic revenues
The item was totally reduced to zero, in connection with the regression of the COVID-19 pandemic. In previous years, grants were recorded deriving from the accounting of the compensatory measures introduced by Law No. 77 of 17 July 2020 (Art. 200, paragraph 1, so-called “Relaunch Decree”) as amended and/or supplemented, Law No. 126 of 13 October 2020 (Art. 44, so-called “August Decree”), Law No. 176 of 18 December 2020 (Art. 22-*ter*, so-called “*Decreto Ristori Bis*” [Compensation 2 Decree]) and Law No. 69 of 21 May 2021 (Art. 29, so-called “Support Decree”), to partially offset the lower traffic revenues recorded in relation to the restrictions adopted to limit the spread of the COVID-19 virus, amounting to EUR 7,1717 thousand.

Other grants
This item mainly refers to grants received for the purchase of buses from the Regione Veneto in the amount of EUR 2,778 thousand (EUR 2,018 thousand in 2022) and from the Ministry of Environment for EUR 25 thousand (unchanged from the previous year).

Grants for current expenses – Regione Lombardia
This item refers to grants from the Regione Lombardia for current expenses concerning car transport, including benefits from the Local Public Transport Agreement.

Grants for the renewal of the National Collective Bargaining Agreement – Regione Lombardia
This item includes grants to cover greater costs from renewals of the National Collective Bargaining Agreement for the Railway/Tram sector for the 2002-2003, 2004-2005 and 2006-2007 periods, accrued in 2023.

Other grants – Regione Lombardia
This item mainly refers to grants received for the purchase of high-frequency trains for EUR 227 thousand (EUR 950 thousand in 2022) and buses for EUR 737 thousand (EUR 536 thousand in 2022), the redevelopment of the Cadorna Station in Milan for EUR 146 thousand (unchanged since the previous year), to the grant, as per Regional Law No. 12/88, for the development of car parks at various stations along the Bovisa – Saronno section for EUR 121 thousand (unchanged since the previous year) and for the development of the “*La Civiltà di Golasecca*” museum for EUR 63 thousand (EUR 69 thousand in 2022).

Information required by article 1, paragraphs 125 and subsequent of Law 124/2017
As regards the information required by article 1, paragraphs 125 et seq. of Law 124/2017, the table below shows the amounts that were received from public administrations during fiscal year 2023 and the credits to the income statement of the accrued portions of the contributions in the manner set forth in the government grants accounting standard and the fees recognised by motorway and railway concession awarding bodies:

Company	Provider	Subject matter	Amount Collected in 2023	Amount for 2023
FNM	Regione Lombardia	Museum Project - Golasecca Civilisation		63
FNM	Ministry of Economy and Finance	Facade Bonus		49
FERROVIENORD	Regione Lombardia	R.L. 12/88 Car Parks Grant	—	121
FERROVIENORD	Regione Lombardia	Service Agreement	63,369	63,036
FERROVIENORD	Regione Lombardia	Service Agreement - Funded Rolling Stock	399,114	332,906
FERROVIENORD	Regione Lombardia	Programme Contract	169,319	113,246
FERROVIENORD	Other	Programme Contract	14,432	14,007
FERROVIENORD	Ministry of Economy and Finance	Energy Tax Credit		376
FERROVIENORD	Ministry of Economy and Finance	Facade Bonus		9
FNMA	Regione Lombardia	Vehicle Fleet Renewal Loans	2,040	731
FNMA	Regione Lombardia	Electronic Ticketing System Loan	222	
ATV	Municipality of Verona	GRANT for bus invest. MD234/2020 PNMS	1,983	
ATV	AVEPA	Grant for invest. ROP REF 462 (5 BUSES)	604	
ATV	Province of Verona	Grant for invest. (40%) GRANT Regional Government Decree 1479/22	160	
ATV	Province of Verona	2020-2021 COVID emergency LPT revenue loss grants	2,717	
ATV	Province of Verona	RED 528/22 COVID emergency VR urban LPT revenue loss grant advance payment	4,481	
ATV	Municipality of Verona	COVID emergency school transp. revenue loss grant	9	
Malpensa Intermodale	Ministry of Economic Development	INDUSTRY 4.0 investments	35	35
MISE	European Commission - C.I.N.E.A.	CEF Transport 2021 for Alternative Fuels Infrastructure - Facility - Automotive hydrogen distributors	6,873	6,873
MISE	Regione Lombardia	Redevelopment of the Lambrate junction of the East bypass and completion of the access roads to Segrate Intermodal Centre	2,000	

NOTA 35 REVENUES FROM CONSTRUCTION SERVICES - IFRIC 12

The adoption of IFRIC 12 meant that investments made in railway and motorway infrastructure and rolling stock, entirely financed by the Regione Lombardia, are not shown among tangible assets, but, as required by IAS 15, are charged to costs for the year.
The amount of these investments in 2023 was EUR 164,760 thousand, versus EUR 110,432 thousand in the previous year, and refers to railway infrastructure modernisation and enhancement work for EUR 134,739 thousand (EUR 62,824 thousand in 2022) and motorway infrastructure work for EUR 23,191 thousand (EUR 39,694 thousand in 2022).

The item also includes income from the recovery of general expenses for the railway infrastructure modernisation projects amounting to EUR 3,483 thousand (EUR 3,140 thousand in 2022), the renewal of rolling stock for the “Programme 2017-2032” totalling EUR 2,737 thousand (EUR 4,774 thousand in 2022), and the renewal of Other rolling stock, in the amount of EUR 610 thousand (not present in 2022).

The portion of the consideration accrued in relation to the percentage of completion of orders related to the renewal of rolling stock is shown net of costs incurred, in accordance with IFRS 15 (B36), in the amount of EUR 287,248 thousand (EUR 425,385 thousand in 2022) for rolling stock of the “Programme 2017-2032” and in the amount of EUR 60,574 thousand (EUR 280 thousand in 2022) for other types of rolling stock.

NOTA 36 OTHER INCOME

The next table shows the breakdown of this item:

Description	2023	2022
Motorway infrastructure management income	6,508	6,237
Performance of services	3,872	3,450
Lease payments	622	2,906
Sale of warehouse materials	3,066	2,877
Recovery of costs	2,865	2,077
Recovery of gasoil excise	1,220	916
Insurance pay-outs	1,080	997
Fines and penalties	1,074	942
Capital gain on property, plant and equipment	154	660
Non-recurring income	474	476
Release of the provision for bad debts	77	194
Capitalisation of increases in internal work	2,664	—
Other income	74	94
Other income	**23,750**	**21,826**
Sundry income with related parties	7,906	8,502
Other income from related parties (Note 49)	**7,906**	**8,502**
Total	**31,656**	**30,328**

Other income increased by EUR 1,328 thousand compared to the comparative year 2022 due to the following changes:

Motorway infrastructure management income
This item refers to the recovery of management costs of the Agrate and Terrazzano barriers, recoveries of service area maintenance expenses and income from the management of the interconnected network.
Income in the year increased by EUR 271 thousand in connection with higher recoveries under the new contracts entered into with sub-concessionaires.

Capitalisation of increases in internal work
This item refers to the use of inventory material for maintenance activities as part of the initiatives funded by the Programme Contract. This asset was not present in 2022.

Sale of warehouse materials
The item “Sale of warehouse materials” relates to sales of obsolete material no longer usable for maintenance, and increased by EUR 2,284 thousand.

Sundry income with related parties
The item includes services provided by the Group to companies in joint ventures, in line with the previous year, besides the amount of costs recovered for Planning and Project Management, carried out through funding from the Regione Lombardia incurred for railway infrastructure modernisation works and the renewal of rolling stock.

NOTA 37 RAW MATERIALS, CONSUMABLES AND GOODS USED

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

Description		2023	2022
Fuel, of which:			
	ATV S.r.l.	*10,969*	*13,155*
	FNM Autoservizi S.p.A.	*3,322*	*3,231*
	Milano Serravalle - Milano Tangenziali	*238*	*0*
	La Linea S.p.A.	*24*	*1,639*
	Martinibus	*7*	*464*
	Malpensa Intermodale	*94*	*138*
Total Fuel		**14,654**	**18,627**
Other Costs for materials, of which:			
	FERROVIENORD S.p.A.	*10,243*	*10,349*
	ATV S.r.l.	*3,921*	*4,641*
	Milano Serravalle - Milano Tangenziali	*1,891*	*1,916*
	FNM Autoservizi S.p.A.	*657*	*822*
	La Linea S.p.A.	*1*	*164*
	Malpensa Intermodale	*3*	
Total Other costs for materials		**16,716**	**17,892**
Total		**31,370**	**36,519**

The net change during the year, amounting to a net decrease of EUR 5,149 thousand, can be attributed to the reduction in the cost of automotive fuel consumption for companies operating in the road transport segment, due to the fall in the cost of methane and fuel as well as the sale of La Linea and its subsidiary Martini Bus, effective from 16 January 2023.

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

- automotive diesel costs, amounting to EUR 6,707 thousand, fell by EUR 826 thousand with respect to 2022 (EUR 7,534 thousand) as a result of lower consumption (from 5,418 thousand litres to 4,823 thousand litres) against a similar average cost (amounting to 1.390 EUR/litre versus 1.391 EUR/litre in 2022);
- automotive CNG costs, amounting to EUR 4,262 thousand, decreased by EUR 1,360 thousand with respect to those of 2022 (EUR 5,621 thousand) as a result of the lower average cost (amounting to EUR 0.689/m3 versus EUR 0.943/m3 in 2022), despite higher consumption (from 6,181 m/3 to 5,960 m/3).

As regards the costs of FNM Autoservizi, automotive diesel costs, amounting to EUR 3,322 thousand, rose by EUR 91 thousand with respect to those of 2022 (EUR 3,231 thousand) by effect of the increased production volumes (from 5.805 million bus km to 5.444 million bus km) and the higher average consumption (2.56 km/litre compared to 2.46 km/litre in 2022), while the average cost was basically stable (EUR 1.464/litre compared to EUR 1.460/litre in 2022).
The change in the year attributable to FERROVIENORD, equal to EUR 4,785 thousand, is due to the increased use of materials for maintenance works over the comparative year.

Reference is made to Note 4 for considerations on the estimate process for inventory obsolescence.

NOTA 38 SERVICE COSTS

The next table shows the breakdown of this item:

Description	2023	2022
Motorway infrastructure maintenance	25,109	40,434
Third-party services - Maintenance	15,635	14,461
Sundry third-party services	14,439	13,870
Utilities	12,084	13,489
Costs for subcontracting of LPT road services	11,691	11,987
Motorway infrastructure management	9,019	7,728
Expenses for employees	7,541	7,558
Insurance	6,512	6,270
Cleaning expenses	5,061	4,578
Consulting	4,225	5,159
Commercial expenses	3,636	3,437
Supervision expenses	3,104	3,221
Third-party services - Bus maintenance	1,966	2,849
IT costs	2,530	1,758
Real estate management	1,822	1,692
Motor vehicles management	1,495	1,548
Legal and notary fees	1,741	1,367
Coordinated and continuative services	1,287	1,232
Third-party services - Maintenance of rolling stock	889	822
Provisions for risks and charges	5,681	1,892
Other charges	6,682	6,099
Costs for non-ordinary consulting services	761	
Service costs	**142,910**	**151,451**
Service costs - related parties	11,641	10,455
Service costs - related parties (Note 49)	**11,641**	**10,455**
Total	**154,551**	**161,906**

Service costs - third parties

Third-party service costs showed an increase of EUR 228 thousand, net of the change resulting from the deconsolidation of La Linea and its subsidiary Martini Bus for EUR -8,769 thousand, as compared to 2022, due to the following:

- expenses for sub-contracting third-party motor vehicle services, net of the change resulting from the deconsolidation of La Linea and its subsidiary Martini Bus, amounting to EUR -5,907 thousand, increased due to more additional services performed in the year, amounting to EUR 5,611 thousand;
- higher provisions for risks and charges of EUR 3,789 thousand, for charges related to railway infrastructure maintenance;
- an increase of EUR 1,291 thousand in motorway infrastructure management expenses, including collection expenses relating to the increase in traffic;
- an increase of EUR 1,174 thousand for design, project management and safety coordination costs entrusted to third parties;
- an increase of EUR 783 thousand for IT costs;

- an increase in other expenses, including costs to start up the acquiring business, in the amount of EUR 671 thousand;
- increase in expenses for third-party services, mainly attributable to waste disposal, and cleaning expenses of EUR 599 thousand;
- an increase of EUR 536 thousand in legal and notary expenses;
- an increase in motor vehicle management expenses by EUR 520 thousand;
- an increase in cleaning expenses, for buses and the company's offices, by EUR 501 thousand;
- increase in commercial expenses and commissions to third parties by EUR 214 thousand in relation to higher advertising expenses during the year;
- decrease of EUR 15,325 thousand for ordinary maintenance expenses for the motorway infrastructure, and net of allocations to and utilisation of the renewal provision.

The item "Motorway infrastructure maintenance" includes allocations to the renewal provision in the amount of EUR 8,363 thousand and utilisations of the renewal provision in the amount of EUR 23,775 thousand.
The renewal provisions recognised represent the amount set aside during the year in order to ensure their consistency. The amount set aside is valued taking into account scheduled maintenance as well as the progress of the investment plan, as set forth in the Economic and Financial Plan.
The utilisation of the renewal provision represents the share of expenses incurred during the financial year for the restoration of assets under concession, included under the item maintenance of assets under concession, covered by the renewal provision previously set aside.

The non-recurring expense of EUR 761 thousand is attributable to consulting fees for development projects.

Service costs - related parties

The item "Costs for services from related parties" mainly refers to costs for IT services charged by the joint venture investee NordCom, as well as fees to Corporate Bodies. The increase is primarily attributable to increased IT services.

NOTA 39 PERSONNEL COSTS

The item personnel costs is broken down as follows:

Description	2023	2022
Wages and salaries	118,220	117,288
Social security contributions	35,117	31,717
Allocation to supplementary pension fund	8,011	8,115
Allocation to National Collective Labour Agreement provision		835
Pension liabilities	897	1,923
Allocation for post-employment benefit payable	11	273
Other costs	3,282	3,083
Recovery of personnel costs	(1,579)	(1,126)
Total	**163,959**	**162,108**

Personnel costs showed an overall net increase of EUR 1,851 thousand due to the combined effect of higher costs, partially offset by the deconsolidation of the investee La Linea and its subsidiary Martini Bus, which resulted in a decrease of EUR 8,663 thousand.

The increase in the cost was mainly due to higher variable remuneration and the higher average number and composition of employees for the year.
In addition, in 2022, a share of the reserve for risks had been released in connection with the renewal of the National Collective Bargaining Agreement for Railway/Tram sector workers, following the national and company agreements signed in 2022, in the amount of EUR 2,782 thousand, and contributions had been recognised to cover the higher social security costs incurred by companies in the local public transport sector as a supplement to sickness benefits for the years 2015-2018, in the amount of EUR 2,609 thousand.

The National Collective Bargaining Agreement for the Railway/Tram sector is applied to all Group employees, with the following exceptions: MISE employees are subject to the National Collective Bargaining Agreement for Motorway and Tunnels Companies and Consortia; E-Vai employees are subject to the National Collective Bargaining Agreement for Commerce; and, lastly, senior managers are subject to the Contract for senior managers of industrial companies.
The average number of employees by category is shown below:

Average number of employees by category	**2023**	**2022**
Executives	56	51
Middle managers	179	174
Office workers	600	588
Blue collar workers	1,730	1,772
Total	**2,565**	**2,585**

The average numbers of the companies La Linea and Martini Bus were excluded from the year 2022.

NOTA 40 DEPRECIATION, AMORTISATION AND WRITE-DOWNS

The next table shows the breakdown of this item:

Description	**2023**	**2022**
Amortisation of Property, plant and equipment	37,695	35,866
Amortisation of Intangible assets	60,211	42,586
Amortisation of right of use	6,725	7,651
Write-down of Property, plant and equipment	1,268	233
Write-down of Intangible assets		48
Write-down of rights of use		2,957
Impairment Goodwill		2,714
Depreciation, amortisation and write-downs	**105,899**	**92,055**

Reference is made to Note 4 for the type of estimate processes connected with this item.

Amortisation of Property, plant and equipment
This item, which increased by EUR 1,829 thousand, derives from the increase in amortisation of rolling stock due to the completion of revamping activities on the TAF fleet and the DE 520 locomotives, as well as the amortisation of the new buses phased in starting from the second half of 2022.

Amortisation of Intangible assets
Amortisation of intangible assets was affected by the amortisation of the motorway infrastructure, with an increase of EUR 17,262 thousand, following the commissioning of the Rho-Monza section at the end of the 2022 financial year.

Amortisation of right of use
The amortisation of the right of use decreased due to the full write-down of the rights of use of E-Vai in December 2022, which therefore did not generate amortisation in 2023.

Write-down of Property, plant and equipment
The amount is attributable to the write-down of a locomotive based on the appraisal.

Write-down of rights of use
The write-down in 2022 related to the rights of use of the subsidiary E-Vai.

Write-down of goodwill
Following impairment testing in 2022, the goodwill recognised in respect of the investee ATV was fully written down.

NOTA 41 WRITE-DOWNS OF FINANCIAL ASSETS

This item includes amounts related to provisions for bad debts, in the amount of EUR 890 thousand.

NOTA 42 OTHER OPERATING COSTS

The next table shows the breakdown of this item:

Description	2023	2022
Concession fee	29,598	28,019
Allocations to the provision for risks and charges	22,212	15,788
Taxes and duties	1,751	2,170
Non-recurring expenses	384	840
Fines, penalties and settlements	215	733
Capital losses on property, plant and equipment	207	66
Losses on receivables	33	29
Release of non-recurring provisions for risks and charges	(814)	(855)
Other charges	3,088	3,153
Other operating costs	**56,674**	**49,943**
Other operating costs	51	104
Other operating costs to related parties (Note 49)	**51**	**104**
Total	**56,725**	**50,047**

The change in other operating costs shows a net increase of EUR 6,678 thousand compared to 2022, and is analysed below.

The item “Concession fee” refers to motorway concession fees. The change for the year was EUR 1,579 thousand, entirely due to the change in toll revenues and traffic trends.

Allocations to the provision for risks and charges
This item refers to provisions made for the cyclical maintenance of rolling stock (Note 28), which increased compared to the previous year in relation to the rolling stock funded by the Regione Lombardia, progressively put into service in 2022 and 2023. The following were delivered during 2023:

- 24 “Caravaggio” type (EMU) high-capacity trains;
- 7 “Donizetti” type (EMU) medium-capacity trains;
- 20 “Colleoni” type diesel trains;
- 7 Marshall Plan “Donizetti” type (EMU) medium-capacity trains.

Other charges
This item includes membership fees for EUR 1,764 thousand (EUR 1,852 thousand at 31 December 2022).

NOTA 43 FINANCIAL INCOME

Financial income accrued as shown in the following table:

Description	2023	2022
Income from fund discounting	0	4,171
Current bank accounts and deposits	4,388	151
Capital gain from disposal	632	80
Other financial income	974	659
Financial income	**5,994**	**5,061**
Proceeds from APL loan rescheduling	4,493	—
Interest income on loans	3,829	
Other financial income	28	3,647
Financial income from related parties (Note 49)	**8,350**	**3,647**
Total	**14,344**	**8,708**

Current bank accounts and deposits
Financial income on current bank accounts and deposits increased due to the higher average balance and the higher average rate of return, which went from 0.046% to 1.449% in 2022.

Capital gains from disposal
During the year, the adjustment deriving from the "K2 discount" on the sale of the investment held in DB Cargo in 2010 was recognised in the amount of EUR 600 thousand.
Gains on divestments also include EUR 32 thousand for the disposal of the equity investment in NTT.

Income from fund discounting
This income (zero in 2023) was attributable in 2022 to the change in the discount rate for the cyclical maintenance provision, in the amount of EUR 2,492 thousand, and the motorway infrastructure renewal provision, in the amount of EUR 1,679 thousand.

Proceeds from APL loan rescheduling
The item is entirely attributable to income for the remeasurement at amortised cost of the shareholder loan granted to Autostrada Pedemontana Lombarda S.p.A. following the amendment of the expected loan repayment date, which was brought forward to 31 December 2050 based on the cash flows forecast in the new economic and financial plan presented by the investee, commented on above.

Interest income on loans
The item relates to financial income resulting from the loan agreements between FNM and the investees Busforfun (EUR 169 thousand) and SportIT (EUR 23 thousand), and between MISE and the investees APL (EUR 3,516 thousand), S.A.Bro.M. (EUR 69 thousand) and Tangenziale Esterna (EUR 52 thousand) (Note 10).

NOTA 44 FINANCIAL EXPENSES

Financial expenses are accrued on:

Description	**2023**	**2022**
Financial expenses on the corporate bond	6,325	6,314
Financial expenses on loans	8,734	4,297
Discounting of provisions	2,386	777
Lease agreement as lessee	714	443
Financial expenses from measurement at fair value though profit or loss	0	196
Post-employment benefits (Note 29)	638	259
Other financial expenses	232	264
Financial expenses	**19,029**	**12,550**
Financial expenses to related parties	336	151
Write-downs on Equity investments in other companies	189	40
Financial expenses on giro account	314	22
Lease agreement as lessee	1	1
Financial expenses to related parties (Note 49)	**840**	**214**
Total	**19.869**	**12,764**

Financial expenses on loans
The item includes financial expenses relating to:

- loan taken out by the Parent Company from the European Investment Bank on 21 December 2017 for EUR 50 million, and calculated at the fixed interest rate of 0.377% on the first tranche of EUR 10 million and 0.446% on the second tranche of EUR 40 million, for a total of EUR 145 thousand;
- loans taken out by MISE, for a total of EUR 8,589 thousand (EUR 4,112 thousand in 2021), the item includes interest accrued on both long-term and short-term loans, inclusive of the portion capitalised in intangible assets relating to assets under concession, amounting to EUR 300 thousand, and the negative IRS spread relating to financial hedging contracts, amounting to EUR 105 thousand.

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

Lease agreement as lessee
Lease agreements as lessee are attributable to the application of IFRS 16.

NOTA 45 NET PROFIT OF COMPANIES MEASURED WITH THE EQUITY METHOD

The item "profit/loss of companies measured with the Equity method" at 31 December 2023 and 31 December 2022 is broken down as follows:

Description	2023	2022	Change
Trenord Srl *	8,336	(3,553)	11,889
Autostrada Pedemontana Lombarda	(2,895)	(402)	(2,493)
Tangenziali Esterne di Milano S.p.A. **	(2,127)	(1,383)	(744)
NORD ENERGIA S.p.A. in liquidation	563	1,705	(1,142)
DB Cargo Italia Srl	1,360	2,774	(1,414)
Omnibus Partecipazioni Srl ***	1,332	1,711	(379)
NordCom SpA	579	231	348
Busforfun.Com S.r.l.	(447)	(4)	(443)
Sportit S.r.l.	(343)	(262)	(81)
Result of companies valued at equity	**6,358**	**817**	**5,541**

* includes the result of TILO SA
** includes the result of Tangenziale Esterna S.p.A.
*** includes the result of ASF Autolinee S.r.l.

The details of the 2023 income statement for joint ventures and associates are provided below:

Amounts in thousands of euros	Trenord Srl	NordCom SpA	Busforfun.com Srl	Nord Energia SpA	Omnibus Partecip. Srl	DB Cargo Italia S.r.l.	Sportit S.r.l.	Autostrada Pedemontana Lombarda	Tangenziali esterne di Milano SpA	2023
Revenues from sales and services	855,175	23,377	6,529	0	—	69,694	—	61,358	—	1,016,133
Grants	—	93	0	—	—	0	—	—	—	93
Other income	41,952	182	2,452	1	48	11,282	12,273	3,245	110	71,545
TOTAL REVENUES AND OTHER INCOME	**897,127**	**23,652**	**8,981**	**1**	**48**	**80,976**	**12,273**	**64,603**	**110**	**1,087,771**
Raw materials, consumables and goods used	(42,677)	(790)	(164)	—	—	(1,109)	(1)	(45)	—	(44,786)
Service costs	(349,041)	(11,778)	(8,065)	(269)	(137)	(35,440)	(10,780)	(27,100)	(518)	(443,128)
Personnel costs	(301,831)	(5,974)	(1,391)	—	(120)	(30,833)	(951)	(10,820)	(114)	(352,034)
Depreciation, amortisation and write-downs	(165,561)	(3,446)	(377)	—	—	(8,049)	(347)	(1,813)		(179,593)
Other operating costs	(2,775)	(62)	(64)	(4)	(11)	(1,729)	(1,208)	(5,253)	(15)	(11,121)
TOTAL COSTS	**(861,885)**	**(22,050)**	**(10,061)**	**(273)**	**(268)**	**(77,160)**	**(13,287)**	**(45,031)**	**(647)**	**(1,030,662)**
EBIT	**35,242**	**1,602**	**(1,080)**	**(272)**	**(220)**	**3,816**	**(1,014)**	**19,572**	**(537)**	**57,109**
Financial income	952	17		4,005		960	—	9,109	35	15,078
Financial expenses	(8,991)	0	(118)	(355)	—	(167)	(15)	(36,233)		(45,879)
NET FINANCIAL INCOME	**(8,039)**	**17**	**(118)**	**3,650**	**—**	**793**	**(15)**	**(27,124)**	**35**	**(30,801)**
Net profit of companies measured with the equity method	130	—	—	0	2,883		—	—		3,013
EARNINGS BEFORE TAX	**27,333**	**1,619**	**(1,198)**	**3,378**	**2,663**	**4,609**	**(1,029)**	**(7,552)**	**(502)**	**29,321**
Income taxes	(10,663)	(404)		67	—	(1,209)	—	(345)		(12,554)
PROFIT/(LOSS) FOR THE YEAR	**16,670**	**1,215**	**(1,198)**	**3,445**	**2,663**	**3,400**	**(1,029)**	**(7,897)**	**(502)**	**16,767**

Amounts in thousands of euros	Trenord Srl	NordCom SpA	Busforfun.com Srl	Nord Energia SpA	Omnibus Partecip. Srl	DB Cargo Italia S.r.l.	Sportit S.r.l.	Autostrada Pedemontana Lombarda	Tangenziali esterne di Milano SpA	2022
Revenues from sales and services	781,027	20,540	4,593	7,263	—	75,681	—	53,164	—	942,268
Grants	—	97	—	—	—	4,413	—	—	—	4,510
Other income	50,914	138	379	—	72	3,937	8,740	3,335	129	67,644
TOTAL REVENUES AND OTHER INCOME	**831,941**	**20,775**	**4,972**	**7,263**	**72**	**84,031**	**8,740**	**56,499**	**129**	**1,014,422**
Raw materials, consumables and goods used	(35,201)	(435)	(100)	—	—	(1,211)	(3)	(283)	—	(37,233)
Service costs	(350,799)	(10,423)	(4,204)	(3,492)	(227)	(38,424)	(7,374)	(21,875)	(506)	(437,324)
Personnel costs	(284,084)	(5,432)	(731)	(107)	(213)	(27,463)	(721)	(8,243)	(126)	(327,120)
Depreciation, amortisation and write-downs	(175,017)	(3,366)	(361)	(392)	—	(7,026)	(281)	(2,718)		(189,161)
Other operating costs	(2,021)	(59)	(103)	(4)	(3)	(366)	(1,110)	(5,199)	(16)	(8,881)
TOTAL COSTS	**(847,122)**	**(19,715)**	**(5,499)**	**(3,995)**	**(443)**	**(74,490)**	**(9,489)**	**(38,318)**	**(648)**	**(999,719)**
EBIT	**(15,181)**	**1,060**	**(527)**	**3,268**	**(371)**	**9,541**	**(749)**	**18,181**	**(519)**	**14,703**
Financial income	152	6				96	—	14	—	268
Financial expenses	(3,298)	(64)	(125)	(4)	—	(111)	(10)	(20,739)		(24,351)
NET FINANCIAL INCOME	**(3,146)**	**(58)**	**(125)**	**(4)**	**—**	**(15)**	**(10)**	**(20,725)**	**—**	**(24,083)**
Net profit of companies measured with the equity method	200	—	—	498	3,793		—	—	(5,615)	(1,124)
EARNINGS BEFORE TAX	**(18,127)**	**1,002**	**(652)**	**3,762**	**3,422**	**9,526**	**(759)**	**(2,544)**	**(6,134)**	**(10,504)**
Income taxes	11,024	(230)		(920)	—	(2,590)	—	1,407		8,691
PROFIT/(LOSS) FOR THE YEAR	**(7,103)**	**772**	**(652)**	**2,842**	**3,422**	**6,936**	**(759)**	**(1,137)**	**(6,134)**	**(1,813)**

Reference is made to the Management Report for the analysis of the trend of investments in joint ventures and events affecting the profitability of the investee and on the capital and financial situation of the investee Trenord and APL (section 9.5).

NOTA 46 INCOME TAXES

The next table shows the breakdown of this item.

Description	2023			2022		
	Total	TAX)	TAX)	Total	TAX)	TAX)
Current	(30,702)	(25,147)	(5,555)	(26,563)	(21,404)	(5,159)
Taxes for previous years	3,348	1,377	1,971	(96)	(96)	
Prepaid/Deferred	5,654	4,779	875	(1,611)	(1,953)	342
Write-down of deferred tax assets	(1,817)		(1,817)			
Total	**(23,517)**	**(18,991)**	**(4,526)**	**(28,270)**	**(23,453)**	**(4,817)**

Taxes decreased by EUR 4,753 thousand primarily in relation to the benefit of EUR 1,672 thousand arising from the different tax treatment of certain items following the receipt of the response to an "*interpello*" (request for a tax ruling) filed by MISE and the refund of the tax wedge not deducted in 2008, 2011, 2012, 2013 and 2014, amounting to EUR 1,834 thousand.

Reconciliation between the IRES ordinary rate and effective rate:

Description	2023	2022
Applicable IRES rate	24.00 %	24.00 %
Untaxed capital grants	-0.98 %	-1.02 %
Other changes	1.43 %	1.47 %
ACE Deduction	-1.76 %	-0.81 %
Deductible IRAP	-0.16 %	-0.19 %
Deferred tax liabilities	-4.53 %	2.00 %
Effective rate	18.00 %	24.45 %

NOTA 47 RESULT FROM DISCONTINUED OPERATIONS

No discontinued operations were recognised, as in 2022.

NOTA 48 EARNINGS PER SHARE

Earnings per share are calculated dividing the result attributable to Group shareholders by the average weighted number of ordinary shares issued, excluding any treasury shares purchased from this calculation, no stock option plans being in place.

Description	2023	2022
Profit attributable to parent company shareholders in Euro	80,855,000	68,476,000
Weighted average number of shares	434,902,568	434,902,568
Basic earnings per share in Euro cents	0.19	0.16

Diluted earnings per share coincide with basic earnings per share.

NOTA 49 OPERATIONS WITH RELATED PARTIES

FNM is controlled by the Regione Lombardia, which holds 57.57%. 14.74% is held by Ferrovie dello Stato S.p.A. and the remaining interest is listed on the Standard Class 1 market of the Milan Stock Exchange.

Therefore all transactions with the Regione Lombardia are reported under Related-Party transactions, which include also the transactions with entities for which the Group has joint control and with associates.

Pursuant to article 2427, subparagraph 1 n. 22-*quinquies* and *sexies* of the Italian Civil Code, it is pointed out that the Regione Lombardia, in application of the addendum 4/4 to Italian Legislative Decree 118/2011, introducing the applied accounting standard concerning the Consolidated Financial Statements, included from the 2018 Consolidated Financial Statements its own instrumental agencies, units and bodies and the subsidiary and investee companies, thus also including the FNM Group.

Transactions with Related Parties are presented below:

Description	Notes	31/12/2023			31/12/2022		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
BALANCE SHEET							
Other non-current financial assets measured at amortised cost	11	67,172	66,172	98.5 %	57,316	56,316	98.3 %
Other non-current receivables	17	2,955	7	[illegible] %	3,542	7	[illegible] %
Trade receivables	16	171,031	86,771	[illegible] %	152,964	70,529	[illegible] %
Other current assets	17	136,619	17,462	[illegible] %	149,490	25,566	[illegible] %
Other current financial assets measured at amortised cost	10	2,743	1,948	71.0 %	1,174	481	41.0 %
Current contractual assets	13	10,249	10,249	0.0 %			
Receivables for investments in services under concession	12	210,717	208,720	99.1 %	249,333	247,336	99.2 %
Non-current payables for funded investments	25	16,413	10,565	[illegible] %	12,587	6,763	[illegible] %
Non-current lease liabilities	24	12,968	15	[illegible] %	18,029	20	[illegible] %
Other non-current liabilities	27	36,657	10,824	[illegible] %	31,095	10,075	[illegible] %
Current financial payables	24	30,071	27,035	[illegible] %	35,679	30,586	[illegible] %
Current payables for funded investments	25	82,200	75,327	[illegible] %	41,112	41,112	[illegible] %
Current lease liabilities	24	7,963	79	[illegible] %	7,746	115	[illegible] %
Trade payables	30	513,693	13,790	[illegible] %	470,689	13,405	[illegible] %
Other current liabilities	32	73,938	21,414	[illegible] %	63,722	17,696	[illegible] %

Description	Notes	2023			2022		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
INCOME STATEMENT							
Revenues from sales and services	33	564,560	199,039	[illegible] %	543,434	188,833	[illegible] %
Grants	34	15,030	7,688	[illegible] %	23,760	8,570	[illegible] %
Revenues from construction services	35	164,760	141,569	[illegible] %	110,432	70,738	[illegible] %
Other income	36	31,656	7,906	[illegible] %	30,328	8,502	[illegible] %
Service costs	38	(154,551)	(11,641)	[illegible] %	(161,906)	(10,455)	[illegible] %
Other operating costs	42	(56,725)	(51)	[illegible] %	(50,047)	(104)	[illegible] %
Financial income	43	14,344	8,350	[illegible] %	8,708	3,647	[illegible] %
Financial expenses	44	(19,869)	(840)	[illegible] %	(12,764)	(214)	[illegible] %

Description	2023			2022		
	Total	Related parties		Total	Related parties	
		Absolute value	Proportion %		Absolute value	Proportion %
CASH FLOWS						
Cash flows from operations	182,693	346,053	189.4 %	145,223	258,000	177.7 %
Cash flow from investments	63,957	60,929	95.3 %	(157,196)	(127,000)	80.8 %
Cash flow from financing	(88,409)	(4,296)	4.9 %	(102,589)	(8,000)	7.8 %

The item “Trade receivables from related parties” mainly includes receivables due from the Regione Lombardia for the Service Agreement and the Programme Contract on railway infrastructure for the portion relating to the invoicing of planning, project management and site safety expenses, as well as from the investee Trenord, mainly for rental fees and the network access fee.

The Other current receivables from related parties refer to receivables from the Regione Lombardia for investment grants, to receivables for services rendered to joint venture investees and to receivables deriving from the Group VAT (Note 17).

Receivables for investments in services under concession include, in accordance with IFRIC 12, the portions not yet collected and intended to finance the investments in the modernisation of infrastructure and the renewal of rolling stock (Note 12).

Current financial payables to related parties include the balance of the giro account held with joint venture investees and the Pension Fund (Note 24).

Payables for funded investments to related parties include payables to the Regione Lombardia relative to the excess of collections of fees obtained from the Body for investments made by the Group, for the portion already allocated to investments and not yet offset (Note 25).

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

The services provided to and received from investee companies, under normal market conditions, are summarised below:

Activities which produced revenue	Trenord	NordCom	ENERGIA	DBCI	APL
Administrative Services	X	X	X		
Sap Fee	X	X	X		
Lease of premises in Novate	X				
Lease of offices in P.le Cadorna	X	X			
Lease of Iseo offices and space	X				
Lease of rolling stock	X			X	
Tolls on motorway sections under concession					X

Activities which produced costs	Trenord	NordCom	ENERGIA	DBCI	APL
IT Services		X			
Tolls on motorway sections under concession					X
Lease of distributed IT		X			

Top Management

Relations with Top Management refer to the compensation of the Directors of the Parent Company and to the remuneration of key personnel and they are analysed as follows with reference to 31 December 2023:

Amounts in thousands of euros	**2023**
Directors	896
Other Key Personnel	1,784
Total	**2,680**

It should be noted that no loans have been granted and no receivables are due from Directors and Key Management Personnel. It should also be noted that no commitments have been undertaken by the Company on their behalf.

The amount shown under the item “Other Key Personnel” includes short-term benefits in the amount of EUR 472 thousand and termination benefits granted to key management personnel in the amount of EUR 330 thousand.
It should be noted that as of today there are no stock options.

NOTA 50 OTHER COMPREHENSIVE INCOME

Details of related items recorded in Shareholders’ Equity at 31 December 2023 and 31 December 2022 are reported below:

Description	**2023**			**2022**		
	Gross value	**Tax (Charge)/ Benefit**	**Net Value**	**Gross value**	**Tax (Charge)/ Benefit**	**Net Value**
Post-employment benefit actuarial gain/(loss)	(601)	168	(433)	2,611	(728)	1,883
Revaluation of Fair value of derivatives	71	(17)	54	3,190	(765)	2,425
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	81		81	631		631
Revaluation of fair value of derivatives of companies measured with the equity method	(1,337)		(1,337)	4,037		4,037
Gains/(losses) arising from the translation of financial statements of foreign companies	78		78	53		53
Total	**(1,708)**	**151**	**(1,557)**	**10,522**	**(1,493)**	**9,029**

Post-employment benefit actuarial gain/(loss)

Starting from the preparation of the Consolidated Financial Statements at 31 December 2011, actuarial gains/losses are not recognised the income statement, but in a specific reserve of shareholders’ equity, net of the tax effect, recognised in the statement of comprehensive income (Note 29).

Post-employment benefit actuarial gain/(loss) of companies measured with the Equity method
This item includes the change in actuarial gains and losses recognised in the financial statements of joint ventures (Note 10).

Reserve for changes in fair value of derivatives
Reference should be made to Note 24.

Gains/(Losses) arising from the translation of financial statements of foreign companies
Reference should be made to Note 9.

NOTA 51 RISK MANAGEMENT

Credit risk

Credit risk represents the Group's exposure to potential losses arising from counterparty default.

The Group has a considerable number of receivables from the counterparty Regione Lombardia, the Group's majority shareholder.

In particular, as regards financial counterparty risk from the use of liquidity, the Group deals with entities that have a secure, high profile and considerable international standing.
As regards motorway tolls, credit risk is particularly limited given the procedure in place for collecting tolls, and the subsidiary MISE constantly monitors these receivables and writes down positions for which there may be a risk of partial or total failure to collect the receivable.
Receivables due from third parties for which credit risk is assessed, are summarised below:

Description	31/12/2023	31/12/2022
Receivables from banks (note 20)	394,271	235,885
Trade receivables from third parties (note 17)	84,260	82,435
Other receivables from third parties (note 18)	115,920	117,630
Other financial assets measured at amortised cost (Note 11)	1,795	1,693
Financial Assets measured at fair value through profit or loss (Note 12)	5,016	12,033
Total	**601,262**	**449,676**

Other assets included in the previous table are net of tax receivables.
Financial assets are recognised in the financial statements, net of the write-down calculated based on the counterparty default risk, determined considering information available on customer solvency and historical data.
Trade receivables from non-related parties at the end of the reporting period present the following due dates:

Description	2023			2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	167,302	(99)	167,203	149,561		149,561
Past due for 31-60 days	1,408	(67)	1,341	758		758
Past due for 61-90 days	147	(55)	92	2,068	(319)	1,749
Past due for 91-120 days	1,922	(49)	1,873	373		373
Past due for 121-360 days	845	(646)	199	452	(321)	131
Over 361 days	3,808	(3,485)	323	3,876	(3,577)	299
Total	**175,432**	**(4,401)**	**171,031**	**157,088**	**(4,217)**	**152,871**

Changes in the provision for bad debts (trade) during the year are presented below:

Description	**31/12/2023**	**31/12/2022**
Balance as at 1 January	4,217	4,535
Change in scope of consolidation	0	(108)
Allocation of the period	890	552
Releases of the period	(62)	(202)
Uses of the period	(644)	(560)
Balance as at 31 December	**4,401**	**4,217**

Liquidity risk

The Group's liquidity risk may arise from the difficulty of obtaining loans for its operations in appropriate times, or from the ability to refinance existing debt or to refinance it at favourable conditions, or from failure to comply with financial ratios ("covenants") and other commitments provided for in the various loan agreements, with the resulting application of the acceleration clause and the right of the counterparties to obtain early repayment of the loans disbursed.

The above liquidity risks are mitigated by obtaining (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20 December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

Company and Group cash flows, financing needs and liquidity are monitored and managed centrally controlled by the Group Treasury department managed by FNM, with the aim of guaranteeing the effective and efficient management of financial resources.

As regards the motorway segment, the Group believes that the financial requirements linked to the investments made in the motorway infrastructure, according to the contents of the Economic and Financial Plan, are essentially covered by the operating cash flows.

The possibility of accessing additional debt capital to be allocated to the motorway infrastructure investment programme is supported by the cash flows generated by operations, also in relation to the application of the provisions issued by the Transport Regulatory Authority on tariffs. The above-mentioned flows guarantee repayment of the debt within the period of the concession, in compliance with current contractual and conventional commitments. In the absence of tariff recognition as investments progress, the mechanism for recognising the annual toll tariff adjustment provides for the possible creation of "notional items" to be settled at the end of the expiry of the concession.

Management considers that currently available funds and credit lines, as well as funds and credit lines that will be generated from operations and loans, will enable the Group to meet its requirements arising from investing activities, the management of working capital and repayment of loans on their natural expiry.

Contract due dates for financial liabilities are shown below:

Description	< 1 year	between 1 and 2 years	between 2 and 5 years	> 5 years	Total
2023					
Lease liabilities	79	20	3		102
Payables to the Regione Lombardia			10,565		10,565
Current account	27,035				27,035
Total related parties	**27,114**	**20**	**10,568**		**37,702**
Payables to banks	56,742	56,827	34,931		148,500
Bond Loan	4,875	4,875	653,914		663,664
Lease liabilities	8,638	3,345	10,308	162	22,453
Payables to other non-controlling shareholders					
Current account	2,989				2,989
Other financial payables					
Total third parties	**73,244**	**65,047**	**699,153**	**162**	**837,606**
Total	**100,358**	**65,067**	**709,721**	**162**	**875,308**

Description	< 1 year	between 1 and 2 years	between 2 and 5 years	> 5 years	Total
2022					
Lease liabilities	115	20			135
Payables to the Regione Lombardia	30,586		6,763		37,349
FINLOMBARDA financing					—
Current account	30,586				30,586
Total related parties	**61,287**	**20**	**6,763**		**68,070**
Payables to banks	55,070	46,766	96,915		198,751
Bond Loan	4,875	4,875	658,788		668,538
Lease liabilities	7,631	7,631	10,278	100	25,640
Payables to other non-controlling shareholders	4,969				4,969
Current account					—
Other financial payables	61				61
Total third parties	**72,606**	**59,272**	**765,981**	**100**	**897,959**
Total	**133,893**	**59,292**	**772,744**	**100**	**966,029**

The following average rate was applied for finance lease agreements:

Description	31/12/2023	31/12/2022
Average rate applied	5.23 % - 0.98 %	0.98 %

Currency risk

The Group mainly operates at a local level, and therefore is not exposed to currency risk.

Interest rate risk

Financial liabilities primarily consist of the bond loan, loans taken out by MISE from major credit institutions, the EIB loan and finance leases. The Group is not exposed to particular risks of changes in interest rates on finance lease agreements, as these agreements concern corresponding finance lease agreements in which the Group is the lessor. The possible volatility of financial

expenses associated with changes in interest rates on loans is monitored and mitigated by adopting an interest rate risk management policy which opts for a balanced mix of loans.
In particular, the bond issued by FNM and the EIB loans are not subject to volatility as they are subject to a fixed rate.
As regards the loans taken out by MISE in order to limit their effects, hedging contracts have been entered into connected with the variability of interest rates (Interest Rate Swap - IRS).At 31 December 2023, floating rate debt of MISE amounted to 80.60% of the long-term portfolio.
At 31 December 2023, Group's fixed rate debt amounted to 88% of the long-term portfolio.
More specifically, at the end of 2023, the subsidiary has IRS derivative contracts in place with a total notional amount of EUR 30 million, referring to hedges on bilateral floating rate loans for a total amount of EUR 60 million maturing on 31 December 2025. With regard to the remaining portion of debt, which is primarily linked to the Euribor rate, in view of i) forecasts of any significant increases in short-term rates and ii) the weighted residual useful life of the loans of just over 2 years, there is currently no need to adjust the existing loan agreements and/or implement additional hedges to convert floating-rate loans into fixed-rate loans.
The following table shows the impact on shareholders' equity and the net profit for the year ended 31 December 2023 of a hypothetical positive and negative change of 125 basis points (bps) in interest rates actually applied during the year:

(Amounts in thousand of euros) **Loss/ (Profit)**	**31/12/2023**			
	Income statement result		**Other Comprehensive Income**	
	Interest +125 bps	Interest -125 bps	Interest +125 bps	Interest -125 bps
Non-hedged floating rate loans				
Effect of change in interest rate	1,535	(1,535)		
Floating-rate loans converted through IRS into fixed-rate loans				
Effect of change in interest rate on the fair value of hedging derivatives - effective portion of hedge (*)			174	(179)
Impacts before tax effect	1,535	(1,535)	174	(179)
Tax effect	(422)	422	(42)	43
Impact after tax effect	***1,113***	***(1,113)***	***132***	***(136)***

(*) The change in the interest rate affects the change in fair value of hedging derivatives, which is recognised in other comprehensive income and therefore does not impact the income statement.

Capital management

The main objectives pursued by the Group in its capital risk management policy are to create value for shareholders and safeguard the business as a going concern. The Group also aims to maintain an optimal capital structure in order to reduce the cost of debt and meet requirements (covenants) of debt agreements (Note 22 - Note 23 - Note 24). Particular attention is paid to the level of indebtedness in relation to shareholders' equity and to EBITDA, pursuing goals of profitability and generation of operating cash.
In order to mitigate risk, the Group obtained (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20 December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

Fair value estimate

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

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

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

Amounts in thousands of euros	**Notes**	**Book value 31/12/2023**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through OCI		0			
Financial assets measured at fair value through profit or loss	9-11	16,466		5,016	11,450
Financial derivative liabilities	24	136		136	

Amounts in thousands of euros	**Notes**	**Book value 31/12/2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through OCI		0			
Financial assets measured at fair value through profit or loss	9-11	23,174		12,033	11,141
Financial derivative liabilities	24	209		209	

The accounting value already approximates fair value, where the related hierarchical level is not expressed.

There are currently some instruments in the financial statements whose value is determined by models with input not directly linked to observable market data, particularly in relation to the valuation of minority interests. For all derivative instruments used by the Group, the fair value is determined on the basis of valuation techniques that make reference to parameters observable on the market (i.e. “Level 2”); during the year, there were no transfers from Level 1 to Level 2 and vice versa.

NOTA 52 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS

In compliance with provisions in IFRS 7, the next tables show information on categories of financial assets and liabilities of the Company at 31 December 2023 and 31 December 2022, restated according to IFRS 9 information.

Amounts in thousands of euros	**Notes**	**Book value at 31/12/2023**	**Financial assets at amortised cost**	**Financial assets at FV through profit or loss**	**Financial assets at FV through OCI**	**Financial liabilities at FV**	**Financial liabilities at amortised cost**
NON-CURRENT ASSETS							
Equity investments measured at fair value through profit or loss	9	11,450		11,450			
Other financial assets measured at amortised cost	10	67,172	67,172				
Financial assets measured at Fair Value through profit or loss	11	4,454		4,454			
Other Receivables	17	2,955	2,955				
CURRENT ASSETS							
Trade Receivables	16	171,031	171,031				
Other Receivables	17	136,619	136,619				
Other financial assets measured at amortised cost	10	2,743	2,743				
Financial assets measured at Fair Value through profit or loss	11	562		562			
Receivables for funded investments	12	210,717	210,717				
Cash and cash equivalents	19	395,245	395,245				
NON-CURRENT LIABILITIES							
Payables to banks	22	91,758					91,758
Bond Loan	23	645,848					645,848
Financial Payables	24	89				89	89
Lease liabilities	24	12,968					12,968
Payables for funded investments	25	16,413					16,413
Other liabilities	27	36,657					36,657
CURRENT LIABILITIES							
Payables to banks	22	56,785					56,785
Bond Loan	23	961					961
Financial Payables	24	30,071				47	30,071
Lease liabilities	24	7,963					7,963
Payables for funded investments	25	82,200					82,200
Trade payables	30	513,693					513,693
Other liabilities	32	73,938					73,938

Amounts in thousands of euros	Notes	Book value at 31/12/2022	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at FV	Financial liabilities at amortised cost
NON-CURRENT ASSETS							
Equity investments measured at fair value through profit or loss	9	11,141		11,141			
Other financial assets measured at amortised cost	10	57,316	57,316				
Financial assets measured at Fair Value through profit or loss	11	4,324		4,324			
Other Receivables	17	3,542	3,542				
CURRENT ASSETS							
Trade Receivables	16	152,964	152,964				
Other Receivables	17	149,490	149,490				
Other financial assets measured at amortised cost	10	1,174	1,174				
Financial assets measured at Fair Value through profit or loss	11	7,709		7,709			
Receivables for funded investments	12	249,333	249,333				
Cash and cash equivalents	19	236,928	236,928				
NON-CURRENT LIABILITIES							
Payables to banks	22	143,681					143,681
Bond Loan	23	644,398					644,398
Financial Payables	24	2,197				85	2,112
Lease liabilities	24	18,029					18,029
Payables for funded investments	25	12,587					12,587
Other liabilities	27	31,095					31,095
CURRENT LIABILITIES							
Payables to banks	22	55,070					55,070
Bond Loan	23	961					961
Financial Payables	24	35,679				124	35,555
Lease liabilities	24	7,746					7,746
Payables for funded investments	25	41,112					41,112
Trade payables	30	470,689					470,574
Other liabilities	32	63,722					63,722

NOTA 53 SIGNIFICANT NON-RECURRENT EVENTS AND TRANSACTIONS

In connection with the development projects, relating to the transaction described in Note 55, a non-recurring charge of EUR 761 thousand and non-recurring financial income of EUR 4,493 thousand were recognised, deriving from the remeasurement at amortised cost of the shareholder loan granted to Autostrada Pedemontana Lombarda S.p.A. following the amendment of the expected loan repayment date.

During the previous year, no significant, non-current events and transactions were reported.

NOTA 54 TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to the CONSOB notice of 28 July 2006, the Group did not carry out atypical and/or unusual transactions, defined as such in the notice, during 2023.

NOTA 55 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

On 23 February 2024 FNM finalised the acquisition of 80% of the share capital of Viridis Energia S.p.A. ("Viridis"), an independent electricity producer, from Lagi Energia 2006 S.r.l. ("Lagi Energia 2006") and HNF S.p.A. ("HNF").
With this acquisition, the FNM Group has entered the renewable energy production sector, reinforcing the environmental objectives of the 2021-2025 Strategic Plan, which envisages investments in innovative energy projects and, at the same time, further contributing to the objectives of the 2030 Agenda as well as to the country's energy transition. With a current portfolio of 47 MW of photovoltaic and biogas plants already in operation, mostly with incentives, and about 23 MW of photovoltaic plants under construction and ready to build, Viridis is an industrial asset capable of generating a positive cash flow immediately. The investment is not expected to materially change the overall value of the capex envisaged in the 2021-2025 Strategic Plan (EUR 850 million). In fact, the investment for the acquisition of Viridis and the development of new generation plants in 2024 and 2025 are expected to offset the lower capex realised by the Group in previous years and the effects of the rescheduling of investments in rolling stock and local public transport by road compared to the original forecasts for 2024-2025. In the medium-to-long term, Viridis' operational structure, with its established expertise in the development, construction and operation of renewable energy plants, will enable the development of the additional photovoltaic and wind power plants in various stages of progress already in the portfolio. This will lay the foundation for strengthening the Group's core infrastructure business, while also ensuring stable cash flows and good margins.
Since this is a "significant" acquisition in accordance with the provisions of Annex 3B, Part I, point B, of Consob Regulation No. 11971 of 14 May 1999 (as supplemented and amended – the "Issuers' Regulation"), on 5 March 2024 the information document concerning the transaction, prepared pursuant to Article 71, paragraph 1, of the said Issuers' Regulation, was made available to the public.

The consideration paid for the acquisition of the equity interest in Viridis was EUR 80.0 million and included the subscription of 80% of a shareholder loan and the recognition of a capital contribution made by Lagi Energia 2006 and HNF prior to the closing, to support the development of future investments, as well as a portion as an advance on the agreed earn-out for the development of a portfolio of plants to be completed within six years of closing.
In more detail, the consideration agreed upon between FNM and the Sellers for the Acquisition pursuant to the Sale and Purchase Agreement consists of:(i) a provisional price of EUR 63,226,402, paid on the Execution Date, (ii) a COD Earn-Out for a total of up to EUR 80,000,000 for each existing project under development at the Execution Date, or new project, that reaches the COD within 6 years from the Execution Date, of which Euro 16,800,000 already paid by way of advance at that date; and (iii) extra profit of 80% of any amounts collected by Viridis Group companies as a consequence of the settlement with a favourable final judgement of certain disputes pending before the Regional Administrative Court.
The consideration is also subject to price adjustment mechanisms, which are described in more detail in section 2.1.2 of the above-mentioned information document.
The acquisition was financed by a short-term line of credit granted by Intesa Sanpaolo S.p.A. of EUR 85 million. The loan is unsecured, is to be repaid in one instalment by August 2025 at the latest, and will bear a variable interest rate equal to the three-month Euribor plus a spread in line with current market conditions.
As at 30 June 2023, based on the consolidated accounts referring to the scope of the transaction, Viridis had revenues of EUR 8.8 million, Adjusted EBITDA of EUR 5.0 million and Net Financial Position of EUR 16.6 million. The FNM Group, also considering the results of Viridis, presents the following pro-forma figures at 30 June 2023: revenues of EUR 364.2 million, EBITDA before non-recurring charges of EUR 105.1 million and Net Financial Position of EUR 877.9 million. Viridis will be fully consolidated in the FNM Group's consolidated financial statements starting 23 February 2024.

It should be noted, however, that due to the limited time lapse between the date of approval of this document and the Viridis acquisition date, no data were available for Viridis as at 23 February 2024. For a fuller description of the transaction, please refer to the above-mentioned information document made available to the public on 5 March 2024.

Again in 2024, the entire FNM Group will continue to monitor possible external variables that could lead to further price increases, which are currently difficult to estimate in magnitude and duration.
The Group remains flexible in the effective management of variable and discretionary costs relating to all the Group's activities, and carefully monitors developments in order to understand whether and to what extent price increases could have an impact on traffic and, consequently, on the Group's expected results.
Milan, 12 March 2024

The Board of Directors

ANNEX 1
to the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.23

Name	Registered Office	Nature of Control	Consolidation method	%
FERROVIENORD S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
NORD_ING S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNM Autoservizi S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
E-Vai S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Malpensa Intermodale S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Malpensa Distripark S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNMPAY S.p.A.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
FNM POWER S.r.l.	Milan - P.le Cadorna 14	Subsidiary	Line-by-line Consolidation	100 %
Milano Serravalle - Milano Tangenziali S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100 %
Milano Serravalle Engineering S.r.l.	Assago - Via del Bosco Rinnovato 4/b	Subsidiary	Line-by-line Consolidation	100 %
Azienda Trasporti Verona S.r.l.	Verona - Lungadige Galtarossa 5	Subsidiary	Line-by-line Consolidation	50 %
La Linea 80 Scarl	Belluno - via Garibaldi 77	Subsidiary	Line-by-line Consolidation	50.3 %
Trenord S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50 %
TILO SA	Bellinzona CH - Via Portaccia 1a	Joint Venture	Measured with the Equity method	25 %
NordCom S.p.A.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	58 %
NORD ENERGIA S.p.A. in liquidation	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	60 %
Omnibus Partecipazioni S.r.l.	Milan - P.le Cadorna 14	Joint Venture	Measured with the Equity method	50 %
ASF Autolinee S.r.l.	Como - via Asiago 16/18	Joint Venture	Measured with the Equity method	24.5 %
Autostrada Pedemontana Lombarda S.p.A.	Assago - Via del Bosco Rinnovato 4/b	Associate	Measured with the Equity method	36.7 %
DB Cargo Italia S.r.l.	Milan - P.le Cadorna 14	Associate	Measured with the Equity method	40 %
Busforfun.com S.r.l.	Venice - via Botteghino 217	Associate	Measured with the Equity method	40 %
Busforfun.CH SA	Lugano - Via Francesco Somaini, 10	Associate	Measured with the Equity method	38 %
Sportit S.r.l.	Milan - Viale Abruzzi 41	Associate	Measured with the Equity method	33 %
Mbility S.r.l.	Milan - via Santa Sofia 27	Joint Venture	Measured with the Equity method	31 %
Tangenziali Esterne di Milano S.p.A.	Milan - Via Fabio Filzi 25	Associate	Measured with the Equity method	23 %

ANNEX 2
to the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.23
Information pursuant to article 149-*duodecies* of the Consob Issuer Regulation

The following statement, prepared pursuant to article 149-duodecies of the Consob Issuer Regulation, indicates fees for 2023 for auditing services and non-auditing services provided by the same independent auditors and by entities belonging to its network.

With respect to the Parent Company:		
a)	by the auditing firm, for the provision of audit services	56
b)	by the auditing firm:	
	for verification services for the issue of an attestation	0
	for the provision of other services*	39
c)	by entities belonging to the auditing firm's network:	
	for verification services for the issue of an attestation	0
	for the provision of other services	0
With respect to subsidiaries:		
a)	by the auditing firm, for the provision of audit services	311
b)	by the auditing firm:	
	– for verification services for the issue of an attestation	0
	– for the provision of other services**	23
c)	by entities belonging to the auditing firm's network:	
	– for verification services for the issue of an attestation	0
	– for the provision of other services	0

* of which EUR 38 thousand relating to the limited assurance engagement on the consolidated NFD of the FNM Group

** of which EUR 11 thousand relating to reasonable assurance services on the data sent by certain subsidiaries to the COVID-19 LPT Observatory and EUR 9.3 thousand relating to the signing of tax returns for Group companies

CERTIFICATION
of the consolidated financial statements pursuant to art. 154-*bis* of Legislative Decree 58/98

1. The undersigned, Andrea Gibelli as "Chairman of the Board of Directors" and Eugenio Giavatto as "Executive in charge of financial reporting" of FNM S.p.A., also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, no. 58, attest to:

   - the adequacy in relation to the characteristics of the company and
   - effective application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2023.

2. They also attest that

   a) the consolidated financial statements of FNM S.p.A.:
      - were prepared in accordance with the applicable International Accounting Standards (IAS/IFRS) recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
      - correspond to the results of the accounting books and records;
      - provide a true and fair view of the economic and financial position of the issuer and of the group of companies included in the consolidation.

   b) The management report includes a reliable analysis of the performance and operating result as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Milan, 12 March 2024

The Executive in charge of financial reporting Eugenio Giavatto	The Chairman of the Board of Directors Andrea Gibelli

FNM S.p.A.

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di Milano/Monza Brianza/Lodi
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PEC fnm@legalmail.it
www.fnmgroup.it

Azienda certificata
CSQ
ISO 37001

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FNM SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FNM Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of FNM SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of the provision for the renewal of the motorway infrastructure *Paragraph "Provisions for risks and charges"* *Note 28 "Current and Non-Current provisions for risks and charges"*	
The balance of the line "Provisions for risks and charges" as of 31 December 2023 includes a provision for renovation of motorway infrastructure of Euro 44,435 thousand which reflects the estimate of the present value of the costs that the subsidiary Milano Serravalle – Milano Tangenziali SpA ("MISE") shall incur to fulfil the contractual obligation laid down in the agreement entered into with the Grantor as supplemented by the subsequent addenda (the "Concession Agreement"), to ensure that the infrastructure under concession is kept in good condition. The process of estimation of the above-mentioned provision is based on several assumptions including technical hypotheses about the planning of renovation work and, specifically, the duration of maintenance cycles, the state of conservation of the structures and the estimated costs for each item. The measurement of the provision was a key audit matter for the following reasons: i) the materiality of the balance; ii) the complexity of the estimation process; and iii) the high degree of judgement applied by management of MISE to determine the assumptions underlying the calculation of the provision.	We performed specific analyses to understand the process adopted by MISE to determine the provision in question. We obtained and analysed the report prepared by MISE's technical management on the planning of renovation works on the motorway infrastructure. With the support of experts from the PwC network, we analysed the main assumptions underlying the calculation models used by MISE's technical management, with particular reference to: i) the duration of maintenance cycles for each homogeneous category of work; ii) the analysis of the state of conservation of the infrastructure; iii) the estimated costs to be incurred for each item; iv) the compliance of these assumptions with respect to the obligations laid down in the Concession Agreement. We verified the mathematical accuracy of the calculations made to determine the provision. We analysed the reasonableness of the interest rates used to discount the provision to present value. Finally, we checked the adequacy and completeness of the disclosures in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate FNM SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 28 April 2017, the shareholders of FNM SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of FNM SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2023 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FNM SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the FNM Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the FNM Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of FNM Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of FNM SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 28 March 2024

PricewaterhouseCoopers SpA

Signed by

Riccardo Proietti
(Partner)

As disclosed by the Directors in the paragraph "Form and content of the consolidated financial statements", the accompanying consolidated financial statements of FNM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Separate financial statements

for the year ended 31 December 2023

- ***Statement of Financial Position***
- ***Income Statement***
- ***Statement of comprehensive income***
- ***Statement of changes in shareholders' equity***
- ***Statement of Cash Flows***
- ***Notes to the Financial Statements***

STATEMENT OF FINANCIAL POSITION AT 31.12.2023

Amounts in Euro	Notes	31/12/2023	31/12/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	388,381,746	400,635,137
Intangible assets	2	5,905,201	5,470,876
Right of use	3	4,551,077	5,416,333
Equity investments	4	692,936,496	710,001,873
Equity investments measured at fair value through profit or loss	4	309,255	
Other financial assets measured at amortised cost	5	5,165,833	9,646,750
of which: Related Parties	5	5,165,833	9,646,750
Deferred Tax Assets	6	10,720,848	9,970,087
Other assets	8	353,067	651,001
TOTAL NON-CURRENT ASSETS		**1,108,323,523**	**1,141,792,057**
CURRENT ASSETS			
Trade Receivables	7	49,257,484	29,358,688
of which: Related Parties	7	47,388,387	27,942,090
Other financial assets measured at amortised cost	5	3,121,380	1,932,494
of which: Related Parties	5	3,121,380	1,932,494
Other assets	8	15,431,876	19,439,024
of which: Related Parties	8	10,192,242	10,567,864
Current tax receivables	9	224,261	—
Other securities		13	13
Cash and cash equivalents	10	268,891,516	115,752,945
TOTAL CURRENT ASSETS		**336,926,530**	**166,483,164**
Assets held for sale	4	-	3,912,111
TOTAL ASSETS		**1,445,250,053**	**1,312,187,332**

Amounts in Euro	Notes	31/12/2023	31/12/2022
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		230,000,000	230,000,000
Other reserves		7,788,521	7,788,521
Reserve for indivisible profit		165,441,178	167,413,136
Reserve for actuarial gains/(losses)		(121,806)	(105,555)
Profit for the year		14,237,464	8,030,832
SHAREHOLDERS' EQUITY	**11**	**417,345,357**	**413,126,934**
NON-CURRENT LIABILITIES			
Payables to banks	12	16,792,752	25,130,708
Bond Loan	13	645,847,833	644,397,343
Lease liabilities	13	2,551,823	3,406,362
of which: Related Parties	13	365,187	442,912
Other liabilities	15	6,081,289	6,164,022
of which: Related Parties	15	3,641,021	3,786,661
Provisions for risks and charges	19	233,464	233,464
Post-employment benefits	16	977,480	1,135,579
TOTAL NON-CURRENT LIABILITIES		**672,484,641**	**680,467,478**
CURRENT LIABILITIES			
Payables to banks	12	8,387,927	8,315,157
Bond Loan	13	961,242	961,644
Financial Payables	13	298,257,680	153,060,426
of which: Related Parties	13	295,269,423	148,041,966
Lease liabilities	13	2,294,795	2,269,403
of which: Related Parties	13	167,455	642,746
Trade payables	17	31,123,032	35,362,852
of which: Related Parties	17	14,937,780	14,169,527
Tax payables	18	1,023,011	951,173
Payables for taxes	18	3,538,887	8,470,993
Other liabilities	15	9,420,562	8,771,272
of which: Related Parties	15	3,577,438	3,455,162
Provisions for risks and charges	19	412,919	430,000
TOTAL CURRENT LIABILITIES		**355,420,055**	**218,592,920**
Liabilities related to assets held for sale		—	—
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**1,445,250,053**	**1,312,187,332**

2023 INCOME STATEMENT

Amounts in Euro	Notes	2023	2022
Revenues from sales and services	20	81,520,304	79,320,251
of which: Related Parties	20	80,697,942	78,516,469
Grants	21	544,734	1,291,023
of which: Related Parties	21	436,099	1,164,886
Other income	22	3,723,913	3,623,706
of which: Related Parties	22	2,982,602	2,760,628
PRODUCTION VALUE		**85,788,951**	**84,234,980**
Service costs	23	(20,059,642)	(18,477,236)
of which: Related Parties	23	(10,489,319)	(8,903,729)
Personnel costs	24	(18,609,004)	(16,676,605)
Depreciation, amortisation and write-downs	25	(32,058,949)	(29,984,080)
Other operating costs	26	(1,811,275)	(1,743,597)
of which: Related Parties	26	(47,562)	(51,556)
TOTAL COSTS		**(72,538,870)**	**(66,881,518)**
EBIT		**13,250,081**	**17,353,462**
Dividends	27	27,981,023	900,000
of which: Related Parties	27	27,981,023	900,000
Impairment of equity investments	4	(22,015,377)	(1,886,559)
Financial income	28	6,195,156	343,373
of which: Related Parties	28	279,217	163,965
Financial expenses	29	(9,678,916)	(6,740,712)
of which: Related Parties	29	(2,996,444)	(138,580)
NET FINANCIAL INCOME		**2,481,886**	**(7,383,898)**
EARNINGS BEFORE TAX		**15,731,967**	**9,969,564**
Income taxes	30	(1,494,503)	(1,938,732)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**14,237,464**	**8,030,832**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	31	—	—
PROFIT FOR THE YEAR		**14,237,464**	**8,030,832**

2023 STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Notes	31/12/2023	31/12/2022	Change
PROFIT FOR THE YEAR		**14,237,464**	**8,030,832**	**6,206,632**
Components that will not be reclassified in the operating result				
Actuarial gain		(23,074)	95,574	(118,648)
Income taxes		6,823	(24,162)	30,985
Total other consolidated comprehensive income that will not be reclassified in the operating result	**32**	**(16,251)**	**71,412**	**(87,663)**
TOTAL COMPREHENSIVE INCOME		**14,221,213**	**8,102,244**	**6,118,969**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31.12.2023

Amounts in Euro	Share capital	Other reserves	Reserve for indivisible profit	Reserve for actuarial Gains/(Losses)	Profit for the year	TOTAL
Balance as at 01.01.2022	**230,000,000**	**7,788,521**	**162,005,390**	**(176,967)**	**5,407,746**	**405,024,690**
Allocation of 2021 profit			5,407,746		(5,407,746)	—
Other comprehensive income				71,412		71,412
Profit for the year					8,030,832	8,030,832
Total comprehensive income	—	—	—	71,412	8,030,832	8,102,244
Balance as at 31.12.2022	**230,000,000**	**7,788,521**	**167,413,136**	**(105,555)**	**8,030,832**	**413,126,934**
Allocation of 2022 profit			8,030,832		(8,030,832)	—
Distribution of dividends			(10,002,790)			(10,002,790)
Other comprehensive income				(16,251)		(16,251)
Profit for the year					14,237,464	14,237,464
Total comprehensive income	—	—	—	*(16,251)*	*14,237,464*	*14,221,213*
Balance as at 31.12.2023	**230,000,000**	**7,788,521**	**165,441,178**	**(121,806)**	**14,237,464**	**417,345,357**
Notes	**11**	**11**	**11**	**32**	**11**	**11**

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2023

Amounts in Euro	Notes	31/12/2023	31/12/2022
Cash flow from operating/(for) activities		**Total**	**Total**
Operating result		14,237,464	8,030,832
Income taxes	30	1,494,503	1,938,732
Amortisation of property, plant and equipment for the year	25	27,222,046	26,332,903
Amortisation of intangible assets for the period	25	1,644,769	1,306,348
Amortisation of the exercise of rights of use	25	2,366,119	2,112,165
Write-downs for the year of property, plant and equipment	25	826,015	232,664
(Gains)/Losses on disposal of property, plant and equipment	22	91,672	(240,735)
Capital gain on the disposal of assets held for sale		(1,437,889)	—
Capital gain on disposal of equity investments		(650,000)	—
Impairment of equity investments	4	22,015,377	1,886,559
Allocations to the provision for risks and charges	19	—	134,505
Release of provisions for risks and charges	19	—	(50,000)
Dividends – cash-in	27	(27,981,023)	(900,000)
Capital grants for the year	21	(484,349)	(1,204,136)
Financial income	28	(6,195,156)	(343,373)
Financial expenses	29	9,678,916	6,740,712
Cash flow from income activities		**42,828,464**	**45,977,176**
Net change in the provision for post-employment benefits	16	(219,112)	(97,141)
Net change in provision for risks and charges	19	(17,081)	(142,392)
Increase in trade receivables	7	(19,898,796)	(3,455,444)
Increase in other receivables	7	(585,264)	(646,041)
Increase in trade receivables	17	2,872,257	4,377,140
Increase/(Decrease) in other liabilities	15	1,122,744	(6,054,191)
Payment of taxes	18	(2,504,462)	(532,966)
Total cash flow from operating activities		**23,598,750**	**39,426,141**
Cash flow from/(for) investing activities			
Investments in property, plant and equipment	1	(15,526,477)	(49,852,437)
Investments in intangible assets	2	(2,464,602)	(1,968,827)
Decrease in trade payables for investments	17	(7,112,076)	(5,229,117)
Disposal value of property, plant and equipment	1	25,643	339,57
Investments in equities	4	(5,359,255)	(5,200,000)
Dividends – cash-in	27	27,981,023	900,000
(Increase)/Decrease in other financial assets	5	(749,034)	430,414
Collection of loan from subsidiary companies	5	7,271,671	233,334
Disbursement of loans to subsidiary companies	5	(3,000,000)	(9,250,000)
Interest income collected		5,964,550	194,02
Disposal value of equity investment		750,000	—
Change in assets held for sale		5,350,000	—
Total cash flow from investing activities		**13,131,443**	**(69,403,043)**
Cash flow from/(for) assets held for sale			
Cash flow from/(for) financing activities			

Increase/(Decrease) in financial payables	13	142,392,933	64,973,345
Repayments of lease payables	13	(2,330,010)	(2,090,696)
Payment of interest expense		-391,926	(409,127)
Bank loan repayment	12	(8,315,157)	(8,279,374)
Interest paid on bond loan	13	(4,875,000)	(4,875,000)
Dividends – cash-out		(10,002,790)	—
Total cash flow from/(for) financing activities		**116,478,050**	**49,319,148**
Liquidity generated (+) / absorbed (-)		**153,208,243**	**19,342,246**
Cash and cash equivalents at the start of the year	10	115,752,945	96,410,699
IFRS 9 effects on cash and cash equivalents		(69,672)	—
Cash and cash equivalents at the end of the year	10	268,891,516	115,752,945
Liquidity generated (+) / absorbed (-)		**153,208,243**	**19,342,246**

FNM S.p.A.

Registered Office in Piazzale Cadorna 14 – 20123 Milan
Share capital EUR 230,000,000.00 fully paid up

NOTES TO THE SEPARATE FINANCIAL STATEMENTS for the year ended 31.12.2023

GENERAL INFORMATION

COMPANY OPERATIONS

As already stated in the management report, FNM S.p.A. (hereinafter "FNM" or the "Company" or the "Parent") guides and coordinates the operating subsidiaries of the Group, the leasing of rolling stock, and also manages its centralised services.
Main investee companies carry out their own activities, managing railway infrastructure, in the passenger rail and road mobility, as well as motorway infrastructure, sectors. These activities take place under concessions and/or Public Service Contracts stipulated with the Regione Lombardia and the Ministry of Transport and Infrastructure - MIMS. The FNM Group also carries out important operations in the sectors of sustainable mobility, goods' transport, IT and energy. The management report and consolidated financial statements provide further details on the FNM Group's operating segments and the activity carried out by each investee.

The centralised services carried out by FNM S.p.A. can be defined, overall, as:

a) rolling stock lease services, in particular to Trenord and to DB Cargo Italia;
b) administrative services, which concern the management through specific Public Service Contracts with investees of the following centralised activities: the organisation and provision of accounting services; personnel administration; general services; support for project development and extraordinary initiatives; coordination of company secretarial departments; legal advice and related activities; treasury; planning and control; ICT (Information & Communication Technology); purchasing, tenders and contracts; management of human resources and organisation, communication;
c) property management services.

The Company, domiciled in P.le Cadorna, 14 – MILAN, is listed on the Standard Class 1 market of the Milan Stock Exchange.

FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS

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

Interpretations Committee" (SIC). In particular, IFRS were adopted in a manner consistent with all periods presented in this document.
These separate Financial Statements are presented together with the Consolidated financial statements at 31 December 2022 prepared in compliance with IFRS.

The Regione Lombardia, with registered office at Piazza Città di Lombardia 1, prepares the Consolidated Financial Statements for the larger Group of which the Company is part, which are available on the Regione Lombardia website.

With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that in view of the outlook, capitalisation and financial position of the Company, there were no material uncertainties over the Company's ability to continue as a going concern and therefore the Company prepared the financial statements at 31 December 2022 on a going concern basis.

This document was prepared and authorised for publication by the Board of Directors of the Company that met on 15 March 2023.

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

PRESENTATION OF THE FINANCIAL STATEMENTS

The following presentation of the financial statements was adopted:

a) in the Statement of Financial Position, assets and liabilities are entered as current or non-current items; an asset/liability is classified as current when it meets one of the following criteria:
   - it is expected to be realised/settled or to be sold/used in the entity's normal operating cycle or
   - it is held primarily for the purpose of trading or
   - it is expected to be realised/settled within 12 months after the reporting period.

   If these three conditions are not met, the assets/liabilities are classified as non-current;

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

c) in Other Comprehensive Income, all changes in Other comprehensive profit (loss), in the year, generated by transactions other than those carried out with Shareholders and based on specific IAS/IFRS are recognised. The Company opted to present these changes in a separate statement from the Income Statement. Changes in "Other comprehensive income" are recognised net of related tax effects, indicating the amount of deferred taxes relative to such changes in a separate item, separately indicating components that will be recorded in subsequent years in the income statement, and components for which no recognition in the income statement is expected, pursuant to IAS 1R in effect since 1 January 2013;

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

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

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

ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

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

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

All amounts in the separate financial statements are in Euro, unless otherwise indicated.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2022

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

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

  The adoption of these amendments did not have any effects on the separate financial statements of the Company.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY AT 31 December 2022

- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts which is to replace IFRS 4 – Insurance Contracts.
  The purpose of the new standard is to guarantee that an entity provides relative information which faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework, in order to consider all types of insurance contract, including reinsurance contracts, held by an insurance undertaking.
  The new standard also establishes requirements for presentation and disclosure in order to improve comparability between entities belonging to this sector.
  The new standard measures an insurance contract based on a General Model or a simplified version of this model called the Premium Allocation Approach (“PAA”).
  The main characteristics of the General Model are:
  - estimates and assumptions of future cash flows are always current;
  - the measurement reflects the time value of money;
  - estimates are based on an extensive use of observable market information;
  - a current and explicit measurement of risk exists;
  - expected profit is deferred and aggregated in groups of insurance contracts on initial recognition; and,
  - expected profit is recognised in the contract coverage period, considering adjustments arising from changes in assumptions concerning cash flows relative to each group of contracts.

  The PAA requires the measurement of the liability for the remaining coverage of a group of insurance contracts on condition that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage of one year or less are automatically suitable for the PAA. The simplifications arising from the adoption of PPA do not apply to the measurement of liabilities for claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to pay or receive is expected within one year from the date when the claim was made.
  The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).The standard applies starting from 1 January 2023 but early adoption is permitted, only for entities that adopt IFRS 9 – Financial Instruments and IFRS 5 – Revenue from Contracts with Customers.
  The Directors do not expect the adoption of this standard to have a significant effect on the separate financial statements of the Company.

- On 9 December 2021, the IASB published an amendment entitled “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”. The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities,

and thus improve the usefulness of comparative information for financial statement readers. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

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

- On 7 May 2021, the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The paper clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023, but early adoption is permitted.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

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

At the end of the reporting period, competent bodies of the European Union had not completed the approval process necessary to adopt the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022, it published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short-term or long-term liabilities. The amendments apply from 1 January 2024, but early adoption is permitted.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

- On 22 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognise income or a loss relating to the right of use retained. The amendments apply from 1 January 2024, but early adoption is permitted.
The Directors do not expect the adoption of this amendment to have a significant effect on the separate financial statements of the Company.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly consist of:

a) land;

b) buildings;
c) plant and machinery;
d) rolling stock (hired rolling stock and locomotives).

Property, plant and equipment are recognised at purchase or production cost including directly related costs. The cost is reduced by depreciation and impairment. Land is not depreciated. If financed by government grants, property, plant and equipment are recognised including the grant, which is entered in the item “Other liabilities” according to criteria indicated in the accounting standard “Government grants”.

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

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

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

Useful lives are as follows:

Buildings: 50 years;

Plant and machinery: 5-16 years;

Rolling stock: 15-25 years.

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

PROPERTY ASSETS

Property assets, i.e. assets held for rent income or to appreciate their value.

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

IFRS 16 LEASES

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

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

Accounting model for the lessee

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

On the effective date of the lease, the Company recognises the asset for the right of use and the financial liability for leased assets.
The asset for the right of use is initially measured at cost, and subsequently at cost less amortisation and impairment losses, cumulated, and adjusted to reflect the write-backs of the lease liability.
The Company measures the financial liability for leased assets at the present value of the payment due for the leases not paid as at the effective date, discounting them using the implied interest rate of the lease. Whenever it is not possible to determine this rate easily, the Company uses the marginal lending rate. Generally, the Company uses the marginal lending rate as the discounting rate. The financial liability for leased assets is subsequently increased by the interest that accrue on said liability and decreased by the payments due for the leases carried out and it is revalued in case of change in the future payments due for the lease deriving from a change in the index or rate, in case of change of the amount the Company expects to have to pay by way of guarantee on the residual value or when the Company changes its valuation with reference to whether or not a buy, extension or termination option is exercised.
In determining the lease term any extension options were considered if under the Group's control and if the Group has reasonable certainty that it will exercise them. Similarly, in cases where the extension option is under the lessor's control, the non-cancellable lease period includes the period covered by the lease termination option.

Accounting model for the lessor

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

INTANGIBLE ASSETS

Intangible assets refer to costs, including related charges, incurred to purchase resources without physical substance on condition that their amount can be reliably quantified, and the asset is clearly identifiable and controlled by the Company. Intangible assets are recognised at purchase or production cost including related costs and are amortised based on their future use.
If an impairment loss is recorded, the intangible asset is written down according to criteria indicated below in the section “Impairment loss of intangible assets, property, plant and equipment and investments”.

Costs for the purchase of software licences, together with related costs, are capitalised and amortised based on the expected useful lives represented by the licence duration. Amortisation starts when the asset becomes available for use according to Management's intentions.

Other intangible assets are amortised based on their remaining useful life. Useful lives are mainly estimated in five years.

EQUITY INVESTMENTS

Subsidiaries are entities over which the Company: (a) has power; (b) is exposed to, or has the rights to, variable returns arising from its involvement with said entity; (c) has the capacity to use power to influence the amount of such variable returns; while joint ventures are investees in which the Company exercises joint control with another investor. Joint ventures operate in different sectors from the operating segments of the Company and their activities are developed with a specialist partner, with whom decisions about significant operations are shared, also backed up by partner agreements or provisions of the articles of association in which joint control of the investees is established.

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

All investments are recognised at purchase cost on initial recognition. Subsequently, if there is evidence of an impairment loss, the recoverable value of the investment is estimated. If an impairment loss is recorded, the investment is written down according to criteria indicated below in the section “Impairment loss of intangible assets, property, plant and equipment and investments”.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

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

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are determined based on temporary differences existing between the carrying amount of assets and liabilities and their tax value and are classified as non-current assets and liabilities.

Deferred tax assets are only recognised to the extent that the existence of adequate future taxable income against which said deferred tax assets can be used is probable.

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

The value of deferred tax assets and liabilities is determined based on expected tax rates for the period when the deferrals will be realised, applying the tax rates (and tax legislation) in force or substantially in force at the reporting date.

Deferred tax assets and liabilities are offset if, and only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

Current and deferred taxes are recognised in the Income Statement, apart from taxes relative to items directly recognised in Other comprehensive income, or other items of Shareholders' equity, in which case the tax effect is directly recognised in Other comprehensive income or in Shareholders' equity.

TRADE RECEIVABLES

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

a) the financial asset management model consists of holding the financial asset for the purpose of collecting the relative cash flows; and

b) the financial asset contractually generates, at predetermined dates, cash flows representing solely the return on such financial asset.

Receivables measured at amortised cost are initially recorded at the fair value of the underlying asset, net of any directly attributable transaction income; valuation at amortised cost is performed

using the effective interest rate method, net of the relative impairment losses with reference to amounts considered uncollectable. Amounts deemed uncollectable are estimated on the basis of the methodology set forth in the “Impairment of financial assets” section. The original value of receivables is reinstated in subsequent years to the extent to which the reasons for the adjustment no longer apply. In that case, the reversal of the impairment loss is recognised in profit and loss and may not in any event exceed the amortised cost that the loan would have had in the absence of previous adjustments.
Trade receivables with a maturity falling within normal commercial terms are not discounted.

WRITE-DOWNS OF FINANCIAL ASSETS

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and sight deposits, recognised at their nominal value. For an investment to qualify as cash or a cash equivalent it must be readily convertible to a known amount of cash and have an insignificant risk of change in value.
In relation to the adoption of IFRS 9, based on the expected losses model, the Company considers the expected losses along the life of the financial asset at each reference date of the financial statements.

ASSETS HELD FOR SALE

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

LOANS AND CORPORATE BONDS

Loans and corporate bonds are initially recognised at fair value.

After initial recognition, loans are measured according to the amortised cost method calculated by adopting the effective interest rate.

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

EMPLOYEE BENEFITS

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

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

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

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

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include allocations arising from current (legal or implicit) obligations resulting from a past event which, in order to be met, will probably require the use of resources, that can be reliably estimated. If the expected use of resources goes beyond the following year, the obligation is recognised at the present value determined by discounting expected future flows by a rate that takes into account the cost of money and risk of the liability.

Instead no provision is made for risks for which the occurrence of a liability is only possible. In this case, specific disclosure is provided in the section on commitments and risks and no allocation is made.

FINANCIAL AND TRADE PAYABLES

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

Financial liabilities are eliminated from the balance sheet when, and only when, they are settled, or when the specific contract obligation has been met or cancelled or has expired.

BUSINESS COMBINATIONS UNDER COMMON CONTROL

A business combination involving businesses or companies under common control is a combination in which all businesses or companies are ultimately controlled by the same entity or entities both before and after the business combination and the control is not of a temporary nature.

If a significant influence on future cash flows after the transfer of all parties involved, can be demonstrated, these operations are treated as described in the section “business combinations”. If, instead, this significant influence cannot be demonstrated, these operations are recognised on a going concern basis.
In particular, the criteria for recognition, applying the going concern principle, in line with IAS 8.10 and with international practices and guidelines from the Italian accounting profession on business combinations under common control, require the purchaser to recognise the assets acquired based on their historical carrying amounts determined according to the cost base. Where the transfer values are greater than the historical values, the excess is reversed, decreasing the shareholders' equity of the purchasing company, with a reserve debited.
Similarly, the accounting standard adopted to prepare the financial statements of the transferring company requires any difference between the transaction price and pre-existing carrying amount of the assets being transferred to not be recognised in the income statement, but instead to be recognised in shareholders' equity.

BUSINESS COMBINATIONS

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

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

Goodwill is determined as the excess between the sum of amounts transferred in a business combination, the value of equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity compared to the fair value of net assets acquired and liabilities undertaken at the acquisition date.If the value of net assets acquired and liabilities undertaken at the acquisition date exceeds the sum of amounts transferred, the value of shareholders' equity attributable to non-controlling interest and the fair value of any investment previously held in the acquired entity, this excess is immediately recognised in the income statement as income arising from the completed transaction.

REVENUES

Revenues for the provision of services are recognised at the time the service is provided.

Financial income is recognised in the Income Statement during the year when it is accrued, on an accrual basis.

The main sources of revenue are as follows:

a) operating lease payments relative to rolling stock to Group companies;
b) fees for the administrative services rendered centrally to Group companies: the organisation and provision of accounting and personnel administration services, general services, assistance for project development and extraordinary initiatives of subsidiaries, the

coordination of corporate secretarial departments, legal activities and consultancy, treasury, planning and control, ICT (Information & Communication Technology), purchasing, tenders and contracts, human resources management and organisation, communication;

c) lease payments received for civil and commercial own property, from both Group companies and third parties;

GOVERNMENT GRANTS

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

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

Government grants that are collectible as compensation for costs or losses already incurred are recognised in the income statement for the year in which they become receivable. Grants relative to the purchase of property, plant and equipment, disbursed by the Regione Lombardia or third parties (other public bodies) are presented according to the "indirect method", with the deferred revenue component recognised in "Other liabilities" and the applicable share determined on the basis of the expected useful life of the assets they refer to credited to the income statement on a straight-line basis.

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

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

Non-current assets include - among others - property, rolling stock, intangible assets and investments. Management periodically revises the carrying amount of non-current assets held and used and assets that must be disposed of, when required by facts and circumstances.

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

Impairment testing on non-current assets is carried out by comparing the carrying amount of the asset and the greater of the fair value, net of costs to sell, and the value in use of the asset. In the absence of market values considered representative of the actual value of the investment, estimate methods and valuation models are used based on data and assumptions which are sustainable and reasonable, based on historical experience and future expectations of the market and foreseeable changes in the specific legal framework. The value in use is determined based on estimates of cash flows expected from the use or sale of the asset, approved by competent bodies and based on projections that do not exceed five years and discount rates to calculate the present value, referred to market conditions.

When the carrying amount of a non-current asset is impaired, the Company records a write-down for the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to the Company's most recent plans.

For assets not subject to amortisation/depreciation and intangible assets not yet available for use, impairment testing is carried out annually, regardless of whether or not specific indicators are present.

If the conditions for a previous write-down no longer apply, the carrying amount is restored to the new estimated value, which will not exceed the net carrying amount the asset would have had, if it had not been written down. Reversals are recorded in the Income Statement.

DIVIDENDS

Income for dividends is recognised when the right to collection arises, which normally coincides with the resolution of the Shareholders' Meeting to distribute dividends.

Resolved dividends are recognised as a payable to Shareholders at the time of the resolution on distribution.

FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and expenses are recognised on an accrual basis.

CURRENT TAXES

Current taxes are recognised and determined based on a realistic estimate of taxable income in compliance with applicable tax regulations and considering applicable exemptions and any tax receivables due.

TAX CONSOLIDATION

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

GROUP VAT

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

TRANSLATION OF FOREIGN CURRENCY ITEMS

Functional currency

The Company prepares the financial statements in accordance with the money of account used in Italy. The functional currency of the Company is the Euro, which is the presentation currency of the separate financial statements.

Transactions and accounting records

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

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

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in effect at the transaction date.

Non-monetary items recognised at fair value are translated using the exchange rate in effect at the date when the value was determined.

ITEMS SUBJECT TO SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the separate financial statements and notes requires Management to use estimates and assumptions that have an effect on financial statement assets and liabilities and on the disclosure of potential assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered material. Final results could differ from these estimates. Estimates and assumptions are revised periodically and the effects of all changes are reflected in the income statement in the year when the estimate is revised if the revision only impacts that year, or also in subsequent years, if the revision has effects on the current year as well as on future years.

There were no changes in estimates during the current year.

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

Determination of useful lives

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

- the identification of each component with a relevant cost in relation to the total cost of the item to be depreciated/amortised separately (“component approach”) as well as the estimate of the relative useful life;
- the estimate of the residual value. According to the provisions of IAS 16 and 38, the depreciable cost of tangible assets is determined by deducting their residual value. Residual value is determined as the estimated value that the entity could receive on disposal, less the estimated costs to sell, if it were already at the time at the end of the use of the asset. The Company periodically reviews the residual value and assess its recoverability based on the best information available at the date. This periodic update could lead to a change in the depreciation rate for future years.

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

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

Non-current assets include land, property, plant and machinery and other assets and intangible assets, as well as investments.
As stated in the accounting standard "Impairment of intangible assets, property, plant and equipment and investments", Management periodically revises the carrying amount of non-current assets held and used and of assets to be disposed of, as required by facts and circumstances.
In assessing whether there is an indication that an asset may be impaired, the Company considers available internal and external information sources.
With regard to the process of identifying impairment for the purposes of the Group's consolidated financial statements at 31 December 2022, the documents issued by ESMA and summarised below were also taken into consideration:

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

The assumptions underlying budgets and business plans were then analysed to check for any trigger events.In this regard, no structural external factors were identified relating to changes in market conditions or competitive profiles in the markets in which the investee companies operate such so as to give rise to indicators of impairment.
The analysis of business plans and the analysis of deviations (in terms of revenue, EBITDA, EBIT and net profit) between the actual results for 2022 and the 2022 Budget, conducted at business segment and investee company level, revealed the need to proceed with an impairment test, as described in more detail in the "Equity Investments" section.
This impairment test is carried out using estimates of expected cash flows and adequate discount rates to calculate the present value and is therefore based on a set of assumptions relative to future events and the actions of administrative bodies of the Company that might not necessarily occur according to expected times and procedures.

Provision for bad debts

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

Deferred tax assets and liabilities

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

Defined benefit plans

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

Potential liabilities and provisions for risks

The Company may be involved in various proceedings (legal, tax, labour litigation), arising from complex and difficult issues, with varying degrees of uncertainty, including factors and circumstances inherent to each case, jurisdiction and different applicable laws.

Given the uncertainties of these issues, it is difficult to predict outflows that could arise from these disputes, with certainty.

Consequently, Management, after consulting with its legal and tax advisors, recognises a liability for these disputes when a financial outflow is likely and when the amount of resulting losses can be reasonably estimated. If a financial outflow becomes possible but the amount cannot be determined, the situation is reported in the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

NOTA 1 PROPERTY, PLANT AND MACHINERY

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

Description	01.01.2022		
	Cost	**Accumulated depreciation**	**Book value**
Land and buildings	23,397,109	(9,094,503)	14,302,606
Plant and machinery	855,511	(558,255)	297,256
Industrial and commercial equipment	74,800	(68,963)	5,837
Other assets:			
Rolling stock	600,949,445	(269,470,113)	331,479,332
Furniture and furnishings, office machines, improvements to third party assets	2,221,390	(1,963,685)	257,705
Total other assets	603,170,835	(271,433,798)	331,737,037
Assets in the course of construction and advances	31,104,366		31,104,366
Total	**658,602,621**	**(281,155,519)**	**377,447,102**

Changes for 2022 are shown below:

Description	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets		Assets in the course of constructio n and advances	Total
				Rolling stock	**and furnishings, office machines, improv. to third party**		
Net Value as at 01.01.2022	**14,302,606**	**297,256**	**5,837**	**331,479,332**	**257,705**	**31,104,366**	**377,447,102**
Investments financed with own funds	348,505			40,783,741	12,841	8,707,350	**49,852,437**
Transfers gross value				5,995,295		(5,995,295)	
Revaluations/Writedowns				(232,664)			**(232,664)**
Divestments: Gross Disposals	(34,134)			(67,491)	(4,967)		**(106,592)**
Divestments: Use of Accumulated Depreciation				2,790	4,967		**7,757**
Amortisation Rates	(385,484)	(66,481)	(944)	(25,783,253)	(96,741)		**(26,332,903)**
Net Value as at 31.12.2022	**14,231,493**	**230,775**	**4,893**	**352,177,750**	**173,805**	**33,816,421**	**400,635,137**

Therefore, as at 31 December 2022, property, plant and machinery, net of relative accumulated depreciation, comprised the following:

Description	31.12.2022		
	Cost	Accumulated depreciation	Book value
Land and buildings	23,711,480	(9,479,987)	14,231,493
Plant and machinery	855,511	(624,736)	230,775
Industrial and commercial equipment	74,800	(69,907)	4,893
Other assets:			
Rolling stock	647,428,326	(295,250,576)	352,177,750
Furniture and furnishings, office machines, improvements to third party assets	2,229,264	(2,055,459)	173,805
Total other assets	649,657,590	(297,306,035)	352,351,555
Assets in the course of construction and advances	33,816,421		33,816,421
Total	**708,115,802**	**(307,480,665)**	**400,635,137**

Changes for 2022 are shown below:

Description	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets		Assets in the course of construction and advances	Total
				Rolling stock	furnishings, office machines, improv. to third party		
Net Value as at 01.01.2023	**14,231,493**	**230,775**	**4,893**	**352,177,750**	**173,805**	**33,816,421**	**400,635,137**
Investments financed with own funds				13,311,812	8,467	2,206,198	**15,526,477**
Transfers gross value				5,911,571		(5,608,944)	302,627
Divestments: Gross Disposals	(34,433)				(5,148)		**(39,581)**
Divestments: Use of Accumulated Depreciation					5148		**5,148**
Amortisation Rates	(397,819)	(44,189)	(943)	(26,689,185)	(89,910)		**(27,222,046)**
Write-down of property, plant and equipment				(826,016)			**(826,016)**
Net Value as at 31.12.2023	**13,799,241**	**186,586**	**3,950**	**343,885,932**	**92,362**	**30,413,675**	**388,381,746**

Therefore, as at 31 December 2023, property, plant and machinery, net of relative accumulated depreciation, comprised the following:

Description	31.12.2023		
	Cost	Accumulated depreciation	Book value
Land and buildings	23,677,047	(9,877,806)	13,799,241
Plant and machinery	855,511	(668,925)	186,586
Industrial and commercial equipment	74,800	(70,850)	3,950
Other assets:			
Rolling stock	664,312,679	(320,426,747)	343,885,932
Furniture and furnishings, office machines, improvements to third party assets	2,232,583	(2,140,221)	92,362
Total other assets	666,545,262	(322,566,968)	343,978,294
Assets in the course of construction and advances	30,413,675		30,413,675
Total	**721,566,295**	**(333,184,549**	**388,381,746**

Land and buildings

The item “Land and buildings” mainly refers to net values outstanding at 31 December 2023 relative to the building in Piazzale Cadorna (MI) for EUR 7,767 thousand, land in the municipality of Saronno for EUR 3,329 thousand and in the municipality of Garbagnate Milanese for EUR 1,076 thousand, garages in the municipality of Milan for EUR 654 thousand and property in the municipality of Iseo for EUR 598 thousand.
Disposals for the year are attributable to the sale of a garage in the municipality of Milan.

Other assets

The investment for the year, equal to EUR 13,312 thousand, concerns:

- revamping activities on 8 TAF trains and refurbishment on 7 TAF trains leased to Trenord, for EUR 11,401 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 5,411 thousand, were transferred from “Assets in the course of construction and advances” to the category in question;
- for EUR 1,135 thousand, cyclical maintenance on 2 CSA rolling stock;
- for EUR 422 thousand, cyclical maintenance on 1 TSR 5-body rolling stock;
- the modernisation of 2 DE520 locomotives leased to DB Cargo Italia and to Trenord, for EUR 354 thousand; following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 501 thousand, were transferred from “Assets in the course of construction and advances” to the category in question;

Disposals for the year relate to the adjustment of the ES64 F4 locomotive appraisal value.

The “rolling stock” category consists of the following:

Type	Net Value
Trains	
25 TAF	23,449,550
2 TSR	5,587,554
7 6-body TSR	61,269,734
10 4-body TSR	75,691,022
8 CSA	22,721,942
10 6-body CORADIA	51,693,534
9 FLIRT TILO	82,218,455
	322,631,791
Locomotives	
8 Loc. E 483	10,794,020
14 Loc. DE520	2,689,287
1 Loc. ES64 F4	931,042
4 Loc. EFFISHUNTER EFF1000	6,839,792
	21,254,141
TOTAL	**343,885,932**

Investments in furniture, furnishings and office equipment refer to office furnishings for the offices of the Company, situated in Milan – Piazzale Cadorna.

Assets in the course of construction and advances

Investments in assets in the course of construction and advances, amounting to EUR 2,206 thousand, are attributable to advances paid to design the company office located in the Bovisa area of the municipality of Milan (EUR 1,435 thousand), for the revamping of TAF rolling stock (EUR 681 thousand), DE520 locomotive modernisation activities (EUR 66 thousand) and advances paid for the modernisation of the offices located in piazzale Cadorna (MI) (EUR 24 thousand).

Overall, assets in the course of construction and advances at 31 December 2023 refer to advances paid for the purchase of 6 hydrogen-powered electric trains (EUR 21,240 thousand), for the revamping of TAF rolling stock (EUR 7,015 thousand), design activities on the company office located in the Bovisa area of the municipality of Milan (EUR 1,635 thousand), development activities on the hydrogen production system (EUR 303 thousand), transferred during the year from the item intangible assets, DE520 locomotive modernisation activities (EUR 197 thousand) and the modernisation of offices located in Piazzale Cadorna (MI) (EUR 24 thousand).

If property, plant and equipment had been recognised net of relative capital grants (Note 15), the effect on the financial statements at 31 December 2023 would have been the following:

2023	Book value	Grant	Net value less the grant
Land and buildings	13,799,241	(5,023,181)	8,776,060
Plant and machinery	186,586		186,586
Industrial and commercial equipment	3,950		3,950
Other assets	343,978,294		343,978,294
Assets in the course of construction and advances	30,413,675		30,413,675
Total property, plant and equipment	**388,381,746**	**(5,023,181)**	**383,358,565**

The Company did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of property, plant and equipment, given that these are assets

primarily intended for use in the provision of local public transport services under current lease contracts.
There are no restrictions on the title and ownership of property, plant and equipment pledged as security for liabilities.

It should be noted that the item "Property, plant and machinery" includes property investment in the amount of EUR 1,859 thousand, which, in accordance with IAS 40, due to its limited significance with respect to the total item, is not shown on a separate line under assets.

NOTA 2 INTANGIBLE ASSETS

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

Description	01.01.2022		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	1,568,756		1,568,756
Other	6,933,473	(3,693,832)	3,239,641
Total intangible assets	**8,502,229**	**(3,693,832)**	**4,808,397**

Changes for 2022 are shown below:

Description	Assets in the course of construction and advances	Other	Total
Net Value as at 01.01.2022	**1,568,756**	**3,239,641**	**4,808,397**
Investments financed with own funds	1,501,828	466,999	**1,968,827**
Transfers gross value	(749,658)	749,658	
Amortisation rates		(1,306,348)	**(1,306,348)**
Net Value as at 31.12.2022	**2,320,926**	**3,149,950**	**5,470,876**

Therefore at 31 December 2022, intangible assets comprised the following:

Description	31.12.2022		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	2,320,926		2,320,926
Other	8,150,130	(5,000,180)	3,149,950
Total intangible assets	**10,471,056**	**(5,000,180)**	**5,470,876**

Changes for 2023 are shown below:

Description	Assets in the course of construction and advances	Other	Total
Net Value as at 01.01.2023	**2,320,926**	**3,149,950**	**5,470,876**
Investments financed with own funds	1,408,412	1,056,190	**2,464,602**
Transfers gross value	(1,937,492)	1,634,865	**(302,627)**
Derecognitions historical cost		(124,322)	**(124,322)**
Derecognitions accumulated amortisation		41,441	**41,441**
Amortisation rates		(1,644,769)	**(1,644,769)**
Net Value as at 31.12.2023	**1,791,846**	**4,113,355**	**5,905,201**

Therefore at 31 December 2023, intangible assets comprised the following:

Description	31.12.2023		
	Historical cost	Accumulated depreciation	Net Value
Assets in the course of construction and advances	1,791,846		1,791,846
Other	10,716,863	(6,603,508)	4,113,355
Total intangible assets	**12,508,709**	**(6,603,508)**	**5,905,201**

Assets in the course of construction and advances

Increases in the item “Assets in the course of construction and advances”, equal to EUR 1,408 thousand, refer to the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 530 thousand, the upgrade of the SAP PM modules, managed by FNM and used by FERROVIENORD, for EUR 505 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 224 thousand, development of the application used by the FNM Pension Fund, for EUR 60 thousand, the upgrade of the SAP management software, managed by FNM and used by Trenord, for EUR 55 thousand and the upgrade of SAP modules managed by FNM and used by MISE for EUR 34 thousand.

Moreover, during the year, as the project activities were completed and the implemented modules were made available, the costs incurred in the year 2022 in relation to the extension of the SAP application system managed by FNM to the subsidiaries MISE and MISE Engineering, in the amount of EUR 868 thousand, the upgrade of the SAP 4/HANA platform, for EUR 438 thousand, the upgrade of the SAP module, managed by FNM and used by Trenord, for EUR 169 thousand, the implementation of additional SAP modules that FNM uses as part of the administrative service, for EUR 141 thousand and the implementation of 231 whistleblowing monitoring software, for EUR 19 thousand, were transferred from the category under consideration to the item “Other”.

During the year, the costs incurred for the development of the hydrogen production system, amounting to EUR 303 thousand, were also transferred to assets in the course of construction and advances.

Overall, at 31 December 2023, assets in the course of construction and advances referred to the upgrade of SAP PM modules, managed by FNM and used by FERROVIENORD, for EUR 785 thousand, the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 535 thousand, the implementation of additional SAP modules that FNM uses in the administrative service, for EUR 320 thousand, development of the application used by the FNM Pension Fund, for EUR 60 thousand, the upgrade of the SAP management software, managed by FNM and used by Trenord, for EUR 58 thousand and the upgrade of SAP modules managed by FNM and used by MISE for EUR 34 thousand.

Other

The increases for the year (EUR 1,056 thousand) are mainly attributable to the upgrade of the SAP HR platform to SAP 4/HANA, for EUR 547 thousand, the additional modules of the SAP management software, managed by FNM and used by Trenord S.r.l., for EUR 184 thousand, additional SAP modules that FNM uses in the administrative service for EUR 180 thousand, the upgrade of the SAP management software managed by FNM and used by FERROVIENORD, for EUR 104 thousand and the extension of the SAP application system to Group companies for EUR 41 thousand.
Transfers concern items referred to in “Assets in the course of construction and advances”.

Other assets are assigned a useful life of 3 years.
There are no intangible assets with restricted title or which are pledged as security for liabilities.
There are no internally constructed intangible assets.

Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of intangible assets.

NOTA 3 RIGHT OF USE

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

Description	01.01.2022		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	283,608	(90,001)	193,607
Right of use - buildings	2,595,410	(1,606,913)	988,497
Right of use - rolling stock	8,074,446	(2,705,875)	5,368,571
Right of use - other assets	500,655	(265,874)	234,781
Total	**11,454,119**	**(4,668,663)**	**6,785,456**

Changes for 2022 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - rolling stock	Right of use - other assets	Total
Net Value as at 01.01.2022	**193,607**	**988,497**	**5,368,571**	**234,781**	**6,785,456**
Acquisitions	39,802	587,808		115,432	**743,042**
Divestments Historical Cost	(73,508)			(179,513)	**(253,021)**
Divestments Accumulated depreciation	73,508			179,513	**253,021**
Amortisation/Depreciation Rates	(99,254)	(549,653)	(1,342,143)	(121,115)	**(2,112,165)**
Net Value as at 31.12.2022	**134,155**	**1,026,652**	**4,026,428**	**229,098**	**5,416,333**

Therefore at 31 December 2022, “Right of use” comprised the following:

Description	31.12.2022		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	249,902	(115,747)	134,155
Right of use - buildings	3,183,218	(2,156,566)	1,026,652
Right of use - rolling stock	8,074,446	(4,048,018)	4,026,428
Right of use - other assets	436,574	(207,476)	229,098
Total	**11,944,140**	**(6,527,807)**	**5,416,333**

Changes for 2023 are shown below:

Description	Right of use - software	Right of use - buildings	Right of use - rolling stock	Right of use - other assets	Total
Net Value as at 01.01.2023	**134,155**	**1,026,652**	**4,026,428**	**229,098**	**5,416,333**
Acquisitions	40,947	240,121	1,227,181	204,742	**1,712,991**
Divestments Historical Cost	(217,473)	(2,293,417)		(141,170)	**(2,652,060**
Divestments Accumulated depreciation	217,473	2,090,155		132,304	**2,439,932**
Amortisation/Depreciation Rates	(91,686)	(415,817)	(1,751,203)	(107,413)	**(2,366,119)**
Net Value as at 31.12.2023	**83,416**	**647,694**	**3,502,406**	**317,561**	**4,551,077**

Therefore, at 31 December 2023 “Right of use” comprised the following:

Description	31.12.2023		
	Historical cost	Accumulated amortisation	Net Value
Right of use - software	73,376	10,040	83,416
Right of use - buildings	1,129,922	(482,228)	647,694
Right of use - rolling stock	9,301,627	(5,799,221)	3,502,406
Right of use - other assets	500,146	(182,585)	317,561
Total	**11,005,071**	**(6,453,994)**	**4,551,077**

The item “Right to use rolling stock” includes the lease of 4 Bombardier E494 TRAXX DC locomotives leased to DB Cargo.

NOTA 4 EQUITY INVESTMENTS

At 31 December 2023, equity investments amounted to EUR 693,246 thousand, with an net decrease of EUR 16,756 thousand as a result of the changes that took place during the year and commented on below.

Investments are shown in the next table:

Description	31.12.2022			Changes in 2023				31.12.2023		
	Cost	(Impairment)	Book value	Increases	(Decreases)	Reclassification	(Impairment)/ Reversal of	Cost	(Impairment)	Book value
Equity investments in subsidiaries	662,640,241	(7,812,748)	654,827,493	4,050,000	(100,000)	—	(21,445,377)	666,590,241	(29,258,125)	637,332,116
Equity investments in joint ventures	48,607,674	—	48,607,674	1,000,000	—	—	—	49,607,674	—	49,607,674
Equity investments in associates	6,566,706		6,566,706	—	—	—	(570,000)	6,566,706	(570,000)	5,996,706
Investments in other companies measured at fair value through profit or loss	—	—	—	309,255	—	—	—	309,255	—	309,255
Total equity investments	**717,814,621**	**(7,812,748)**	**710,001,873**	**5,359,255**	**(100,000)**	**—**	**(22,015,377)**	**723,073,876**	**(29,828,125)**	**693,245,751**

Equity investments in subsidiaries

Investments in subsidiaries are shown in the following table:

Description	31.12.2022			Changes in 2023			31.12.2023		
	Cost	(Impairment)	Book value	Increases	(Decreases)	(Impairment)/ Reversal of impairment losses	Cost	(Impairment)	Book value
FERROVIENORD S.p.A.	4,571,732	(234,548)	4,337,184				4,571,732	(234,548)	4,337,184
FNM Autoservizi S.p.A.	16,274,641	(4,624,641)	11,650,000				16,274,641	(4,624,641)	11,650,000
Nuovo Trasporto Triveneto S.r.l.	248,000	(148,000)	100,000		(100,000)		148,000	(148,000)	—
Azienda Trasporti Verona S.r.l.	21,001,000	(769,000)	20,232,000				21,001,000	(769,000)	20,232,000
E-Vai S.r.l.	2,036,559	(2,036,559)	—	3,250,000			5,286,559	(2,036,559)	3,250,000
Malpensa Intermodale S.r.l.	1,165,377	—	1,165,377	800,000		(45,377)	1,965,377	(45,377)	1,920,000
Malpensa Distripark S.r.l.	1,500,000	—	1,500,000	—			1,500,000	—	1,500,000
Milano Serravalle – Milano Tangenziali S.p.A.	609,492,932	—	609,492,932	—		(19,000,000)	609,492,932	(19,000,000)	590,492,932
FNMPAY S.p.A.	4,850,000	—	4,850,000	—		(2,400,000)	4,850,000	(2,400,000)	2,450,000
FNM Power S.r.l.	1,500,000		1,500,000	—			1,500,000	—	1,500,000
Total equity investments in subsidiaries	**662,640,241**	**(7,812,748)**	**654,827,493**	**4,050,000**	**(100,000)**	**(21,445,377)**	**666,590,241**	**(29,258,125)**	**637,332,116**

Nuovo Trasporto Triveneto S.r.l. (NTT)
On 16 January 2023, the sale of the entire equity investment held by FNM in NTT S.r.l. was finalised, for the value of EUR 150 thousand.

E-Vai S.r.l.
On 14 December 2023, the Board of Directors of FNM, in consideration of the accumulated losses of the investee, approved a payment to cover losses in the amount of EUR 3,250 thousand, which was made on 22 December 2023. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

Malpensa Intermodale S.r.l.
On 17 February 2023, following a resolution passed by the Board of Directors on 24 January 2023, FNM made a capital contribution of EUR 800 thousand to cover the accumulated losses for the year 2022 and those expected in the 2023 budget. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

Milano Serravalle – Milano Tangenziali S.p.A.
Milano Serravalle - Milano Tangenziali S.p.A. (“MISE”) is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional agreement of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the Awarding Body.
The investment, recognised at a value of EUR 609,493 thousand, inclusive of accessory expenses, derives from the acquisition, at the end of July 2020, of the 13.6% stake in MISE’s share capital held directly and indirectly by ASTM, for EUR 85,842 thousand, and the acquisition of a further 82.6% stake in the share capital held by the Regione Lombardia, for EUR 519,151 thousand, completed on 26 February 2021.

Impairment Test

For the year 2023, the Directors tested for impairment the investments described below for which trigger events were identified.

ATV

A.T.V. S.r.l., in its capacity as contractor, provides public road transport services in the municipalities of Verona and Legnago and extra-urban services throughout the province of Verona.
The expiry of the current service agreement, originally scheduled for 30 June 2019, has been extended as described below.
On 6 December 2017, the provincial council of Verona approved the restricted call for tenders for the selection of the operator and by the established deadline of May 2018, ATV submitted a proposal for the expression of interest to participate in the public tender for the assignment of the local public transport (LPT) service for a contract duration of 7 years, with the possibility of renewal for an additional two years. However, following the pandemic emergency in February 2021, the procedure was suspended and then definitively revoked on 3 March 2023.
In the course of 2022, ATV proposed to the Government Body the possibility of an extension to 31 December 2026 in application of the provisions of Art. 24, paragraph 5-*bis* of Decree Law No. 4/2022 or following the presentation of an economic and financial plan for the following years that called for significant investments, including partial self-financing. Work on the project lasted

throughout the second half of the year, and at the end of 2023 ATV was granted an extension of the management of Verona's LPT until 31 December 2026.
In consideration of the above-mentioned context and the approval of a new EFP prepared in accordance with ART rules with greater investments than those set forth in the previous multi-year plan approved by ATV's Board of Directors, the FNM Directors identified a potential indicator of impairment of the investment in ATV.

The expected future cash flows used in impairment testing derive from the 2024-2026 long-term plan, approved by ATV's Directors on 11 December 2023. The new projections were developed on the basis of the following main assumptions:

1. alignment of energy costs consistent with the new macroeconomic environment on the basis of estimates performed by Entities recognised at international level;
1. investments for the renewal of the current bus fleet, totalling EUR 69.3 million, are valued at the expected market values, maintained for 2024, 2025 and 2026;
1. 15% fare increase starting from July 2023 and on tickets and season tickets from 1 January 2024 and in 2025 and 2026 for suburban tickets only from 1 January 2025. This assumption, deemed reasonable by the directors in view of the increase recognised in 2023 for tickets only and considering that ATV's fares have not been changed since 2012, was also made explicit in the EFP submitted to the Awarding Body in the context of the above-described concession extension procedure.

In this context, the recoverable amount of the equity investment held in ATV, considered to be the value in use, was determined by applying a single scenario represented by the hypothetical cessation of operations in 2026 (the last year of the plan) and the subsequent liquidation of the operating invested capital at the end of 2027 with a time lag of one year, assuming that the new concessionaire will take over during the year subsequent to the expiry of the service agreement. This time horizon is consistent with both the timing of the extension obtained and the timeframe between the date of the call for tenders and the start-up of the service by the new concessionaire, as can be observed on average in the LPT sector.
The liquidation of the invested capital was assumed at book values, also in consideration of the provisions of the Transport Regulatory Authority ("ART"), which through Regulatory Act of 28 November 2019 established that the "takeover value" for a new concessionaire is determined by the Awarding Body as the greater of the Net Book Value ("NBV") and the Market Value ("MV") within a maximum limit of deviation of 5% in the case of NBV>MV.

The rate used to discount cash flows determined as above is equal to 8.65% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of comparable sector companies.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value less costs of disposal of this CGU does not differ significantly from the value in use mentioned above.

A sensitivity analysis was carried out considering a change in the WACC discount rate. The following table shows the change in the value in use in millions of euros that would occur if this parameter were to vary:

WACC Sensitivity Analysis				
WACC				
7.65 %	8.15 %	8.65 %	9.15 %	9.65 %
0.97	0.72	0.48	0.24	0.01

The break-even WACC that leads to a cover value of zero is 9.66%.

E-Vai S.r.l.

In consideration of the impairment losses recognised in 2023 and those expected in the coming years, mainly caused by the elimination of the “Car Sharing” from the Service Agreement for the 2023-2027 period, signed by the Regione Lombardia with FERROVIENORD S.p.A., the Directors have identified an indicator of impairment of the carrying amount of the equity investment held in E-Vai S.r.l.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved on 12 December 2023 by directors of the investee for the 2024-2028 period, which include possibilities for the development of current car sharing services and in particular the “B2B” channel.

In particular, the plan expects growth in volumes, with the fleet increasing to 1,825 vehicles by the end of 2028; investments are not planned, and all production factors are hired. As a matter of prudence, a time horizon of 4 years (2024-2027) was considered in determining the value in use, excluding 2028 flows from the valuation. This allows for a valuation of the company which will reach normal operating activity in 2027 and the exclusion of the additional potential assessment of growth expected in 2028.

The estimated terminal value was calculated by projecting EBITDA and investments (including rights of use) equal to the average of the 2026 - 2027 two-year period.

The rate used to discount cash flows determined as above is equal to 9.20% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. However, to consider the higher risk profile of the plan, an Execution Risk Premium of +2% was added to the WACC.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and the g-rate growth rate in the calculation of the terminal value. The following table shows the change in cover, in millions of euros, that would occur if these parameters were changed:

Sensitivity Analysis on WACC and g rate in the impairment test of E-Vai						
		WACC				
		10.20 %	**10.70 %**	**11.20 %**	**11.70 %**	**12.20 %**
g rate	**(1.00) %**	0.39	0.03	-0.31	-0.61	-0.89
	(0.50) %	0.68	0.28	-0.08	-0.41	-0.71
	— %	0.99	0.56	0.17	-0.18	-0.50
	0.50 %	1.33	0.86	0.44	0.06	-0.28
	1.00 %	1.71	1.20	0.74	0.33	-0.04

The break-even WACC and g rate that leads to a cover value of zero is 11.44% and -0.34%, respectively.

Malpensa Intermodale S.r.l.

The directors of FNM have identified an indicator of impairment for the investment held in Malpensa Intermodale as a result of the actual losses not included in the 2023 budget.
The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved on 29 February 2024 by the Sole Director of the investee for the 2024-2026 period, which include possibilities for the development of current services, with the terminal starting to operate under normal circumstances starting from 2024 through:

- maintenance of current “car” traffic;
- growth in intermodal traffic consistent with the expansion of the space available at the Terminal (increase in the number of trains processed).

The estimated terminal value was calculated by projecting an average 2024-2026 EBITDA flow, in order to contain the effects of the growth expected throughout the plan period. Since the sum of rights of use is less than amortisation for the period, in the terminal value maintenance investments were assumed to be equal to amortisation for 2026, instead of the average of the 2024-2026 three-year period, since it is lower.

The rate used to discount cash flows determined as above is equal to 8.42% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The WACC used also includes 1% of additional risk-premium.

Impairment testing, carried out based on the above methodology, resulted in an impairment loss of EUR 45 thousand being recognised on the value of the equity investment.
The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis on WACC and g rate in the impairment test of MPX INTERMODALE						
		WACC				
		8.42 %	8.92 %	9.42 %	9.92 %	10.42 %
g rate	-1.0 %	0.07	-0.02	-0.11	-0.20	-0.27
	-0.5 %	0.14	0.04	-0.06	-0.15	-0.23
	0.0 %	0.22	0.11	—	-0.09	-0.18
	0.5 %	0.31	0.18	0.07	-0.03	-0.12
	1.0 %	0.41	0.27	0.15	0.04	-0.06

Malpensa Distripark S.r.l.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved by the directors of the investee on 29 February 2024 for the 2024-2028 period. The development of the real estate project in the Sacconago area, which is still under construction, will continue until 2026 for the full completion of the project. Then, according to the plan, from 2027 onwards all components of the

company will be generating income, although as of October 2023 the company has already started MTO (Multimodal Transport Operator) activities, in parallel with terminal area development.
Revenues are estimated on the basis of average market prices, with rent increases based on inflation.

The terminal value was estimated by projecting the 2028 EBITDA flow, with investments analytically estimated by considering the annual investments in extraordinary maintenance under normal circumstances on the basis of costs per square metre.

The rate used to discount cash flows determined as above is equal to 7.00% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The WACC used also includes 1% of additional risk-premium.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis on WACC and g rate in the impairment test of MPX DISTRIPARK						
		WACC				
		6.00	6.50	7.00 %	7.50 %	8.00 %
g rate	-1.0 %	0.93	-1.63	-3.83	-5.73	-7.39
	-0.5 %	3.49	0.55	-1.95	-4.11	-5.98
	0.0 %	6.47	3.06	0.18	-2.27	-4.38
	0.5 %	10.00	5.99	2.65	-0.17	-2.58
	1.0 %	14.24	9.46	5.53	2.25	-0.52

The break-even WACC and g rate that leads to a cover value of zero is 7.03% and 0.04%, respectively.

MISE
The FNM Directors have identified a potential indicator of impairment of the shareholding in MISE in consideration of the significant gap between the carrying amount of the shareholding and the portion of shareholders' equity held by FNM in the investee and the dividend distribution during 2023, amounting to EUR 23,400 thousand, as well as the updated economic and financial projections prepared by the investee in light of the comments made by ART on the Economic and Financial Plan ("EFP") sent to the awarding entity for approval.
In this context, the recoverable amount of the equity investment held in MISE, estimated using the fair value income approach, was determined on the basis of the 2024-2028 economic and financial projections approved by MISE's Board of Directors on 7 March 2024, developed on the basis of the EFP referred to above.
These projections reflect the following main changes with respect to the EFP:

1. update of the forecasts for the year 2024 based on the budget for that year, to replace forecasts for the same period included in the EFP;

1. updated traffic estimates post-Covid;
1. as of 2025, costs and revenues were inflated by adopting the rate of 2.3%, a parameter provided by the update to the EFP, in place of the EFP's inflation trend of 0.8%;
1. inclusion in the economic and financial projections of credit from notional items, accrued against: i) the quantification of the economic effects resulting from the COVID-19 epidemiological emergency to be applied to motorway concessionaires, the measurement of which was carried out on the basis of the forecasts included in the communication of 4 May 2021 prot. 7405 by the ART in relation to the principles and criteria for the quantification of such relief, whose right to recognition for MISE has also been confirmed following an in-depth examination carried out by an independent legal expert and, ii) the revision of the inflationary effect included within the economic and financial projections as described in point c). More specifically, the subsidiary simulated the impact on the regulatory financial plan deriving from the adoption of new estimated inflation rates, to be applied as set forth in the ART Resolution starting from the 2025-2028 regulatory period, and the above-mentioned relief for the economic effects deriving from the Covid-19 epidemiological emergency, therefore assuming, without changing the tariff trends set forth in the EFP, the accrual of a credit from notional items at the expiry of the current concession period for a nominal amount of approximately EUR 450 million (gross of the tax effect), which will be provided in a manner to be agreed upon with the awarding entity within the scope of contractual instruments.

Based on the above, the Directors, with the support of an independent expert, conducted impairment testing on the basis of the economic and financial projections discussed above, assuming a single scenario in which the terminal value is equal to the liquidation of invested capital in the course of 2029 and the collection of the above-mentioned receivable from notional items as the amount to be paid to the outgoing concessionaire deferred over time beyond the end of the Concession.

The rate used to discount cash flows determined as above is equal to 7.81% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk, taking into account the average Plan Debt/Equity ratio calculated on shareholders' equity carrying amounts.

Impairment testing, carried out based on the above methodology, resulted in an impairment loss of EUR 19,000 thousand being recognised on the value of the equity investment.

The Directors believe that the value in use of this investment does not exceed its fair value as commented on above.

The sensitivity analysis was carried out considering a change in the WACC discount rate in the calculation of the terminal value. The following table shows the change in impairment, in millions of euros, that would occur if this parameter were changed:

Sensitivity Analysis on WACC and g rate in the impairment test of				
WACC				
6.81 %	**7.31 %**	**7.81 %**	**8.31 %**	**8.81 %**
25.81	13.11	—	-10.89	-22.19

FNMPAY S.p.A.
In the final quarter of 2023, the company started the payment transaction agreement service referred to in Art. 1, paragraph 2, letter h)-*septies*.1), number 5) of Legislative Decree No. 385/1993. The subsidiary was formed in 2020 with a view to managing the acceptance of payments via POS (physical and virtual) by the companies of the FNM Group, which currently entrust this activity to third-party companies, as well as certain companies outside the Group operating in the transport sector, with predominant focus in the regions of Northern Italy and shared mobility at national level. In view of the substantial accumulated losses and the change in results compared to the original plan, the Directors identified an indicator of impairment.
The recoverable amount of the investment, considered as the fair value income approach, was determined using the expected future cash flows taken from the long-term plan approved by the Board of Directors of the investee on 5 March 2024 for the 2024-2028 period, which calls for:

- the consolidation of the acquiring service in 2024 with subsequent revenue growth in connection with higher transaction volumes both to captive companies and to the non-captive market;
- a gradual reduction in costs starting in the year 2025 (ICT, operational and pricing) by an average of 10% and 15% through the gradual in-housing of activities and the renegotiation of existing agreements with suppliers;
- investments for the completion of the platform amounting to approximately EUR 200 thousand.

Considering the company start-up phase, a time horizon of 5 years was chosen in order to allow it to become fully operational and the 2028 EBITDA flow was used as the terminal value.

The rate used to discount cash flows determined as above is equal to 10.61% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The WACC used also includes 1% of additional risk-premium, assumed as the Plan execution risk.

Impairment testing, carried out based on the above methodology, resulted in a recoverable amount with impairment loss of EUR 2,400 thousand on the value of the equity investment.

The Directors believe that the value in use of this investment does not exceed its fair value as commented on above.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis at WACC and at g rate of the impairment of FNMPAY						
		WACC				
		9.61	**10.11**	**10.61 %**	**11.11 %**	**11.61 %**
g rate	**-1.0 %**	0.13	-0.06	-0.24	-0.40	-0.55
	-0.5 %	0.28	0.07	-0.12	-0.30	-0.46
	0.0 %	0.45	0.21	—	-0.18	-0.35
	0.5 %	0.63	0.38	0.15	-0.06	-0.24
	1.0 %	0.84	0.55	0.30	0.08	-0.12

Equity investments in joint ventures

Investments in joint ventures are shown in the following table:

Description	31.12.2022			Changes in 2023				31.12.2023		
	Cost	(Impairment)	Book value	Increases	(Decreases)	Reclassification	(Impairment)/ Reversal of impairment losses	Cost	(Impairment)	Book value
NordCom S.p.A.	743,407	—	743,407					743,407	—	743,407
NORD ENERGIA S.p.A.	6,194,267	—	6,194,267					6,194,267	—	6,194,267
Mbility S.r.l.	—		—	1,000,000				1,000,000	—	1,000,000
Omnibus Partecipazioni S.r.l.	3,610,000	—	3,610,000					3,610,000	—	3,610,000
Trenord S.r.l.	38,060,000	—	38,060,000					38,060,000	—	38,060,000
Total equity investments in joint ventures	**48,607,674**	**—**	**48,607,674**	**1,000,000**	**—**	**—**	**—**	**49,607,674**	**—**	**49,607,674**

NORD ENERGIA S.p.A. in liquidation
On 10 January 2023, the liquidator appointment was filed with the register of companies and the first liquidation period began. On 11 September 2023, the activity of the subsidiary CMC Mesta SA was definitively discontinued and the company was removed from the Swiss Register of Companies. After being struck off, the liquidation capital was paid out for a total of EUR 8,216 thousand, of which EUR 3,567 thousand was recognised as dividends and EUR 4,649,010 as full reimbursement of the value of the shareholding.

Mbility S.r.l.
On 22 December 2023, FNM acquired a 30.77% stake in Mbility S.r.l. (“Mbility”), a company that facilitates the availability and increases the offer of transport services, including accompanied transport, for vulnerable or disabled people through its proprietary digital platform.
The Mbility equity investment was made by subscribing and paying in a share capital increase reserved to FNM in the amount of EUR 1 million.
Founded in 2020 in Milan, Mbility began operating in 2023 in Milan and Lombardy, with the aim of expanding nationwide, focusing on major cities. Due to operator fragmentation, low digitalisation and the significant growth forecasts of the reference market due to the constant ageing of the population, the Company has appealing outlooks for development, operating as a system aggregator through an enabling digital platform for all equipped and medical transport operators.

Trenord S.r.l.
On 23 November 2023, Trenord signed the new Service Agreement for regional rail transport in Lombardy with the Regione Lombardia for the period from 1 December 2023 to 30 November 2033.
Management did not identify any factors indicating the need for impairment testing, to verify the recoverability of the carrying amount of the equity investment held in Trenord S.r.l., both in consideration of the positive trend observed during 2023 and in relation to the signing of the service agreement for regional railway transport. For more details on the performance of the investee, please refer to section 9.5 of the Management Report.

Equity investments in associates

Investments in associates are shown in the following table:

Description	31.12.2022			Changes in 2023				31.12.2023		
	Cost	(Impairment)	Book value	Increases	(Decreases)	Reclassification	(Impairment)/ Reversal of impairment losses	Cost	(Impairment)	Book value
DB Cargo Italia S.r.l.	3,066,706	—	3,066,706					3,066,706	—	3,066,706
Busforfun.com S.r.l.	1,000,000	—	1,000,000					1,000,000	—	1,000,000
SportIT S.r.l.	2,500,000		2,500,000				(570,000)	2,500,000	(570,000)	1,930,000
Total equity investments in associates	**6,566,706**	**—**	**6,566,706**	**—**	**—**	**—**	**(570,000)**	**6,566,706**	**(570,000)**	**5,996,706**

Busforfun.com

FNM holds a 40% stake in the share capital of Busforfun.com ("Busforfun"), an innovative start-up active in the tourism and commuting technology sector which, through the fleximob model, involves the evolution of personal mobility in companies by means of shuttles outsourced to third parties. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved on 30 January 2024 by the directors of the investee for the 2024-2026 period, which calls for development in the B2B channel and consolidation of the B2C channel.

The estimated terminal value was calculated by projecting an average EBITDA flow for the 2024-2026 three-year period, to make up for the plan's implicit growth due to the Milan-Cortina Winter Olympics.

The rate used to discount cash flows determined as above is equal to 12.74% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. The WACC used also includes 1% of additional risk-premium, assumed as the Plan execution risk.

Impairment testing, carried out according to the above methodology, did not identify any impairment and therefore the carrying amount of the investment was deemed recoverable.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and the g-rate growth rate in the calculation of the terminal value. The following table shows the change in impairment, in millions of euros, that would occur if these parameters were changed:

Sensitivity Analysis on WACC and g rate in the impairment test of Busforfun						
		WACC				
		11.74	12.24	12.74 %	13.24 %	13.74 %
g rate	-1.0 %	1.01	0.84	0.68	0.52	0.39
	-0.5 %	1.10	0.92	0.75	0.59	0.45
	0.0 %	1.19	1.00	0.82	0.66	0.51
	0.5 %	1.29	1.09	0.90	0.73	0.57
	1.0 %	1.40	1.19	0.99	0.81	0.64

The break-even WACC and g rate that lead to a cover value of zero are 15.76% and -9.40%, respectively.

Sportit S.r.l.
FNM holds a 33% equity investment in Sportit S.r.l.(Sportit), a company active under the Snowit brand and the main marketplace for the integrated online sale of ski passes, ski-related services and experiences relating to the mountain world in the main European skiing destinations. In relation to the results reported by the investee company, the Directors deemed it appropriate to perform the impairment test as described below.

The recoverable amount of the investment considered to be the value in use was determined using the expected future cash flows taken from the long-term plan approved by the investee company's Board of Directors on 27 February 2024, for the 23/24 - 28/29 period in its inertial version, which therefore does not consider development initiatives, and rather only takes into account existing projects and services.

Considering the company start-up phase, a time horizon of 5 years was chosen in order to allow it to become fully operational with reference to its existing business activities/offering.

The rate used to discount cash flows determined as above is equal to 12.41% (net tax) and reflects current market valuations of the present value of money and specific risks of the asset, processed with reference to the country risk (Italy) and systematic risk and the financial structure of the sector, based on mean values observed for a sample of listed sector companies. No execution premium was considered, as the impairment test is based on an inertial plan that expresses current income capacity and excludes any potential provided by development initiatives.

Impairment testing, carried out based on the above methodology, resulted in an impairment loss of EUR 570 thousand being recognised on the value of the equity investment.

The Directors believe that the fair value of this equity investment does not differ significantly from the value in use mentioned above.

The sensitivity analysis was carried out considering both a change in the WACC discount rate and a g-rate growth rate in the calculation of the terminal value. The write-downs in millions of euros that would occur if these parameters were to change are shown below:

Sensitivity Analysis on WACC and g rate in the impairment test of SportIT						
		WACC				
		11.41	11.91	12.41 %	12.91 %	13.41 %
g rate	-1.0 %	0.05	-0.01	-0.06	-0.11	-0.16
	-0.5 %	0.09	0.03	-0.03	-0.09	-0.14
	0.0 %	0.13	0.06	—	-0.05	-0.11
	0.5 %	0.17	0.10	0.04	-0.02	-0.08
	1.0 %	0.22	0.15	0.08	0.01	-0.05

Investments in other companies

On 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 involves cumulative investments over the 5-year period of EUR 10 million in technological innovation and data management projects.

Assets held for sale - La Linea S.p.A.

On 31 March 2023, the sale of the equity investment in La Linea S.p.A., also entailing the disposal of the equity investment held indirectly in Martini Bus S.r.l., was finalised. 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.

The following information on investments held is also reported:

Description	Type	Valuation	Capital	Shareholders' Equity (including result)	Profit/loss	% of ownership	Shareholders' equity held	Book value
FERROVIENORD S.p.A. Milan - P.le Cadorna, 14	Subsidiary	Cost	5,250,000	47,419,038	2,968,895	100 %	47,419,038	4,337,184
FNM Autoservizi S.p.A. Milan - P.le Cadorna, 14	Subsidiary	Cost	3,000,000	21,062,808	1,113,087	100 %	21,062,808	11,650,000
E-Vai S.r.l. Milan - P.le Cadorna, 14	Subsidiary	Cost	1,100,000	1,069,409	(2,296,192)	100 %	1,069,409	3,250,000
Malpensa Intermodale S.r.l. Milan - P.le Cadorna, 14	Subsidiary	Cost	500,000	474,252	(320,987)	100 %	474,252	1,920,000
Malpensa Distripark S.r.l. Milan - P.le Cadorna, 14	Subsidiary	Cost	500,000	456,500	(301,796)	100 %	456,500	1,500,000
Azienda Trasporti Verona S.r.l. Verona - Lungadige Galtarossa, 5	Subsidiary	Cost	15,000,000	36,279,144	2,083,264	50 %	18,139,572	20,232,000

La Linea S.p.A. Venice - Via della Fisica 30	Subsidiary	Cost	20,519	1,026,052	(114,597)	31 %	315,716	1,000,000
FNMPAY S.p.A. Milan - P.le Cadorna, 14	Subsidiary	Cost	150,000	2,139,779	(1,481,379)	100 %	2,139,779	2,450,000
Milano Serravalle – Milano Tangenziali S.p.A. Assago - Via del Bosco Rinnovato, 4/b	Subsidiary	Cost	93,600,000	446,581,803	64,387,961	100 %	446,581,803	590,492,932
FNM Power S.r.l. Milan - P.le Cadorna, 14	Subsidiary	Cost	1,500,000	1,458,125	(16,160)	100 %	1,458,125	1,500,000
Trenord S.r.l. Milan - P.le Cadorna, 14	Joint Venture	Cost	76,120,000	98,858,551	19,017,016	50 %	49,429,276	38,060,000
NORD ENERGIA S.p.A. Milan - P.le Cadorna, 14	Joint Venture	Cost	10,200,000	19,069,769	3,445,130	60 %	11,441,861	6,194,267
NordCom S.p.A. Milan - P.le Cadorna, 14	Joint Venture	Cost	5,000,000	16,499,258	1,121,172	58 %	9,569,570	743,407
Omnibus Partecipazioni S.r.l. Milan - P.le Cadorna, 14	Joint Venture	Cost	20,000	9,971,413	1,984,921	50 %	4,985,707	3,610,000
DB Cargo Italia S.r.l. Milan - P.le Cadorna, 14	Associate	Cost	3,000,100	38,464,935	3,475,066	40 %	15,385,974	3,066,706
SportIT S.r.l. Milan - Viale Abruzzi, 41	Associate	Cost	489,244	220,957	(1,028,776)	33 %	73,579	1,930,000
Busforfun.com S.r.l. Venice - Via Botteghino 217	Associate	Cost	16,667	747,832	(822,569)	40 %	299,133	1,000,000
Mbility S.r.l. Milan - Via Santa Sofia No. 27	Associate	Cost	20,519	1,026,052	(114,597)	31 %	315,716	1,000,000

Reference is made to the management report for a comment on the performance of investees, subsidiaries, joint ventures and associates.

NOTA 5 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

This item at 31 December 2023 is broken down in the following table:

Description	31.12.2023		
	Non-Current	Current	Total
Busforfun.com Loan	2,400,000	1,849,314	4,249,314
Malpensa Distripark Loan	1,840,833		1,840,833
SporIT loan	925,000	97,566	1,022,556
Receivables current accounts from subsidiaries		1,180,499	1,180,499
(LESS) IFRS 9 Impairment Provision		(5,989)	(5,989)
Other financial assets measured at amortised cost (Note 34)	**5,165,833**	**3,121,380**	**8,287,213**
Total	**5,165,833**	**3,121,380**	**8,278,213**

This item at 31 December 2021 is broken down in the following table:

Description	31.12.2022		
	Non-Current	Current	Total
Other financial receivables		38,323	38,323
Provision for financial bad debts		(38,323)	(38,323)
Other financial assets measured at amortised cost	—	—	—
La Linea Loan	6,244,444	1,027,227	7,271,671
Busforfun.com Loan	1,600,000	479,791	2,079,791
Malpensa Distripark Loan	1,802,306		1,802,306
Receivables current accounts from subsidiaries		431,465	431,465
(LESS) IFRS 9 Impairment Provision		(5,989)	(5,989)
Other financial assets measured at amortised cost (Note 34)	**9,646,750**	**1,932,494**	**11,579,244**
Total	**9,646,750**	**1,932,494**	**11,579,244**

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

The loan, for a total of EUR 2,000 thousand, with a term of 6 years from the date on which it was taken out, bore interest at a variable rate equal to the 6-month Euribor + 100 bps per annum (revised from the previous 6-month Euribor + 165 bps by resolution of the FNM Board of Directors of 2 August 2023) and provided for repayment in 5 annual instalments with the first instalment due on 31 December 2022.

In order to support the strategic development of the investee, on 2 December 2022 the FNM Board of Directors approved, among other things:*(i)* taking out of an additional loan in favour of Busforfun, to be disbursed in the year 2023, at an interest rate equal to the 6-month Euribor plus a spread of 4% (changed to the 6-month Euribor + 100 bps by FNM Board of Directors resolution of 2 August 2023), for EUR 2,000 thousand, repayable in 5 equal principal instalments, with the first

instalment commencing on 31 December 2024; *(ii)* the postponement of the start date of the first instalment for the repayment of the outstanding loan from 31 December 2022 to 31 December 2023, with all other conditions remaining the same, without prejudice to the recalculation of financial expenses.
The additional loan was taken out on 25 January 2023 and disbursed in full for EUR 2,000 thousand.
The item “Busforfun.com Loan” includes interest accrued and not yet collected in the amount of EUR 249 thousand.
Lastly, on 30 January 2024, the FNM Board of Directors, having acknowledged the 2023-2026 Business Plan approved by the Busforfun Board of Directors on 29 January 2024, approved extinguishing the two loans described above in advance and the approval of a new loan of EUR 6,000 thousand, with a residual amount to be disbursed of EUR 2,000 thousand in consideration of the disbursements already made with the two extinguished loans equal to EUR 4,000 thousand.
The loan, potentially convertible and maturing on 31 December 2033, has an interest rate equal to 6-month Euribor as of 31 January 2024 of 3.835% plus a margin of 1.5%, a 4-year pre-amortisation period with the first repayment instalment on 31 December 2028 and subsequent maturities on 31 December of each year. The interest expenses accrued on the two extinguished loans must be settled by 31 December 2026.
On 14 November 2022, the Company signed a loan agreement with the subsidiary Malpensa Distripark in order to support the realisation of “Phase 0” (acquisition of land for the construction of an area for parking loading units, a third track, a set of terminal tracks and the expansion of shunting platforms) for the development of the existing Sacconago Terminal, for a total of EUR 11 million. The loan has a term of 25 years and bears interest at a fixed annual rate of 1.5%. The contract signed requires repayment in 25 yearly instalments, with the first instalment falling due one year after the completion of the works. As at 31 December 2022, the loan was disbursed in the amount of EUR 800 thousand.
Subsequently, on 6 December 2022, the Company entered into a second loan agreement with the subsidiary Malpensa Distripark, for a total of EUR 32 million, in order to support “Phase 1” and “Phase 2” of the development of the existing Sacconago Terminal, consisting of the construction of functions and services (warehouses, offices, refreshment area, fuel station, maintenance workshop) to support the Terminal as well as a logistics shed with relative access, manoeuvring and parking spaces, with the possibility of also installing a fourth track. The loan has a term of 20 years and bears interest at a fixed annual rate of 2.6%. The contract signed requires repayment in 20 yearly instalments, with the first instalment falling due one year after the completion of the works. As at 31 December 2023, the loan was disbursed in the amount of EUR 1,000 thousand.
The item “Malpensa Distripark Loan” includes interest accrued and not yet collected in the amount of EUR 41 thousand.

On 11 May 2023, the FNM Board of Directors approved a loan to the associate SportIT to support its development plan.
The loan, totalling EUR 3,000 thousand, matures 10 years after the stipulation date. The credit facility bears interest at a floating rate of 1-month Euribor + 75 bps per annum. The agreement signed provides for 4 tranches and a repayment in quarterly instalments, with the first instalment falling due one year after the date of disbursement of each tranche.
The loan was signed on 26 May 2023 and disbursed for EUR 1,000 thousand on 12 June 2023.
The item “SportIT Loan” includes interest accrued and not yet collected in the amount of EUR 23 thousand.

On 31 March 2023, at the closing of the sale of the equity investment held in La Linea S.p.A., the loans granted to it were fully repaid.

Current account receivables from subsidiaries include EUR 622 thousand (EUR 430 thousand at 31 December 2022) relative to the current account receivable from Malpensa Intermodale S.r.l. and EUR 558 thousand (payable balance of EUR 697 thousand at 31 December 2022) for the current account receivable from Malpensa Distripark S.r.l. As at 31 December 2022, the item also included the current account receivable from FNM Power for EUR 1 thousand.

Effective rates of the return on receivables are indicated below:

Description	2023	2022
Subsidiary and associate loans	1.50% - 7.861%	1.65% - 3%
Receivables current accounts vs subsidiaries	1.391 %	0.073 %

NOTA 6 DEFERRED TAX ASSETS AND LIABILITIES

(Amounts in thousands of Euro)

Description	31.12.2023	31.12.2022	Change
Deferred tax assets	10,800	10,063	737
Deferred tax liabilities	79	93	(14)
Net deferred tax assets	**10,721**	**9,970**	**751**

Changes in net deferred tax assets for the year are shown below:

(Amounts in thousands of Euro)

Description	31.12.2023	31.12.2022	Change
Balance at the start of the year	**9,970**	**7,957**	**2,013**
Allocated to income statement	744	2,037	(1,293)
Allocated to shareholders' equity	7	(24)	31
Balance at the end of the year	**10,721**	**9,970**	**751**

Deferred tax assets and liabilities are mainly generated from temporary differences on income components with a future deductibility or taxability.
The nature of temporary differences generating deferred tax assets and liabilities is summarised below:

Deferred tax assets

(Amounts in thousands of Euro)

Deferred tax assets 31.12.2022	**Balance as at 01.01.2022**	**Allocated to income statement**	**Allocated to capital**	**Balance as at 31.12.2022**
Allocation	773	(4)		769
Post-employment benefit valuation	36	9	(24)	21
Intangible assets	54	(2)		52
Plant, property and equipment write-backs, impairments and depreciation	6,987	1,998		8,985
Impairment of Receivables	222	14		236
Total	**8,072**	**2,015**	**(24)**	**10,063**

Deferred tax assets 31.12.2023	**Balance as at 01.01.2023**	**Allocated to income statement**	**Allocated to capital**	**Balance as at 31.12.2023**
Allocation	769	(548)		221
Post-employment benefit valuation	21	(11)	7	17
Intangible assets	52	15		67
Plant, property and equipment write-backs, impairments and depreciation	8,985	1,274		10,259
Impairment of Receivables	236			236
Total	**10,063**	**730**	**7**	**10,800**

Deferred tax liabilities

(Amounts in thousands of Euro)

Deferred tax liabilities 31.12.2022	**Balance as at 01.01.2022**	**Allocated to income statement**	**Allocated to capital**	**Balance as at 31.12.2022**
Property, plant and equipment	115	(22)		93
Total	**115**	**(22)**	**—**	**93**

Deferred tax liabilities 31.12.2023	**Balance as at 01.01.2023**	**Allocated to income statement**	**Allocated to capital**	**Balance as at 31.12.2023**
Property, plant and equipment	93	(14)		79
Total	**93**	**(14)**	**—**	**79**

Considerations on estimates of future taxability of the Company, on which the recognition of deferred taxes depends, are made in the section “Items subject to significant assumptions and estimates”.

NOTA 7 TRADE RECEIVABLES

The next table shows entries for trade receivables from related parties and third parties, suitably adjusted by the provision for bad debts:

Description	31.12.2023	31.12.2022
Receivables from third parties	2,009,086	1,565,731
(LESS) Provision for bad debts	(96,763)	(105,907)
(LESS) IFRS 9 Impairment Provision	(43,226)	(43,226)
Trade receivables	**1,869,097**	**1,416,598**
Trenord S.r.l.	33,697,090	20,069,613
FERROVIENORD S.p.A.	7,515,615	2,032,676
Milano Serravalle – Milano Tangenziali S.p.A.	3,636,651	3,545,960
FNM Autoservizi S.p.A.	944,759	891,641
DB Cargo Italia S.r.l.	913,635	715,114
FNMPAY S.p.A.	202,285	131,865
E-Vai S.r.l.	151,053	26,679
NordCom S.p.A.	140,671	74,453
ASF Autolinee S.r.l.	62,127	17,752
NORD ENERGIA S.p.A.	46,675	8,008
Nord_Ing S.r.l.	43,805	33,731
Malpensa Intermodale S.r.l.	31,966	35,865
Malpensa Distripark S.r.l.	23,366	21,976
FNM Power S.r.l.	13,959	19,192
ATV S.p.A.	13,734	8,21
Milano Serravalle Engineering S.r.l.	4,033	1,052
Omnibus Partecipazioni S.r.l.	3,05	200,831
Martini Bus S.r.l.	1,694	1,694
La Linea S.p.A.		133,969
Fuorimuro Servizi Portuali e Ferroviari S.r.l.		29,28
NTT S.r.l.		310
(LESS) IFRS 9 Impairment Provision	(57,781)	(57,781)
Trade receivables from related parties (Note 34)	**47,388,387**	**27,942,090**
Total	**49,257,484**	**29,358,688**

“Receivables from third-party customers” increased as a result of the transfer to third parties in December for EUR 427 thousand of the optional portion of the framework agreement entered into with Alstom for the purchase of hydrogen-powered trains.

Trade receivables from related parties increased due to the different commercial counterparty collection timing, particularly receivables due from Trenord and Ferrovienord.

Provision for bad debts

Following analysis of the risk of the non-collectability of receivables at the end of the reporting period, the EUR 97 thousand allocated to the provision in previous years, net of uses during the period of EUR 9 thousand, was deemed sufficient.
The fair value of receivables, obtained by adjusting their nominal value through the provision for bad debts (allocated to estimate the risk of the non-collectibility of receivables existing at the end of each reporting period), approximates the carrying amount of the receivables at 31 December 2023 and 31 December 2022.

NOTA 8 OTHER CURRENT AND NON-CURRENT ASSETS

The next tables show items relative to "Other receivables" for 2023 and 2022:

Description	31.12.2023		
	Non-Current	Current	Total
Tax receivables	—	3,564,872	3,564,872
Receivables in insolvency proceedings		1,507,660	1,507,660
Prepayments	332,037	741,247	1,073,284
Receivables from others	21,03	933,515	954,545
(Less) Provision for bad debts		(1,507,660)	(1,507,660)
Other receivables	**353,067**	**5,239,634**	**5,592,701**
Other receivables from related parties (Note 34)		**10,192,242**	**10,192,242**
Total	**353,067**	**15,431,876**	**15,784,943**

Description	31.12.2022		
	Non-Current	Current	Total
Tax receivables		7,714,850	7,714,850
Receivables in insolvency proceedings		1,511,346	1,511,346
Prepayments	511,458	776,978	1,288,436
Receivables from others	139,543	379,332	518,875
(Less) Provision for bad debts		(1,511,346)	(1,511,346)
(LESS) IFRS 9 Impairment Provision		—	—
Other receivables	**651,001**	**8,871,160**	**9,522,161**
Other receivables from related parties (Note 34)		**10,567,864**	**10,567,864**
Total	**651,001**	**19,439,024**	**20,090,025**

Other assets

Tax receivables
Current tax receivables refer to the Group's VAT receivable arising from the monthly VAT settlement for EUR 3,442 thousand (EUR 7,561 thousand at 31 December 2022) and the tax credit referring to the "facade bonus" for EUR 123 thousand (EUR 154 thousand at 31 December 2022).
Receivables in insolvency proceedings
"Receivables in insolvency proceedings" were written down entirely in the specific "provision for bad debts".

Prepayments
Current deferred charges refer to deferrals for the Warranty & Indemnity (W&I) insurance policy taken out to cover the Representations & Warranties set forth in the sale and purchase agreement entered into with the Regione Lombardia for the purchase of MISE, for EUR 511 thousand (EUR 728 thousand at 31 December 2022), as well as EUR 366 thousand for the advance paid to Alstom in relation to the purchase of documentary material required by the long-term maintenance contract for CSA type rolling stock used for the airport service.

Receivables from others
"Receivables from others" mainly refer to advances for services paid to suppliers for EUR 130 thousand (EUR 208 thousand at 31 December 2022), as well as credit notes to be received for EUR 20 thousand (EUR 19 thousand at 31 December 2021).
Furthermore, the item includes the costs incurred for development projects pertaining to future years for EUR 761 thousand.

The fair value of receivables other than those recognised as "Receivables in insolvency proceedings", obtained by adjusting their nominal value through the provision for bad debts (allocated to estimate the risk of the non-collectibility of receivables existing at the end of each reporting period) approximates the carrying amount of the receivables at 31 December 2023 and 31 December 2022.

Other assets – related parties

Other receivables from related parties include:

Description	31.12.2023	31.12.2022
Milano Serravalle-Milano Tangenziali S.p.A.	6,085,756	6,654,809
FERROVIENORD SpA	3,188,094	1,262,040
FNM Autoservizi S.p.A.	359,958	206,437
E-Vai S.r.l.	333,789	282,353
NordCom SpA	168,122	344,16
Malpensa Intermodale S.r.l.	52,671	40,508
NORD_ING S.r.l.	13,957	
NORD ENERGIA SpA		1,329,072
FNMPAY S.p.A.		230,906
Milano Serravalle Engineering S.r.l.		227,684
Total related companies (Note 34)	**10,202,347**	**10,577,969**
(LESS) IFRS 9 Impairment Provision	(10,105)	(10,105)
Total related parties (Note 34)	**10,192,242**	**10,567,864**

Receivables from related companies refer to tax receivables: they include the items arising from Tax Consolidation for EUR 8,624 thousand (EUR 7,941 thousand at 31 December 2022) and Group VAT for EUR 1,568 thousand (EUR 2,628 thousand at 31 December 2022).

NOTA 9 CURRENT TAX RECEIVABLES

The next table shows how this item is broken down:

Description	31.12.2023	31.12.2022
IRAP (REGIONAL BUSINESS TAX)	224,261	—
Total Receivables for taxes	**224,261**	**—**

This item includes amounts due from the tax authorities for IRES and IRAP, which increased with respect to the previous year due to higher IRAP advances paid, for EUR 1,072 thousand, compared to the expense attributable to the year of EUR 848 thousand.

NOTA 10 CASH AND CASH EQUIVALENTS

The next table shows how this item is broken down:

Description	31.12.2023	31.12.2022
Bank and postal deposits	269,607,782	116,371,136
Cash on hand	10,843	39,247
(LESS) Impairment IFRS 9	(727,109)	(657,438)
Total	**268,891,516**	**115,752,945**

The Company manages the liquidity of the other Group companies in cash pooling; therefore, in view of cash on bank deposits of EUR 269,608 thousand, FNM has giro accounts receivables of EUR 1,180 thousand (EUR 431 thousand at 31 December 2022) and giro accounts payable of EUR 298,258 thousand (EUR 153,011 thousand at 31 December 2022), including interest, represented below:

(Amounts in thousands of Euro)

Description	31.12.2023	31.12.2022
Malpensa Intermodale S.r.l.	622	430
FNM Power S.r.l.	—	1
Malpensa Distripark S.r.l.	558	—
Total receivables	**1,180**	**431**
Milano Serravalle-Milano Tangenziali S.p.A.	94,144	86,993
FERROVIENORD S.p.A.	166,616	21,663
NORD ENERGIA S.p.A.	19,377	20,381
NordCom S.p.A.	7,155	8,258
FNM Autoservizi S.p.A.	2.782	4,011
FNMPAY S.p.A.	949	2,931
FNM Power S.r.l.	1,491	—
E-Vai S.r.l.	1,473	109
NORD_ING S.r.l.	780	719
Malpensa Distripark S.r.l.	—	697
Martini Bus S.r.l.	—	94
La Linea S.p.A.	—	239
Corporate bodies	3,491	6,916
Total payables	**298,258**	**153,011**

On this giro accounts, interest income and expenses are paid at market rates (Note 5 and Note 12). In relation to the adoption of IFRS 9, based on the expected losses model, the Company considers the expected losses along the life of the financial asset at each reference date of the financial statements, for this purpose an impairment adjustment of EUR 69 thousand was carried out.

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

NOTA 11 SHAREHOLDERS' EQUITY

The table breaks down shareholders' equity at 31 December 2023 and 31 December 2022, indicating possible uses of reserves.

(Amounts in thousands of Euro)

Description	31/12/2023	31/12/2022	Changes	Allowable uses
Share Capital	230,000	230,000		
Other Reserves:				
– Share premium reserve	6,545	6,545		A, B
– Provisions for grants and donations	1,078	1,078		A, B, C
– Merger surplus reserve	165	165		A, B, C
Total Other Reserves:	*7,789*	*7,789*		
Reserve for indivisible profit:				
– Legal reserve	17,579	17,177	402	A, B
– Demerger surplus reserve	2,832	2,832	—	A, B, C
– Extraordinary reserve	97,426	97,426	—	A, B, C
– FTA IFRS 9	(575)	(575)	—	
– Retained earnings	48,179	50,553	(2,374)	A, B, C
Total Reserve for indivisible profit:	*165,441*	*167,413*	*(1,972)*	
Reserve for actuarial Gains/(Losses)	(122)	(106)	(16)	
Profit for the year	14,237	8,031	6,207	
Total	**417,345**	**413,127**	**4,219**	

Key: A = to increase capital - B = to cover losses - C = to distribute to shareholders

The following changes in shareholders' equity were recorded in 2022 and 2023:

(Amounts in thousands of Euro)

Description	Share capital	Share premium reserve	Provisions for grants and donations	Merger surplus reserve	Legal Reserve	Demerger surplus reserve	Extraordinary reserve	Retained earnings (losses)	Reserve for actuarial gains/ losses	Operating result	Total
Balance as at 01.01.2022	**230,000**	**6,546**	**1,078**	**165**	**16,907**	**2,832**	**96,851**	**45,415**	**(177)**	**5,408**	**405,025**
Allocation of 2021 profit					270			5,138		(5,408)	
Reserve for actuarial gains/ losses									71		71
Profit for the year										8,031	8,031
Balance as at 31.12.2022	**230,000**	**6,546**	**1,078**	**165**	**17,177**	**2,832**	**96,851**	**50,553**	**(106)**	**8,031**	**413,127**
Allocation of 2022 profit					402			7,629		(8,031)	
Distribution of dividends								(10,003)			(10,003)
Reserve for actuarial gains/ losses									(16)		(16)
Profit for the year										14,237	14,237
Balance as at 31.12.2023	**230,000**	**6,546**	**1,078**	**165**	**17,579**	**2,832**	**96,851**	**48,179**	**(122)**	**14,237**	**417,345**

Share capital

At 31 December 2023 and 31 December 2022, fully paid-up share amounted to EUR 230,000,000, comprising 434,902,568 ordinary shares, with no par value.

Share premium reserve and Provisions for grants and donations

These reserves did not change compared to the previous year.

Merger surplus reserve

Pursuant to article 2504-*bis,* paragraph 4 of the Italian Civil Code, this financial statement item includes the surplus from the merger by incorporation of the subsidiary Interporti Lombardi S.p.A, completed in October 2008. This merger surplus resulted from the difference between the shareholders' equity of the incorporated entity, equal to EUR 665 thousand, and the value of the investment held by FNM in Interporti Lombardi S.p.A., equal to EUR 500 thousand. This reserve did not change compared to the previous year.

Legal reserve

This item increased due to the allocation of the result for 2022. In this regard, it should be highlighted that, on 21 April 2023 the Shareholders' Meeting approved the separate financial statements of the Company at 31 December 2022 and resolved to allocate profit for the year as follows:

- EUR 401 thousand to legal reserve;

- EUR 7,629 thousand as distribution of the ordinary dividend to Shareholders.

Furthermore, in order to guarantee remuneration of EUR 0.0230 for each ordinary share outstanding, the Shareholders' Meeting resolved to add EUR 2,374 thousand to the dividend by using the retained earnings reserves. Including this amount distributed, the total dividend amounted to EUR 10,003 thousand.

Demerger surplus reserve

During 2010, FERROVIENORD was demerged in favour of FNM, with reference to the demerged unit represented, in terms of assets, by the investment held in the share capital of the company DB Cargo Italia S.r.l. (40%) and, in terms of liabilities, by the portion of shareholders' equity comprising “Retained earnings” equal to EUR 3,066,706. The demerger led to a decrease in the shareholders' equity of FERROVIENORD from EUR 53,022,518 to EUR 49,955,812, with a reduction equal to 5.7838%; therefore the carrying amount of the investment in FERROVIENORD was reduced by the same percentage, with a write-down of EUR 234,548. The difference between the carrying amount of the investment in DB Cargo Italia S.r.l. and the decrease in the carrying amount of the investment in FERROVIENORD, equal to EUR 2,832,158, was therefore identified in the demerger surplus reserve in shareholders' equity. This reserve did not change compared to the previous year.

Extraordinary reserve

The item remained unchanged from the previous year.

Retained earnings

It decreased as a result of dividends distributed, as already commented on under “Legal reserve”.

Reserve for actuarial gains/losses

This item refers to cumulative actuarial gains and losses at 31 December 2022, from the measurement of post-employment benefit, net of the related tax effect, in accordance with IAS 19.

NOTA 12 CURRENT AND NON-CURRENT PAYABLES TO BANKS

Payables to banks at 31 December 2023 and 31 December 2022 are broken down as follows:

Description	31.12.2023		
	Non-Current	**Current**	**Total**
BEI Funding	16,792,752	8,387,927	25,180,679
Payables to banks	**16,792,752**	**8,387,927**	**25,180,679**

Description	31.12.2022		
	Non-Current	Current	Total
BEI Funding	25,130,708	8,315,157	33,445,865
Payables to banks	**25,130,708**	**8,315,157**	**33,445,865**

The item "EIB Funding" is entirely attributable to the disbursement of the loan taken out by the Company from the European Investment Bank on 21 December 2017, for a total maximum amount of EUR 50 million. The purpose of the loan is to guarantee the financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel.
The loan was fully disbursed in the course of 2020. In particular, on 20 March 2020, the first tranche of EUR 10 million was disbursed, and on 12 October 2020 the second tranche of EUR 40 million. The first tranche of the loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021. The second tranche of the loan has a fixed rate of 0.446%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 12 October 2021.
Both instalments falling due during the year, amounting to EUR 8,315 thousand, were repaid.

The contract makes provision, effective from the monitoring date of 31 December 2021, for financial covenants, calculated on the Group's Consolidated Financial Statements (Annual and Interim):

- NFP/Shareholders' Equity ≤ 3.0 at the calculation dates of 31 December 2023 and 30 June 2024, ≤ 2.5 for subsequent calculation dates;
- NFP/EBITDA ≤ 5.85;
- EBITDA/Financial expenses ≥ 5.77.

As at the closing date of 31 December 2023, based on available data, these covenants have been met.
Please also note that, aside from the above-mentioned refinancing, the Company has liquidity headroom of around EUR 120 million in uncommitted lines, thereby offering sufficient financial flexibility.

Reference is made to section 8.2 of the management report for detailed information about the Company's financial structure.
Please also note that, aside from the above-mentioned refinancing, the Group has liquidity headroom of around EUR 123 million in uncommitted lines, thereby offering sufficient financial flexibility.

Reference is made to section 8.2 of the management report for detailed information about the Company's financial structure.

NOTA 13 BOND, CURRENT AND NON-CURRENT FINANCIAL PAYABLES AND LEASE LIABILITIES

The next tables show items relative to "Financial payables" at 31 December 2023 and 31 December 2022:

Description	31.12.2023		
	Non-Current	Current	Total
Bond Loan	645,847,833	961,242	646,809,075
Payables current accounts to third parties	—	2,988,257	2,988,257
Payables for lease agreements	2,186,636	2,127,340	4,313,976
Financial Payables	**648,034,469**	**6,076,839**	**654,111,308**
Payables current accounts to related parties	—	295,269,423	295,269,423
Payables for lease agreements	365,187	167,455	532,642
Financial payables to related parties (Note 34)	**365,187**	**295,436,878**	**295,802,065**
Total	**648,399,656**	**301,513,717**	**949,913,373**

Description	31.12.2022		
	Non-Current	Current	Total
Bond Loan	644,397,343	961,644	645,358,987
Payables current accounts to third parties	—	4,969,451	4,969,451
Payables for lease agreements	2,963,450	1,626,657	4,590,107
Accruals for interest on financial payables	—	49,009	49,009
Financial Payables	**647,360,793**	**7,606,761**	**654,967,554**
Payables current accounts to related parties	—	148,041,966	148,041,966
Payables for lease agreements	442,912	642,746	1,085,658
Financial payables to related parties (Note 34)	**442,912**	**148,684,712**	**149,127,624**
Total	**647,803,705**	**156,291,473**	**804,095,178**

The due date of the non-current component is shown below:

Description	31.12.2023	31.12.2022
Between 1 and 2 years	2,058,604	2,079,153
Between 2 and 5 years	646,254,398	645,794,494
Over 5 years	86,654	—
Total	**648,399,656**	**647,873,647**

On 13 October 2021, the Company completed the placement of a non-convertible senior unsecured bond for EUR 650 million, with a duration of 5 years. The bond represents the inaugural issue under the Euro Medium Term Non-Convertible Note Programme (the "EMTN Programme") of up to EUR 1 billion, the establishment of which was approved by FNM's Board of Directors on 16 September 2021.
The bond is listed on the regulated market of the Irish Stock Exchange – Euronext Dublin. The issue was settled on 20 October 2021.
The securities were placed at an issue price of 99.824% with a fixed rate with an annual coupon of 0.75% and an annual yield of 0.786%, corresponding to a spread of 88 basis points with respect to the mid-swap reference rate. The securities representing the bond have been assigned a Baa3 rating by Moody's and a BBB rating by Fitch, in line with those of the issuer. The bond is not subject to covenants.
The proceeds of the bond loan were used to prepay in full the debt assumed in connection with the acquisition of Milano Serravalle - Milano Tangenziali S.p.A., and for the remaining part, to maintain adequate levels of liquidity to meet operating and investment needs.

The fair value of the Bond was approximately EUR 600 million at 31 December 2023.

The item "Current account payables to third parties" refers to the cash pooling giro accounts with various company entities (Supplementary FNM scheme for EUR 2,899 thousand and the FNM Company Recreational Group for EUR 89 thousand).
The item "Current account payables to related parties" refers to the cash pooling giro accounts with investees, of which primarily EUR 166,616 thousand to FERROVIENORD, EUR 94,144 thousand to MISE, EUR 19,377 thousand to NORD ENERGIA, EUR 7,155 thousand to NordCom, EUR 2,782 million to FNMA, EUR 1,491 thousand to FNM Power and EUR 1,473 thousand to E-Vai S.r.l. The change during the year is mainly attributable to the different balance of the subsidiary FERROVIENORD.

All payables for lease agreements relate to the application of IFRS 16.

The value of fees recorded in the income statement for low value and short term contracts amounts to EUR 80 thousand.

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

Description	31.12.2023		31.12.2022	
	Minimum future payments	**Present value of minimum payments**	**Minimum future payments**	**Present value of minimum payments**
Less than 1 year	2,363,754	4,846,618	2,303,143	5,675,765
1 - 5 years	2,485,072		3,361,290	
Over 5 years	108,647		119,049	
Total	**4,957,473**	**4,846,618**	**5,783,482**	**5,675,765**
Future interest expense	(110,855)		(107,717)	
Present value of payables related to finance leases	**4,846,618**	**4,846,618**	**5,675,765**	**5,675,765**

Rates relative to payables from related parties for leases, exposed to interest rate risk, are revised over a period of less than 12 months.

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

Description	2023	2022
Payables for lease agreements	0.982 % - 5.23 %	0.98 %
Payables for cash pooling	1.391 %	0.090 %
Payables to bondholders	0.9821 %	0.9820 %

The rates for lease liabilities were determined on the basis of the marginal financing rates of the Company.

NOTA 14 NET FINANCIAL POSITION

The item net financial position at 31 December 2023 and 2022 is broken down below, according to CONSOB information notice 5/21 of 29 April 2021, which replaces CONSOB notice no. 6064293 of July 2006 and related notices which refer data in the table to data in the Statement of Financial Position:

(Amounts in thousands of Euro)

Description	31.12.2023		31.12.2022		Notes
	Total	Of which: related parties	Total	Of which: related parties	
A. Cash and cash equivalents	268,892	—	115,753	—	9
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
D. Liquidity (A+B+C)	268,892	—	115,753	—	
E. Current financial payables	(298,258)	(295,270)	(153,012)	(148,042)	12 - 13
F. Current portion of non-current financial payables	(11,644)	(167)	(11,595)	(643)	12 - 13
G. Current financial debt (E+F)	**(309,902)**	**(295,437)**	**(164,607)**	**(148,685)**	
H. Net current financial debt (G -D)	**(41,010)**	**(295,437)**	**(48,854)**	**(148,685)**	
I. Non-current financial payables	(19,345)	(365)	(28,537)	(443)	12 - 13
J. Debt instruments	(645,848)	—	(644,397)	—	
K. Trade and other non-current payables	—	—	—	—	
L. Non-current financial debt (I+J+K)	**(665,193)**	**(365)**	**(672,934)**	**(443)**	
M. Total financial debt (H+L)	**(706,203)**	**(295,802)**	**(721,788)**	**(149,128)**	

Since the Net Financial Position is not a value the calculation of which is governed by the Company's accounting standards, the criteria applied by the Company for determining it may not be consistent with those adopted by other companies, and therefore it may not be comparable.

Current financial debt includes the balance of the giro accounts in cash pooling with respect to the subsidiaries and joint ventures as well as corporate entities for a total of EUR 298,258 thousand (EUR 152,798 thousand at 31 December 2022) (Note 13).

The item "F. Current portion of non-current financial payables" includes the current portion of lease payables amounting to EUR 2,295 thousand (Note 13), payables to banks (Note 12) in the amount of EUR 8,388 thousand and accruals on the bond of EUR 961 thousand.

Item "I. Non-current financial payables" primarily includes the non-current portion of bank payables amounting to EUR 16,793 thousand, and the non-current portion of lease payables (Note 13).

As concerns indirect financial debt reference should be made to Note 19 for the provisions recognised in the financial statements, and the final commitments at 31 December 2023 that oblige the Company to acquire or construct an asset in the next 12 months are shown below:

Description	Amount
Investments in rolling stock with own funds	96,874
Other investments	838
Total	**97,712**

NOTA 15 OTHER NON-CURRENT LIABILITIES

The next tables show the item at 31 December 2023 and 31 December 2022:

Description	31.12.2023		
	Non-Current	Current	Total
Personnel		4,044,847	4,044,847
Capital grants	1,188,269	48,251	1,236,520
Social security agencies		1,294,932	1,294,932
Corporate Bodies		53,483	53,483
Security deposits	14,769		14,769
Others	1,237,230	401,611	1,638,841
Other liabilities	**2,440,268**	**5,843,124**	**8,283,392**
FNM Autoservizi S.p.A.		1,415,071	1,415,071
FNMPay		705,005	705,005
Malpensa Intermodale		490,252	490,252
E-Vai S.r.l.		211,595	211,595
Corporate Bodies		191,119	191,119
FERROVIENORD S.p.A.		114,398	114,398
Malpensa Distripark		88,565	88,565
Trenord S.r.l.		54,874	54,874
Nord_Ing S.r.l.		50,099	50,099
ATV		27,791	27,791
FNM Power		13,500	13,500
NordCom SpA		11,507	11,507
NORD ENERGIA SpA		58,022	58,022
Capital grants Region of Lombardy	3,641,021	145,640	3,786,661
Other liabilities to related parties (Note 34)	**3,641,021**	**3,577,438**	**7,218,459**
Total	**6,081,289**	**9,420,562**	**15,501,851**

Description	31.12.2022		
	Non-Current	Current	Total
Personnel	384,000	3,244,468	3,628,468
Capital grants	1,020,520	39,251	1,059,771
Social security agencies		1,037,209	1,037,209
Corporate Bodies		17,461	17,461
Security deposits	16,319		16,319
Others	956,522	977,721	1,934,243
Other liabilities	**2,377,361**	**5,316,110**	**7,693,471**
FNM Autoservizi S.p.A.		1,588,323	1,588,323
FNMPay		432,397	432,397
Malpensa Intermodale		276,129	276,129
E-Vai S.r.l.		225,102	225,102
Corporate Bodies		189,596	189,596
FERROVIENORD S.p.A.		99,593	99,593
Malpensa Distripark		87,599	87,599
Trenord S.r.l.		51,751	51,751
Nord_Ing S.r.l.		35,748	35,748
ATV		13,500	13,500
FNM Power		12,478	12,478
NordCom SpA		4,980	4,980
NORD ENERGIA SpA		1,867	1,867
Capital grants Region of Lombardy	3,786,661	436,099	4,222,760
Other liabilities to related parties (Note 34)	**3,786,661**	**3,455,162**	**7,241,823**
Total	**6,164,022**	**8,771,272**	**14,935,294**

Other liabilities - Personnel and social security institutes

Payables to personnel refer to December 2023 amounts paid in January 2024, bonuses and holidays accrued but not taken, while payables to social security institutes concern social security and insurance payments relative to different categories of employees and staff.

Other liabilities - other

Other non-current liabilities include EUR 1,166 thousand for the deferred income relative to future maintenance costs for own rolling stock, with advances paid by lessees.

Other liabilities to related parties - current

The item also includes entries arising from Tax Consolidation for EUR 3,056 thousand (EUR 2,616 thousand at 31 December 2022), mainly to FNM Autoservizi for EUR 1,415 thousand (1,580 thousand at 31 December 2022), E-Vai for EUR 705 thousand (EUR 224 thousand at 31 December 2022), FNMPAY for EUR 463 thousand (EUR 432 thousand at 31 December 2022), Malpensa Intermodale for EUR 212 thousand (EUR 276 thousand at 31 December 2022) and Malpensa Distripark for EUR 98 thousand (EUR 83 thousand at 31 December 2022), relative to subsidiaries being recognised as having an income equal to 100% the tax benefit transferred to the Parent, in accordance with the National Tax Consolidation scheme.

This item includes payables to subsidiaries which refer to amounts resulting from Group VAT equal to EUR 116 thousand (EUR 31 thousand at 31 December 2022), in particular to NORD_Ing, for EUR 50 thousand, FNMPAY for EUR 28 thousand, Nord Energia for EUR 21 thousand and Malpensa Distripark for EUR 17 thousand.

The balance of grants received at 31 December 2022 in relation to investments made in previous years amounted to EUR 4,807 thousand (Note 1). This amount consists of:

Regione Lombardia capital grants

Capital grants were disbursed by the Regione Lombardia for the purchase of 5 TAF trains, for the renovation of the property in Piazzale Cadorna and the development of the "*La civiltà di Golasecca*" (The Golasecca Civilization) museum. The decrease in the year is due to the recognition in the income statement of the grant, according to procedures defined in the accounting standard on government grants, of an annual amount of EUR 436 thousand.

Third-party capital grants

Capital grants concern loans received in 2001 from the Ministry of Public Works pursuant to Law 270/97, for works at the Cadorna station in Milan, plus a loan received from the EU on TILO trains. The decrease in the year is due to the recognition in the income statement of the grant, according to procedures defined in the accounting standard on government grants, of an annual amount of EUR 48 thousand.

NOTA 16 POST-EMPLOYMENT BENEFITS

Description	31.12.2023	31.12.2022
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial assumptions	977,480	1,135,579
Total	**977,480**	**1,135,579**

The amount of the cost recognised in the income statement relative to post-employment benefit is broken down as follows:

Description	2023	2022
Cost of services and interest	37,939	12,668
Total	**37,939**	**12,668**

The change in the liability relative to post-employment benefit is shown below:

Description	31.12.2023	31.12.2022
Debt at the start of the year	**1,135,579**	**1,315,626**
Actuarial gains	23,074	(95,574)
Cost of services and interest	37,939	12,668
Uses/Transfers	(219,112)	(97,141)
Debt at the end of the year	**977,480**	**1,135,579**

The following main actuarial assumptions were used:

Description	2023	2022
Discount rate	3.10	3.70
Annual rate of compensation increase	1.00	1.00
Annual rate of inflation	2.50	2.50
Annual rate of post-employment benefit increase	3.38	3.38

The annual discounting rate, used to determine the present value of the obligation, was inferred from the Iboxx Eurozone Corporate AA index (3.1% at 31 December 2023) according to ESMA provisions.
Assumptions concerning mortality are based on the probability of death of the Italian population identified by ISTAT in 2000, by age and gender and reduced by 25% to take into account the average of active workers' characteristics and the decrease in mortality registered in recent years.

Below is provided the sensitivity analysis carried out on the average annual discount rate entered in the calculation model, considering the scenario described above as the base scenario and increasing or reducing the average annual discount rate by half a percentage point. The results obtained are summarised in the following table:

Annual discount rate	1.25 %	-1.25%
Post-employment benefits	912	1,050

Considerations on the estimate of the item are included in the section "Items subject to significant assumptions and estimates".

NOTA 17 TRADE PAYABLES

Trade payables at 31 December 2023 and 2022 comprise the following:

Description	31.12.2023	31.12.2022
Third party suppliers	16,185,252	21,193,325
Trade payables	**16,185,252**	**21,193,325**
Trenord S.r.l.	9,784,463	10,718,649
NordCom S.p.A.	3,790,437	2,473,019
	268,551	
FERROVIENORD S.p.A.	893,675	809,477
	18,359	
FNMPAY S.p.A.	12,015	56,207
NORD_ING S.r.l.	71,365	48,037
E-Vai S.r.l.	61,867	38,375
FNM Autoservizi S.p.A.	36,124	25,628
	924	
NORD ENERGIA SpA	—	135
Trade payables to related parties (Note 34)	**14,937,780**	**14,169,527**
Total	**31,123,032**	**35,362,852**

“Payables to third-party suppliers” decreased by EUR 5,008 thousand in connection with payments made during the year, especially to suppliers for investments. Payables to suppliers of rolling stock at 31 December 2023 amounted to EUR 6,328 thousand (EUR 16,943 thousand at 31 December 2022).
“Trade payables to related parties” remain substantially unchanged from the previous year.

NOTA 18 PAYABLES FOR TAXES AND DUTIES

Tax payables refer to amounts owing to the financial administration for:

Description	31.12.2023	31.12.2022
Income tax employees and contractors	983,148	902,665
Withholdings to be paid	38,078	43,945
Post-employment benefit substitute tax	1,785	4,563
Total tax payables	**1,023,011**	**951,173**
IRAP (REGIONAL BUSINESS TAX)	—	345,178
IRES (CORPORATE INCOME TAX)	3,538,887	8,125,815
Total Payables for taxes	**3,538,887**	**8,470,993**

The decrease in the item “IRES”, attributable to the balance of the payable to the tax authorities for the Group Tax Consolidation, relates to the higher advance payments made by the Group compared to the previous year.

NOTA 19 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges comprise the following:

Description	Non-current: future costs Affori	Current: personnel	Current: renewal of the National	Current: other risks	Total
Balance as at 01.01.2022	**233,464**	**186,536**	**548,252**	**480,000**	**1,448,252**
Increases			134,505		134,505
Releases				(50,000)	(50,000)
Uses		(186,536)	(682,757)		(869,293)
Balance as at 31.12.2022	**233,464**	**—**	**—**	**430,000**	**663,464**
Increases					
Releases					
Uses				(17,081)	(17,081)
Balance as at 31.12.2023	**233,464**	**—**	**—**	**412,919**	**646,383**

Provisions for risks and charges - non-current

The amount of EUR 234 thousand, unchanged compared to the previous year, refers to estimated costs the Company will have to pay for commitments undertaken in relation to the sale of areas next to the Affori station in Milan, the commitment to carry out actives related to the Integrated Re-qualification Plan, such as land clean-up, development of urban infrastructure works, move of the electric power unit.

Provisions for risks and charges - Other risks

The provision set aside in previous years, attributable to future charges to be incurred for pending litigation, was utilised during the year in the amount of EUR 17 thousand.

Considerations on the estimates used in assessing litigation and potential liabilities are made in the section “Items subject to significant assumptions and estimates”.

INCOME STATEMENT

NOTA 20 REVENUES FROM SALES AND SERVICES

Revenues comprise the following:

Description	2023	2022
Property income	395,042	574,096
Sale of advertising space	-	229,686
Others services	427,320	0
Revenues from sales and services	**822,362**	**803,782**
Operating leases	55,180,340	52,502,569
Central services for the Group	24,571,947	25,140,283
Property income	945,655	873,617
Revenues from sales and services to related parties (Note 34)	**80,697,942**	**78,516,469**
Total	**81,520,304**	**79,320,251**

Property income

This item refers to revenues realised with FNM group companies and third parties, only for property rentals. The decrease during the year is mainly due to lower rents for premises located at the Milano Cadorna station.

Sale of advertising space

This item refers to revenues from advertising posters displayed during the renovation of the façade of the Piazzale Cadorna (MI) building.

Others services

In 2023 income was recorded from the transfer to Ferrovie del Sud Est, for EUR 427 thousand, of the framework agreement signed with the supplier Alstom for the supply of 2 hydrogen-powered trains.

Operating leases - related parties

Revenues for operating leases recorded a net increase of EUR 2,678 thousand, mainly due to the changes indicated below:

- higher revenues for rental to Trenord of 9 FLIRT TILO trains, gradually placed in service in December 2020 to August 2022, for EUR 1,473 thousand;
- higher revenues for the rental to Trenord for the 25 TAF trains, for which revamping was carried out for EUR 1,065 thousand;
- higher rental revenues for 494 and DE520 locomotives, following the renewal of the contract, for EUR 254 thousand and EUR 64 thousand, respectively;
- lower revenues for the hire of CSA trains, in the amount of EUR 105 thousand;
- lower revenues for the hire of E483 locomotives, in the amount of EUR 46 thousand.

The details of the revenues deriving from leases broken down by fleet are shown below:

(Amounts in thousands of Euro)

Description	2023	2022
10 4-body TSR	10,783	10,783
7 6-body TSR	9,765	9,765
10 6-body CORADIA	9,395	9,395
8 CSA	3,771	3,876
9 FLIRT TILO	9,486	8,013
25 TAF	3,793	2,729
8 Loc. E 483	2,479	2,525
4 Loc. E494 TRAXX F140 DC3	1,891	1,637
14 Loc. DE520	1,633	1,569
2 TSR	923	950
4 Loc. EFFISHUNTER EFF1000	894	894
1 Loc. ES64 F4	354	354
1 Bus	13	13
Total	**55,180**	**52,503**

Revenues from operating leases with related parties refer to the contracts listed below:

Lessee	Subject matter	Starting date of the agreement	Ending date of the agreement
Trenord S.r.l.	25 TAF	01/01/2024	31/11/2033
Trenord S.r.l.	4 Loc. DE 520	01/01/2024	01/12/2025
DB Cargo Italia S.r.l.	4 Loc. DE 520	01/01/2024	31/12/2027
DB Cargo Italia S.r.l.	6 Loc. DE 520	01/01/2024	31/12/2025
DB Cargo Italia S.r.l.	1 Loc. ES64 F4	01/01/2024	31/03/2024
DB Cargo Italia S.r.l.	3 Loc. E 483	01/01/2024	31/01/2024
Captrain Srl	1 Loc. DE 520	01/02/2024	31/12/2024
DB Cargo Italia S.r.l.	3 Loc. E 483	01/05/2008	closed
DB Cargo Italia S.r.l.	1 Loc. E 483	01/01/2024	31/12/2024
DB Cargo Italia S.r.l.	1 Loc. E 483	01/01/2024	31/12/2030
DB Cargo Italia S.r.l.	4 Loc. E494 TRAXX F140 DC3	01/01/2023	31/12/2025
Trenord S.r.l.	2 Loc. DE 744 Effishunter	20/11/2020	17/11/2030
Trenord S.r.l.	2 Loc. DE 744 Effishunter	20/11/2020	22/02/2031
Trenord S.r.l.	3 FLIRT TILO	18/06/2020	23/11/2032
Trenord S.r.l.	1 FLIRT TILO	18/06/2020	22/12/2032
Trenord S.r.l.	1 FLIRT TILO	18/06/2020	02/02/2033
Trenord S.r.l.	1 FLIRT TILO	18/06/2020	05/05/2034
Trenord S.r.l.	2 TSR	01/01/2024	30/11/2033
Trenord S.r.l.	8 CSA	01/01/2024	30/11/2033
Trenord S.r.l.	10 CORADIA	01/01/2024	30/11/2033
Trenord S.r.l.	7 6-body TSR	01/01/2024	30/11/2033
Trenord S.r.l.	10 4-body TSR	01/01/2024	30/11/2033

Details are given of future minimum payments of operating leases by due date:

Description	2023	2022
Within 1 year	55,298,861	55,875,309
Between 2 and 5 years	77,047,750	49,511,647
Over 5 years	96,440,958	10,380,000
Total	**228,787,569**	**115,766,956**

The reduction in future minimum fees is mainly related to the expiry of active contracts with Trenord, which will be renewed following the signing of the Public Service Contract between Trenord and the Regione Lombardia, planned for the 2023 - 2033 period.

Revenue from the rental of rolling stock includes revenue from sub-leasing of E494 locomotives amounting to EUR 1,891 thousand.

Central services for the Group

Amounts mainly refer to the following services provided to FNM Group companies: accounting and financial reporting, payroll processing, purchasing, treasury, SAP IT services and communication coordination.
The decrease for the year of EUR 568 thousand is mainly attributable to lower chargebacks for the service, partially offset by the increase in chargeback fees relating to IT projects.

NOTA 21 GRANTS

Grants comprise the following:

Description	2023	2022
Other grants	60,384	86,887
Capital grants	48,251	39,250
Grants	**108,635**	**126,137**
Regione Lombardia capital grants	436,099	1,164,886
Grants to related parties (Note 34)	**436,099**	**1,164,886**
Total	**544,734**	**1,291,023**

Regione Lombardia capital grants

This item includes grants received for the purchase of TAF high frequency trains (EUR 227 thousand), for development of the Cadorna terminal (EUR 146 thousand), and for the development of the "La Civiltà di Golasecca" museum for (EUR 63 thousand) (Note 15).
The change during the year is attributable to the elimination of the grants received for the purchase of TAF trains, which are spread out on a straight-line basis over the useful life of the trains.

Information required by article 1, paragraphs 125 and subsequent of Law 124/2017

As regards information required by article 1, paragraphs 125 and subsequent of Law 124/2017, it is pointed out that no amounts were received from the public administration in 2023.
The amounts shown in the table below relate to the crediting to the income statement of the accrued portion of grants in accordance with the methods set out in the government grants accounting standard:

Provider	Subject matter	Amount collected	Amount for 2023
Regione Lombardia	MUSEUM PROJECT - GOLASECCA CIVILISATION		63,217

NOTA 22 OTHER INCOME

Other income comprises the following:

Description	2023	2022
Other income	472,571	437,478
Non-recurring income	238,740	136,620
Insurance pay-outs	30,000	43,235
Capital gains - property, plant and equipment	-	245,745
Other income	**741,311**	**863,078**
Sundry income with related parties	2,982,602	2,760,628
Other income from related parties (Note 34)	**2,982,602**	**2,760,628**
Total	**3,723,913**	**3,623,706**

Capital gains - property, plant and equipment
Capital gains realised during the previous year were attributable to the sale of the Olgiate Comasco station.

Insurance pay-outs
This item mainly refers to insurance pay-outs for the compensation of several lawyers who supported the Company in claims concerning locomotives.

Sundry income with related parties
This item primarily includes costs recharged for personnel seconded to Group companies and other costs. The increase in the year is mainly attributable to the chargeback of higher costs incurred on behalf of investee companies.

NOTA 23 SERVICE COSTS

The next table shows the breakdown of this item:

Description	2023	2022
Consulting	2,169,401	2,972,820
Marketing and advertising	1,431,034	1,323,278
Insurance	1,097,050	1,058,278
Expenses for employees	849,452	708,327
Coordinated and continuous services	719,257	672,750
Cleaning expenses	220,765	223,569
Motor vehicles management	341,974	251,901
Legal and notary fees	93,619	61,815
Corporate bodies	105,393	105,273
Third-party services – Maintenance	112,057	201,117
Third-party services – Maintenance of rolling stock	5,960	46,445
Utilities	105,073	94,266
Real estate management	74,140	65,093
Other charges	2,245,148	1,788,575
Service costs	**9,570,323**	**9,573,507**
Costs for IT services	7,902,027	6,444,040
Corporate bodies	1,178,299	1,161,352
Real estate lease fees	0	15,827
Third-party services - Maintenance of rolling stock	0	2,920
Miscellaneous services	1,408,993	1,279,590
Service costs - related parties (Note 34)	**10,489,319**	**8,903,729**
Total	**20,059,642**	**18,477,236**

Service costs - third parties

Service costs with third parties basically remained unchanged compared to the previous year, and recorded a net decrease of EUR 3 thousand, mainly due to the changes analysed below:

Consulting

During the year, lower consultancy service costs were incurred, amounting to EUR 803 thousand, mainly attributable to less strategic consultancy and the development of the H2iseO and Fili projects.

Marketing and advertising

During the year higher institutional communication expenses of EUR 108 thousand were incurred, mainly attributable to the promotion of the Fili project.

Expenses for employees

During the year, higher costs of EUR 141 thousand were incurred, mainly relating to personnel training, in the amount of EUR 96 thousand, and the increase in meal vouchers, from EUR 7 to EUR 8, for EUR 22 thousand.

Other charges

During the year, higher costs were incurred for various services amounting to EUR 475 thousand.

Service costs – related parties

Costs for related-party services recorded a net decrease of EUR 1,586 thousand. In particular, costs were up for the IT services invoiced by NordCom (EUR 7,902 thousand) and increased by EUR 1,458 thousand compared to the previous year, in relation to the increase in distributed IT Costs, for EUR 777 thousand, SAP 4/HANA fee costs, for EUR 340 thousand, and project fees, for EUR 318 thousand.

Miscellaneous services

This item includes disaggregate amounts of a various nature and not individually significant, mainly for costs recharged for seconded personnel (EUR 692 thousand) and service fees (EUR 244 thousand).

NOTA 24 PERSONNEL COSTS

The item personnel costs is broken down as follows:

Description	2023	2022
Wages and salaries	13,308,218	12,309,467
Social security contributions	3,988,085	3,061,186
Pension liabilities	362,000	454,000
Other costs	950,701	851,952
Total	**18,609,004**	**16,676,605**

Personnel costs rose by EUR 1,932 thousand, due to the different breakdown of the company's average workforce, as well as an increase of 11 resources in the average headcount.

Social security contributions also rose due to the recognition during the year 2022 and not in 2023 of the allowance for the recovery of sickness expenses for the years 2015 - 2018, amounting to EUR 524 thousand.

The Company applies the bargaining agreement for the railway/tram sector for all employees, apart from senior managers, for whom the contract for senior managers of industrial companies is applied.

The average number of employees per category for the current year and comparative year, is shown below:

Description	2023	2022
Executives	26	21
Middle managers	54	54
Office workers	122	116
Total	**202**	**191**

NOTA 25 DEPRECIATION, AMORTISATION AND WRITE-DOWNS

The next table shows the breakdown of this item:

Description	2023	2022
Amortisation	1,644,769	1,306,348
Depreciation	27,222,046	26,332,903
Amortisation of right of use	2,366,119	2,112,165
Asset impairment	826,015	232,664
Total	**32,058,949**	**29,984,080**

Amortisation
This item mainly refers to the amortisation of SAP modules used in administration service activities.

Depreciation
The item increased by EUR 889 thousand mainly in connection with higher depreciation linked to the revamping and refurbishment of TAF trains.

Amortisation of right of use
Amortisation of rights of use increased by EUR 254 thousand.

Asset impairment
The amount is attributable to the adjustment of the appraised value of the ES64 F4 locomotive, for EUR 771 thousand, as well as the cyclical maintenance on 1 TSR 5-body rolling stock, for EUR 55 thousand.

NOTA 26 OTHER OPERATING COSTS

Other operating costs are analysed in the following table:

Description	2023	2022
Membership fees	935,597	992,140
Taxes and duties	375,286	346,932
CDP Infratech Fund Management Fees	209,714	
Capital losses	97,901	5,010
Non-recurring expenses	84,275	255,450
Newspapers and magazines	54,501	39,095
Other charges	6,439	53,414
Other operating costs	**1,763,713**	**1,692,041**
Other charges	47,562	51,556
Other operating costs to related parties (Note 34)	**47,562**	**51,556**
Total	**1,811,275**	**1,743,597**

The item membership fees includes the contribution paid during the year to the "National Centre for Sustainable Mobility" Foundation, amounting to EUR 400 thousand.

The item "CDP Infratech Fund Management Fees" is the annual management fee for the CDP Infratech Fund (Note 4).

The item "Taxes and duties" includes costs incurred by the Company for IMU (Municipal Property Tax), equal to EUR 308 thousand (EUR 277 thousand in 2021).

NOTA 27 DIVIDENDS

This item is broken down as follows:

Description	2023	2022
Milano Serravalle – Milano Tangenziali S.p.A.	23,400,000	
NORD ENERGIA S.p.A.	2,761,023	
DB Cargo Italia S.r.l.	920,000	
Omnibus Partecipazioni S.r.l.	900,000	900,000
Dividends	**27,981,023**	**900,000**

On 19 April 2023, the Shareholders' Meeting of Milano Serravalle - Milano Tangenziali S.p.A. approved the distribution of a total dividend of EUR 23,400,000, entirely due to the Company.

On 17 April 2023, the Shareholders' Meeting of Nord Energia S.p.A. approved the distribution of a total dividend of EUR 4,601,706; the amount due to the Company is EUR 2,761,023.

On 21 December 2023, through the Proposed Shareholder Decision by means of written consent, the Shareholders of DB Cargo Italia S.r.l. approved the distribution of a total dividend of EUR 2,300,000; the amount due to the Company totals EUR 920,000.

On 19 April 2023, the Shareholders' Meeting of Omnibus Partecipazioni S.r.l. resolved on the distribution of a total dividend of EUR 1,800,000; the amount due to the Company totals EUR 900,000.

NOTA 28 FINANCIAL INCOME

Financial income concerns:

Description	2023	2022
Bank current accounts and deposits	3,637,787	132,716
Gains on divestments	2,087,889	-
Interest on credit reimbursement for taxes	172,891	-
Others	17,372	46,692
Financial income	**5,915,939**	**179,408**
Intergroup current accounts	16,688	185
Other financial income - related parties	262,529	163,780
Financial income from related parties (Note 34)	**279,217**	**163,965**
Total	**6,195,156**	**343,373**

Liquidity management

The Company manages the liquidity of all Group companies through cash pooling agreements; therefore, FNM current accounts also have liquidity from the operations of investees.

Financial income accrued on bank current accounts increased due to both higher average liquidity and the higher rate applied, which rose from 0.087% to 2.010%.

The following overall results are presented for liquidity management:

Description	2023	2022
Financial income - bank current accounts and deposits	3,637,787	132,716
Financial income - intercompany current accounts	16,688	185
Financial expenses - intercompany current accounts	(2,989,754)	(125,375)
Financial expenses - bank current accounts and deposits	(69,772)	-
Total	**594,949**	**7,526**

Gains on divestments

The gain on divestments relates to the sales of the investments in La Linea, which took place on 31 March 2023, for EUR 1,437 thousand, and NTT, which took place on 16 January 2023, for EUR 50 thousand.

During the year, the adjustment deriving from the “K2 discount” on the sale of the investment held in DB Cargo in 2010 was also recognised in the amount of EUR 600 thousand.

Other financial income - related parties

The item includes interest on loans (Note 5) granted to subsidiaries and associates, as specified in more detail below:

- EUR 169 thousand to Busforfun.com;
- EUR 39 thousand to Malpensa Distripark;
- EUR 32 thousand to La Linea;
- EUR 23 thousand to SportIT.
-

Effective rates of the return are indicated below:

Description	2023	2022
Subsidiary and associate loans	1.50% - 7.861%	1.50% - 4.376%
Receivables current accounts vs subsidiaries	1.39%	0.07 %

NOTA 29 FINANCIAL EXPENSES

Financial expenses are accrued in relation to:

Description	2023	2022
Financial expenses on bond	6,325,088	**6,314,369**
Financial expenses on loans taken out	145,651	185,020
Bank current accounts	69,772	0
Lease agreement as lessee	48,293	73,011
Post-employment benefit	37,939	12,668
Others	55,729	17,064
Financial Expenses	**6,682,472**	**6,602,132**
Intergroup current accounts	2,989,754	125,375
Lease agreement as lessee	6,690	13,205
Financial expenses to related parties (Note 34)	**2,996,444**	**138,580**
Total	**9,678,916**	**6,740,712**

Financial expenses on bond
This item includes the financial expenses relating to bond (Note 13) issued on 20 October 2021, calculated by applying the amortised cost method at an effective interest rate of 0.982% (nominal rate of 0.75%).
The second interest coupon of EUR 4,875 thousand was paid on 20 October 2023.

Financial expenses on loans taken out
The item includes financial expenses for the loan taken out by the Company from the European Investment Bank on 21 December 2017 for EUR 50 million, and calculated at the effective interest rate in application of the amortised cost approach, equal to 0.422% on the first tranche of EUR 10 million and 0.4893% on the second tranche of EUR 40 million, for a total of EUR 146 thousand.

Lease agreement as lessee
Lease agreements as lessee are attributable to the application of IFRS 16.

Intergroup current accounts

The increase in financial expenses with related parties is mainly due to the different payable exposure of the investees as well as the increase in the average rate of return on capital (0.082% compared to 0.004% in 2021).

NOTA 30 INCOME TAXES

Amounts relative to current and deferred taxes are shown below:

(Amounts in thousands of Euro)

Description	2023			2022		
	Total	(CORPORATE INCOME	(REGIONAL BUSINESS	Total	(CORPORATE INCOME	(REGIONAL BUSINESS
Current	(2,903)	(2,055)	(848)	(4,430)	(3,358)	(1,072)
Taxes for previous years	664		664	454		454
Net Deferred Tax Assets	744	604	140	2,037	1,272	765
Total	**(1,495)**	**(1,451)**	**(44)**	**(1,939)**	**(2,086)**	**147**

Taxes decreased by EUR 444 thousand mainly in connection with the benefit, amounting to EUR 634 thousand, deriving from the refund of tax wedge deductions not deducted in 2008.

Since 2021 FNM has met the legal requirements that qualify it as an industrial holding company pursuant to art. 162-*bis* of the Consolidated Income Tax Act. This qualification is relevant, in particular, for the purposes of determining the IRAP tax base and the applicable rate, and as concerns reporting obligations to the Tax Register.

Corporate income tax - Reconciliation between the ordinary rate and effective rate

Description	2023	2022
Applicable IRES rate	24.00%	24.00 %
Non-deductible impairment	33.59%	4.90 %
Non-deductible taxes	-	-4.38 %
Other non-deductible costs	4.19%	16.23 %
Expenses not deducted previously	-3.10%	-3.38 %
Non-taxable portion of dividends	-40.55%	-1.98 %
ACE Deduction	-4.69%	-7.17 %
Deductible IRAP	-0.37%	-0.23 %
Deferred tax liabilities	-3.84%	-12.26 %
Effective rate	9.22%	15.73 %

NOTA 31 RESULT FROM DISCONTINUED OPERATIONS

No discontinued operations were recognised, as in the previous year.

NOTA 32 OTHER COMPREHENSIVE INCOME

Starting from the preparation of the separate financial statements at 31 December 2011, actuarial gains/(losses) are not recognised in the income statement, but in a specific reserve of shareholders' equity, net of the tax effect, recognised in the statement of comprehensive income.

This item is broken down as follows:

Description	2023	2022
Actuarial gain/(loss)	(23,074)	95,574
Tax effect	6,823	(24,162)
Total	**(16,251)**	**71,412**

NOTA 33 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS

In compliance with provisions in IFRS 7, the next tables show information on categories of financial assets and liabilities of the Company at 31 December 2023 and 31 December 2022.

Amounts in thousands of euros	Notes	Book value at 31/12/2023	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at amortised cost
NON-CURRENT ASSETS						
Other financial assets measured at amortised cost	5	5,165,833	5,165,833			
Other Assets	8	353,067	353,067			
CURRENT ASSETS						
Trade Receivables	7	49,257,484	49,257,484			
Other financial assets measured at amortised cost	5	3,121,380	3,121,380			
Other Assets	8	15,431,876	15,431,876			
Cash and cash equivalents	9	268,891,516	268,891,516			
NON-CURRENT LIABILITIES						
Payables to banks	12	16,792,752				16,792,752
Bond loan	13	645,847,833				645,847,833
Lease liabilities	13	2,551,823				2,551,823
Other liabilities	15	6,081,289				6,081,289
CURRENT LIABILITIES						
Payables to banks	12	8,387,927				8,387,927
Bond loan	13	961,242				961,242
Financial Payables	13	298,257,680				298,257,680
Lease liabilities	13	2,294,795				2,294,795
Trade payables	17	31,123,032				31,123,032
Other liabilities	15	9,420,562				9,420,562

Amounts in thousands of euros	Notes	Book value at 31/12/2022	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	Financial liabilities at amortised cost
NON-CURRENT ASSETS						
Other financial assets measured at amortised cost	5	9,646,750	9,646,750			
Other Assets	8	651,001	651,001			
CURRENT ASSETS						
Trade Receivables	7	29,358,688	29,358,688			
Other financial assets measured at amortised cost	5	1,932,494	1,932,494			
Other Assets	8	19,439,024	19,439,024			
Cash and cash equivalents	9	115,752,945	115,752,945			
NON-CURRENT LIABILITIES						
Payables to banks	12	25,130,708				25,130,708
Bond loan	12	644,397,343				644,397,343
Lease liabilities	13	3,406,362				3,406,362
Other liabilities	15	6,164,022				6,164,022
CURRENT LIABILITIES						
Payables to banks	12	8,315,157				8,315,157
Bond loan	13	961,644				961,644
Financial Payables	13	153,060,426				153,060,426
Lease liabilities	13	2,269,403				2,269,403
Trade payables	17	35,362,852				35,362,851
Other liabilities	15	8,771,272				8,771,272

NOTA 34 OPERATIONS WITH RELATED PARTIES

FNM S.p.A. is controlled by the Regione Lombardia, which holds 57.57%, 14.74% is held by Ferrovie dello Stato S.p.A. and the remaining interest is listed on the Standard Class 1 market of the Milan Stock Exchange.

Therefore all transactions with the Regione Lombardia are reported under Related-Party transactions, which include also the transactions with entities for which the Company has joint control and with associates.

Related-party transactions are summarised in the next table:

2023	Notes	Total	Total Related parties	Of which: Parent company	Of which: Subsidiaries	Of which: Joint Venture	Of which: Associates	Of which: Management	Proportion %
BALANCE SHEET									
Other non-current financial assets measured at amortised cost	5	**5,165,833**	5,165,833		1,840,833		3,325,000		100.0 %
Trade receivables	7	**49,257,484**	47,388,387		12,645,046	33,829,706	913,635		96.2 %
Other current financial assets measured at amortised cost	5	**3,121,380**	3,121,380		1,174,461	48	1,946,871		100.0 %
Other Assets	8	**15,431,876**	10,192,242		10,034,225	168,122	(10,105)		66.0 %
Non-current lease liabilities	13	**2,551,823**	365,187		330,464	34,723			14.3 %
Other non-current liabilities	15	**6,081,289**	3,641,021	3,641,021					59.9 %
Current financial payables	13	**298,257,680**	295,269,423		268,234,261	26,532,162	503,000		99.0 %
Current lease liabilities	13	**2,294,795**	167,455		108,365	59,090			7.3 %
Trade payables	17	**31,123,032**	14,937,780		1,362,880	13,574,900			48.0 %
Other current liabilities	15	**9,420,562**	3,577,438	145,641	3,069,448	171,230	191,119		38.0 %
INCOME STATEMENT									
Revenues from sales and services	20	**81,520,304**	80,697,942		16,229,894	58,279,322	6,188,726		99.0 %
Grants	21	**544,734**	436,099	436,099					80.1 %
Other income	22	**3,723,913**	2,760,628		1,369,840	891,359	721,403		80.1 %
Service costs	23	**(20,059,642)**	(10,489,319)		(1,266,233)	(8,044,787)		(1,178,299)	52.3 %
Other operating costs	26	**(1,811,275)**	(47,562)		(3,194)	(34,607)	(9,759)		2.6 %
Dividends	27	**27,981,023**	27,981,023			27,061,023	920,000		100.0 %
Financial income	28	**6,195,156**	279,217		87,551	48	191,618		4.5 %
Financial expenses	29	**(9,678,916)**	(2,996,444)		(2,682,114)	(314,330)			31.0 %

2022	Notes	Total	Total Related parties	Of which: Parent company	Of which: Subsidiaries	Of which: Joint Venture	Of which: Associates	Of which: Management	Proportion %
BALANCE SHEET									
Other non-current financial assets measured at amortised cost	5	**9,646,750**	9,646,750		8,046,750		1,600,000		100.0 %
Trade receivables	7	**29,358,688**	27,942,090		6,931,852	20,295,124	715,114		95.2 %
Other current financial assets measured at amortised cost	5	**1,932,494**	1,932,494		1,452,703		479,791		100.0 %
Other Assets	8	**19,439,024**	10,567,864		8,904,738	1,663,126			57.5 %
Non-current lease liabilities	13	**3,406,362**	442,912		422,830	20,082			12.4 %
Other non-current liabilities	15	**6,164,022**	3,786,661	3,786,661					61.4 %
Current financial payables	13	**153,060,426**	148,041,966		117,456,340	28,639,392	1,946,234		96.7%
Current lease liabilities	13	**2,269,403**	642,746		560,173	82,573			28.3 %
Trade payables	17	**35,362,852**	14,169,527		977,724	13,191,803			40.1 %
Other current liabilities	15	**8,771,272**	3,455,162	436,098	2,770,870	58,598	189,596		39.4 %
INCOME STATEMENT									
Revenues from sales and services	20	**79,320,251**	78,516,469		15,726,718	56,881,872	5,907,879		99.0 %
Grants	21	**1,291,023**	1,164,886	1,164,886					90.2 %
Other income	22	**3,623,706**	2,760,628		1,444,336	1,045,675	270,617		76.2 %
Service costs	23	**(18,477,236)**	(8,903,729)	(82,324)	(1,123,092)	(6,534,041)	(2,920)	(1,161,352)	48.2 %
Other operating costs	26	**(1,743,597)**	(51,556)	(1,777)	(3,132)	(10,105)	(36,542)		3.0 %
Dividends	27	**900,000**	900,000			900,000			100.0 %
Financial income	28	**343,373**	163,965		88,598		75,367		47.8 %
Financial expenses	29	**(6,740,712)**	(138,580)		(114,862)	(23,718)			2.1 %

The services provided to and received from subsidiaries, joint ventures and associates under normal market conditions, are summarised below:

Activities which produced revenue:	Subsidiaries	Joint Venture	Associates
Administrative Services	X	X	
Sap Fee	X	X	
Lease of premises in Novate		X	
Lease of offices in P.le Cadorna	X	X	
Lease of Iseo offices and space	X	X	
Hire of rolling stock	X	X	X
Assistance activities for Legislative Decree 231	X	X	
Sale of advertising space	X	X	

Activities which produced costs:	Subsidiaries	Joint Venture	Associates
IT Services		X	
Security services	X		
Advertising space management	X		
Lease of offices and commercial spaces	X		
Lease of distributed IT		X	

The cash flows with related parties for the year 2023 and 2022 are shown below:

Description	2023			2022		
	Total	Related parties		Total	Related parties	
		Absolute value	Proportion %		Absolute value	Proportion %
CASH FLOWS						
Cash flows from operations	23,598,750	39,816,301	168.7 %	39,878,893	59,069,122	148.1 %
Cash flow from investments	13,131,443	32,213,225	245.3 %	(69,855,795)	(13,035,605)	18.7 %
Cash flow from financing	116,478,050	143,677,997	123.4 %	49,319,148	64,807,279	131.4 %

NOTA 35 RISK MANAGEMENT

Market risk

FNM, mainly operating with subsidiaries and associates, is not exposed to market risks.

Credit risk

FNM S.p.A. is not exposed to particular commercial or financial credit risks. The Company has a considerable number of receivables due from subsidiaries and joint ventures.
In particular, as regards financial counterparty risk from the use of liquidity, the Company deals with entities that have a secure, high profile and considerable international standing.
Receivables due from third parties for which credit risk is assessed, are summarised below.

(Amounts in thousands of Euro)

Description	31.12.2023	31.12.2022
Receivables from banks (note 10)	268,961	116,371
Trade receivables from third parties (note 7)	1,895	1,417
Other receivables from third parties (note 8)	933	379
Total	**271,789**	**118,167**

Receivables from others included in the previous table are net of receivables in insolvency proceedings, written down entirely through the specific provision for bad debts, and tax payables for VAT (Note 8).

Trade receivables from third parties at the end of the reporting period present the following due dates:

(Amounts in thousands of Euro)

Description	31.12.2023			31.12.2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	1,895		1,895	1,415		1,415
Past due for 31-60 days						
Past due for 61-90 days	3	(3)				
Past due for 91-120 days				4	(2)	2
Past due for 121-360 days	3	(3)		7	(7)	
Over 361 days	85	(85)		140	(140)	
Total	**1,986**	**(91)**	**1,895**	**1,566**	**(149)**	**1,417**

Changes in the provision for bad debts (trade) for the years ended 31 December 2023 and 2022 are shown below:

(Amounts in thousands of Euro)

Description	31.12.2023	31.12.2022
Balance as at 1 January	**149**	**110**
Allocation of the period		
Credit reclassification		46
Uses of the period	(9)	(7)
Balance as at 31 December	**140**	**149**

Liquidity risk

The Company's liquidity risk may arise from the difficulty of obtaining loans for its operations in appropriate times or from failure to comply with any financial ratios ("covenants") and other commitments provided for by the bond issued in 2021, as well as the loan agreement signed by the Company in December 2017 with the European Investment Bank, with the resulting application of the acceleration clause and the right of the counterparties to obtain early repayment of the loans disbursed.

The above liquidity risk is mitigated by obtaining (i) on 10 November 2020, an investment grade rating of BBB- with a stable outlook from the leading rating agency, Fitch Ratings, updated on 20 December 2021 to BBB with a stable outlook, and (ii) on 25 January 2021, an investment grade rating of Baa3 with a stable outlook from the leading rating agency, Moody's.

The Company's cash flows, financing needs and liquidity are monitored and managed centrally under the control of the Group Treasury Department, with the aim of guaranteeing the effective and efficient management of financial resources.

Management considers that currently available funds and credit lines, as well as funds and credit lines that will be generated from operations and loans, will enable the Company to meet its requirements arising from investing activities, the management of working capital and repayment of loans on their natural expiry.

Contract due dates for financial liabilities are shown below:

(Amounts in thousands of Euro)

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2023					
Other payables to subsidiaries for giro accounts	295,269				295,269
Finance lease payables	189	119	225		533
Total related parties	**295,458**	**119**	**225**		**295,802**
Payables to banks	8,315	8,396	8,396		25,143
Finance lease payables	2,175	1,944	196	109	4,424
Payables to Bondholders	4,875		653,914		658,789
Other financial payables	2,988				2,988
Total third parties	**18,389**	**15,215**	**662,506**	**109**	**696,219**
Total	**313,847**	**15,334**	**662,731**	**109**	**992,021**

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2022					
Other payables to subsidiaries for giro accounts	148,042				148,042
Finance lease payables	550	96	320		966
Total related parties	**148,592**	**96**	**320**		**149,008**
Payables to banks	8,315	8,351	16,811		33,477
Finance lease payables	1,753	1,507	1,439	119	4,818
Payables to Bondholders	4,875		658,788		663,663
Other financial payables	5,980				5,980
Total third parties	**20,923**	**14,733**	**677,038**	**119**	**712,813**
Total	**169,515**	**14,829**	**677,358**	**119**	**861,821**

Contract due dates for financial assets are shown below:

(Amounts in thousands of Euro)

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2023					
Other financial receivables	1,206	932	2,096	1,878	6,112
Total related parties	**1,206**	**932**	**2,096**	**1,878**	**6,112**
Bank deposits	269,608				269,608
Total third parties	**269,608**				**269,608**
Total	**270,814**	**932**	**2,096**	**1,878**	**275,720**

Description	<1 year	between 1 and 2 years	between 2 and 5 years	>5 years	Total
2022					
Other financial receivables	8,183	800	4,200	400	13,583
Total related parties	**8,183**	**800**	**4,200**	**400**	**13,583**
Bank deposits	116,371				116,371
Total third parties	**116,371**				**116,371**
Total	**124,554**	**800**	**4,200**	**400**	**129,954**

Currency risk

FNM operates exclusively at a local level, and therefore is not exposed to currency risk.

Interest rate risk

Financial liabilities mainly refer to finance lease agreements, the bond and the EIB loan.
FNM is not exposed to particular risks of changes in interest rates on finance lease agreements.
Outstanding loans are at fixed rates. Any volatility of financial expenses associated with changes in interest rates on loans is monitored and mitigated by adopting an interest rate risk management policy which opts for a balanced mix of loans.

Capital management

The main objectives pursued by the Company in its capital risk management policy are to create value for shareholders and safeguard the business as a going concern. The Company also aims to maintain an optimal capital structure in order to reduce the cost of debt and meet requirements (covenants) of debt agreements (Note 12 and Note 13). Particular attention is paid to the level of indebtedness in relation to shareholders' equity and EBITDA, pursuing goals of profitability and generation of operating cash.

Fair value estimate

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

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

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

NOTA 36 SIGNIFICANT NON-RECURRENT EVENTS AND TRANSACTIONS

During the year, no significant, non-recurring events and transactions were reported.

NOTA 37 TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB notice DEM/6064293 of 28 July 2006, the Company did not carry out atypical and/or unusual transactions, defined as such in the notice, during 2023.

NOTA 38 OTHER INFORMATION

Information about fees for Directors, Statutory Auditors and Key Personnel is provided below, with reference to the year 2023:

Amounts in thousands of euros	**2023**
Directors	896
Statutory Auditors	150
Other Key Personnel	1,784
Total	**2,830**

It should be noted that no loans have been granted and no receivables are due from Directors, Statutory Auditors and Key Management Personnel. It should also be noted that no commitments have been undertaken by the Company on their behalf.
The amount shown under the item “Other Key Personnel” includes short-term benefits in the amount of EUR 254 thousand and termination benefits granted to key management personnel in the amount of EUR 400 thousand.

It should be noted that as of today there are no stock options.

NOTA 39 SIGNIFICANT EVENTS AFTER THE CLOSING OF THE YEAR

On 23 February 2024 FNM finalised the acquisition of 80% of the share capital of Viridis Energia S.p.A. (“Viridis”), an independent electricity producer, from Lagi Energia 2006 S.r.l. (“Lagi Energia 2006”) and HNF S.p.A. (“HNF”).
With this acquisition, the FNM Group has entered the renewable energy production sector, reinforcing the environmental objectives of the 2021-2025 Strategic Plan, which envisages investments in innovative energy projects and, at the same time, further contributing to the objectives of the 2030 Agenda as well as to the country’s energy transition. With a current portfolio of 47 MW of photovoltaic and biogas plants already in operation, mostly with incentives, and about 23 MW of photovoltaic plants under construction and ready to build, Viridis is an industrial asset capable of generating a positive cash flow immediately. The investment is not expected to materially change the overall value of the capex envisaged in the 2021-2025 Strategic Plan (EUR

850 million). In fact, the investment for the acquisition of Viridis and the development of new generation plants in 2024 and 2025 are expected to offset the lower capex realised by the Group in previous years and the effects of the rescheduling of investments in rolling stock and local public transport by road compared to the original forecasts for 2024 and 2025. In the medium-to-long term, Viridis' operational structure, with its established expertise in the development, construction and operation of renewable energy plants, will enable the development of the additional photovoltaic and wind power plants in various stages of progress already in the portfolio. This will lay the foundation for strengthening the Group's core infrastructure business, while also ensuring stable cash flows and good margins.

Since this is a "significant" acquisition in accordance with the provisions of Annex 3B, Part I, point B, of Consob Regulation No. 11971 of 14 May 1999 (as supplemented and amended – the "Issuers' Regulation"), on 5 March 2024 the information document concerning the transaction, prepared pursuant to Article 71, paragraph 1, of the said Issuers' Regulation, was made available to the public.

The consideration paid for the acquisition of the equity interest in Viridis was EUR 80.0 million and included the subscription of 80% of a shareholder loan and the recognition of a capital contribution made by Lagi Energia 2006 and HNF prior to the closing, to support the development of future investments, as well as a portion as an advance on the agreed earn-out for the development of a portfolio of plants to be completed within six years of closing.
In more detail, the consideration agreed upon between FNM and the Sellers for the Acquisition pursuant to the Sale and Purchase Agreement consists of:(i) a provisional price of EUR 63,226,402, paid on the Execution Date, (ii) a COD Earn-Out for a total of up to EUR 80,000,000 for each existing project under development at the Execution Date, or new project, that reaches the COD within 6 years from the Execution Date, of which Euro 16,800,000 already paid by way of advance at that date; and (iii) extra profit of 80% of any amounts collected by Viridis Group companies as a consequence of the settlement with a favourable final judgement of certain disputes pending before the Regional Administrative Court.
The consideration is also subject to price adjustment mechanisms, which are described in more detail in section 2.1.2 of the above-mentioned information document.

The acquisition was financed by a short-term line of credit granted by Intesa Sanpaolo S.p.A. of EUR 85 million. The loan is unsecured, is to be repaid in one instalment by August 2025 at the latest, and will bear a variable interest rate equal to the three-month Euribor plus a spread in line with current market conditions.

As at 30 June 2023, based on the consolidated accounts referring to the scope of the transaction, Viridis had revenues of EUR 8.8 million, Adjusted EBITDA of EUR 5.0 million and Net Financial Position of EUR 16.6 million. The FNM Group, also considering the results of Viridis, presents the following pro-forma figures at 30 June 2023: revenues of EUR 364.2 million, EBITDA before non-recurring charges of EUR 105.1 million and Net Financial Position of EUR 877.9 million. Viridis will be fully consolidated in the FNM Group's consolidated financial statements starting 23 February 2024.
It should be noted, however, that due to the limited time lapse between the date of approval of this document and the Viridis acquisition date, no data were available for Viridis as at 23 February 2024. For a fuller description of the transaction, please refer to the above-mentioned information document made available to the public on 5 March 2024.

Again in 2024, the Company will continue to monitor possible external variables that could lead to further price increases, which are currently difficult to estimate in magnitude and duration.

The Company remains flexible in the effective management of variable and discretionary costs relating to all activities managed, and carefully monitors developments in order to understand whether and to what extent price increases could have an impact on the Company’s expected results.

NOTA 40 **PROPOSAL TO APPROVE THE FINANCIAL STATEMENTS AND ALLOCATE PROFIT FOR THE YEAR**

Dear Shareholders,
in keeping with choices made in previous years, it was considered appropriate to allocate a part of the result for a return on capital.
In submitting the financial statements for the year ended 31 December 2023, which recorded a profit of EUR 14,237,463.53, for your approval, the Board of Directors proposes allocating profit for the year as follows:

- EUR 711,873.18 to the legal reserve;
- EUR 3,525,590.35 to the extraordinary reserve.
- EUR 10,000,000.00 as an ordinary dividend to Shareholders, which ensures a remuneration of EUR 0.0230 for each ordinary share outstanding.

Milan, 12 March 2024

The Board of Directors

Il Consiglio di Amministrazione

FNM
la vita in movimento

CERTIFICATION
of the separate financial statements pursuant to art. 154-*bis*, paragraph 5 of Legislative Decree 58/98

1. The undersigned, Andrea Gibelli as "Chairman of the Board of Directors" and Eugenio Giavatto as "Executive in charge of financial reporting" of FNM S.p.A., also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, no. 58, attest to:

    - the adequacy in relation to the characteristics of the company and
    - effective application

    of administrative and accounting procedures for the preparation of the separate financial statements during 2023.

2. They also attest that

    a) the separate financial statements:
    - were prepared in accordance with the applicable International Accounting Standards (IAS/IFRS) recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
    - correspond to the results of the accounting books and records;
    - provide a true and fair view of the economic and financial position of the issuer.

    b) The management report includes reliable analysis of the performance and operations, as well as the situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

Milan, 12 March 2024

The Executive in charge of financial reporting	The Chairman of the Board of Directors
Eugenio Giavatto	Andrea Gibelli

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FNM SpA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of FNM SpA (the Company), which comprise the statement of financial position as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of equity investments *Paragraphs "Equity investments" and "Impairment losses of intangible assets, property, plant and equipment and investments"* *Note 4 "Equity investments"* The balance as of 31 December 2023 of the line "Equity investments" in the separate financial statements of FNM SpA is Euro 692,936 thousand, and refers to investments in subsidiaries, joint ventures and associates held by FNM SpA. Those investments, accounting for 48% of total assets in the financial statements of FNM SpA, are carried at cost, inclusive of direct ancillary charges. When events indicate that the investments may have become impaired, the recoverability of their carrying amounts is verified by comparing the carrying amounts with the related recoverable amounts (i.e. impairment test) in accordance with IAS 36 "Impairment of assets". The valuation techniques used by the Company to determine the recoverable amounts of the investees are, alternatively, value in use or fair value less costs to sell determined with the support of an independent expert on the basis of the cash flows projections included in the investee's business plans. The valuation technique used by the Company to determine the recoverable amounts of the investees is the higher of value in use and fair value less costs of disposal, determined with the support of an independent expert on the basis of the cash flows projections included in the investees' business plans. The analyses carried out by management identified an impairment loss for the subsidiaries Milano Serravalle - Milano Tangenziali SpA, FNMPAY SpA and Malpensa Intermodale Srl and for the associate Sportit Srl amounting to a total	We carried out specific procedures to understand, evaluate and validate the relevant controls implemented by the Company to verify the recoverability of the line 'Equity investments', including the identification of impairment indicators. We obtained an understanding of the estimation method adopted by management to determine the recoverable amounts of investments in subsidiaries, joint ventures and associates as approved by the board of directors of FNM SpA. Where indicators of potential impairment were identified, we assessed the assumptions underlying the determination of the recoverable amount, verifying the reasonableness of the most significant assumptions underlying the business plans approved by the boards of directors of the individual investees and used to estimate the future cash flows from each investee, the discount rates used, the definition of the terminal value where applicable, as well as compliance with the requirements of IAS 36 in relation to the determination of the recoverable amount in accordance with the valuation technique adopted and the accuracy of the mathematical formulas of the impairment testing model, also involving experts from the PwC network. We also examined the sensitivity analysis performed by the Company and carried out additional sensitivity analyses with reference to the financial assumptions used by the directors. Finally, we checked the adequacy and

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
of Euro 22,015 thousand, whereas they did not identify any impairment losses for the other investments tested for impairment, namely ATV Srl, Malpensa Distripark Srl, E-Vai Srl and Busforfun.com Srl. We identified the assessment of the recoverability of equity investments in subsidiaries, joint ventures and associates as a key audit matter for the following reasons: i) the materiality of the balance, also determined by the higher values paid compared to the book values of the respective shares of the acquired investees' equity; ii) the complexity of the process to estimate the recoverable amounts of investees based on valuation assumptions affected by economic and market conditions that are subject to uncertainties, also considering the indirect effects deriving from the Russia-Ukraine conflict; iii) the high degree of judgement applied by management in estimating the future cash flows and the discount rate.	completeness of disclosures in the notes to the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 28 April 2017, the shareholders of FNM SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of FNM SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the separate financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2023 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FNM SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of FNM SpA as of 31 December 2023, including their consistency with the relevant separate financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of FNM SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of FNM SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 28 March 2024

PricewaterhouseCoopers SpA

Signed by

Riccardo Proietti
(Partner)

As disclosed by the Directors in paragraph "Form and content of the separate financial statements", the accompanying financial statements of FNM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.